

ALAKNANDA HYDRO POWER COMPANY LIMITED

(formerly DUNCANS NORTH HYDRO POWER COMPANY LIMITED)

EXTRACTS OF THE MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE COMPANY HELD ON 13/11/2005

SUB: 330 MW Run-of-the-river Shrinagar Hydro Electric Project at Shrinagar

Mr. G V Krishna Reddy, Chairman has appraised the Board about the status of the proposed 330 MW Power Project.

The Chairman brought to the notice of the Board on various options available for the Company to implement the power project. The Chairman has briefed the following proposal before the Board.

Based on an estimated project cost of Rs.2000 Crores and with debt equity ratio of 80:20 with an interest rate of 9.5% p.a., the financial returns of the project (project IRR at design energy) is close to 9% only.

The financial institutes and lenders may not find the financial returns attractive. Various option were discussed to increase the financial viability of the project,

Mr. Y. Ramamurty, Director informed that small and Run-of-river hydro power plants are eligible for carbon credits under the Clean Development Mechanism (CDM) of the Kyoto Protocol. Taking a conservative price of 10 Euro/ ton CO₂ reduction, the project IRR with carbon credit revenue is close to 11.5%. The Board noted that the CDM revenue would help improve the financial viability the project.

The Board has deliberated this and taking into account the availability of carbon credits, the Board has decided to implement the project.

After the deliberations, the Board has passed the following resolutions.

RESOLVED that the project will be implemented as a 330 MW Run-of-river hydro power project and Mr. Somanadri Bhupal, Director, Mr. G V Sanjay Reddy, Director; Mr. Y Ramamurty, Director are hereby severally authorized;

1. To discuss, deliberate, negotiate and finalise the EPC Contract for the supply of the equipment
2. To approach various banks and financial institutions for raising the required finances for implementation of the project
3. To do all such things and take all such steps for the speedy implementation of the project.
4. Appoint CDM consultants to assist in process and take all necessary steps for the registration of the project

for ALAKNANDA HYDRO POWER COMPANY LTD


DIRECTOR

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