

Letter of Evidence by Board of Directors II



**KALPATARU
POWER
TRANSMISSION
LIMITED**



FORMERLY K.T. POWER STRUCTURE LIMITED

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CERTIFIED TRUE COPY OF THE ABSTRACTS OF THE MINUTES OF THE BOARD MEETING OF KALPATARU POWER TRANSMISSION LIMITED, HELD AT 111, MAKER CHAMBERS IV, NARIMAN POINT, MUMBAI - 400 021 ON FRIDAY, THE 7TH JANUARY, 2005.

Progress on Validation by TUV and Registration of 7 MW net Biomass based Power Project at Ganganagar Project by the UNFCCC.

Mr Ajay Munot, the Executive Director of the company gave us a detailed feedback on the Ganganagar Project especially with regard to the progress of validation of the project by TUV- the validators for sale of Carbon Credits. Mr Munot mentioned that the Project Design Document (PDD) has been completed by Ecofys, our consultants and the 30 day public consultation period has also been completed (with one minor comment which has been addressed).

The only thing pending for the validation process is the final letter of approval by the Designated National Authority i.e Ministry of Environments And Forest (MOEF). He also mentioned that by MOEF letter dated 26th September, 2002, giving "in principle approval" for the project has already been received by the company. What was pending is only a similar letter signed by the designated government official (Mr. R.K. Sethi) as required by UNFCCC.

He mentioned that on the basis of the feedback received from Ecofys, our Consultants, there will be 100% surety that the project would be validated by TUV as soon as the above mentioned letter is signed. After validation the registration process at the UNFCCC can be initiated. The delay in progressing the project to the registration phase was due to the Letter of Approval being signed by the incorrect government official. As required by the Executive Board, only the DNA for India can sign the letter and the proper signature is currently being sourced. He is hopeful that the entire process of registration would be completed latest by April 2005.

He reminded the Board that since the validation of the first project is more or less certain, the company should re-look at the investment plans for the 2nd 7 MW (net) biomass power plant at Unlira, Tonk district for which the necessary license, PPA and wheeling and banking agreement has already been signed with the Government Authorities. He also mentioned that the Government of Rajasthan (GoR) had come out with a revised policy for promotion of non-conventional / Renewable Energy from 2004-2009 which stated that any projects (under the earlier policy) with signed PPA's would only be valid, if the project was implemented before March 2006 which is the final deadline for the projects.



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Mr Munot placed before the Board the following choices:

1. Either going ahead with the preparations of Tonk Project with reasonable assurance that the Carbon Credit income would be available, but to wait till the first project is validated by TUV before taking a final go-no go decision on the investment in the Tonk project.
2. Not to implement the Tonk Project at all, unless and until the same project gets validated registered by the UNFCCC, which could take up to one year, by which time the implementation before the deadline would become impossible.

He also appraised the Board regarding the long and tedious process of land acquisition (especially with reasonable underground water potential) near Galwa Dam in Uniara and also the long delivery period of 13-15 months of all the major vendors of boiler and steam turbines.

He reiterated that given the final deadline under the Rajasthan State Policy, the cumbersome process of land acquisition, long lead delivery of critical equipments, the Board would perform need to decide as soon as possible on the Tonk Project.

The Board reviewed the 2 choices and felt that since the validation of the Ganganagar project is a matter of procedural formality and since the Tonk project, being identical to the Ganganagar project in all respects, and there being reasonable certainty and assurance, that the validation and registration of the Tonk project by UNFCCC could be completed simultaneously before the commissioning of the project i.e by March 2006.

Hence the Board authorized Mr Ajay Munot to take up all matters necessary to the preparation of PDD, validation and registration of the Tonk project with UNFCCC and also, make investment in land acquisition and placement of advances / orders for the long lead items.

However, the Board cautioned if for any reason the validation and registration of the Ganganagar project was not likely to be achieved by the extended period of April 2006, the Board would review the implementation of Tonk project and stop project development, if required. This drastic step along with any consequential losses, if required, would be reviewed in the next meeting in April 2006 since the carbon income were important and critical considerations for the implementation of the Tonk Project.

For Kalpataru Power Transmission Ltd.


(BABANG P. SANDHU)
Company Secretary