



DIDUL (PVT) LTD

27-2 • East Tower • World Trade Center • Echelon Square • Colombo 1 • Sri Lanka
Tel: 94-1-381111, 381112, 381113 • Fax: 94-1-381115 • E-mail: Vallibel@lanka.com.lk

21st February 2001

General Manager
Private Sector Infrastructure Development Company Limited
Level 22 west Tower
World Trade Center
Colombo 1.

Dear Sir,

WAY GANGA HYDRO POWER PROJECT

We refer to your letter dated 15th February 2001 and wish to inform you that we are aware of the risk of any prolonged drought in the catchments area. We are aware of the fact that the Project IRR is less than 14%.

In addition to the projected cash flows from power generation, calculated at the prevailing tariffs, we expect increased cash flows from the future upward revisions of tariffs because the CEB is relying on diesel power for meeting ever increasing power demand.

Most importantly we expect to derive the benefits of Carbon Credits once the Project will have been commissioned. We are proceeding with this Project on the basis of long term benefits to the Project, namely, the benefits of Carbon Credits and the availability of sufficient cash once the loans have been settled.

Yours faithfully,

A.K. Dheerasinghe
Project Engineer



DIDUL (PVT) LTD

27/2 • East Tower • World Trade Center • Echelon Square • Colombo 1 • Sri Lanka
Tel: 94-11-2381111, 2381112, 2381113 • Fax: 94-11-2381115 • E-mail: Vallibel@lanka.ccom.lk

We hereby certify that the following Resolution of the Board of Directors of the Didul (pvt) Limited was passed at the meeting of the Board held on 21st June 2000 and has been duly recorded in the Minute Book of the said Company:-

IT IS HEREBY RESOLVED:

That the Project's IRR was less than 14% p.a. which is the lowest that the company would accept for any investment decision. However, the Board also noted that the projected IRR could improve significantly if the Project can obtain the benefits of Carbon Credits. Accordingly, the Board approved the Project to be implemented and directed that steps be taken to obtain Carbon Credits.


.....
Director

ESES SECRETARIES (PVT) LTD.


.....
Secretary

.....
Director