

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF M/S. OPG ENERGY PRIVATE LIMITED HELD ON SATURDAY THE 1ST March 2003 AT THE REGISTERED OFFICE OF THE COMPANY AT 17, MOOKER NALLAMUTHU STREET, CHENNAI AT 4.00 PM.

PRESENT

Mr. Arvind Gupta	Managing Director
Mr. Ravi Gupta	Director
Mr. Rajesh Gupta	Director

ELECTION OF CHAIRMAN

Mr. Arvind Gupta took the chair

CONFIRMATION OF MINUTES

The Board read and confirmed the Minutes of the previous Board Meeting held on 25.02.2003

POWER PROJECT FEASIBILITY AND APPROVAL FOR IMPLEMENTATION

The Chairman informed the Board that Wartsila has submitted, in December 2002, the expected performance test report for the new site (Myladuthurai) conditions and the expected gas quality of GAIL. The exportable power as per this report is around 138 Lakh units per year. Considering this and commercial offers, the revised project proposal and feasibility with these parameters were tabled and discussed at length.

Gas pricing and the future path of domestic and international prices and its impact on the project feasibility were the major concerns raised by the Directors. The likely gas prices by the time of commissioning (11-12 months from zero date) and impact on feasibility were deliberated.


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The Chairman informed that Mr. Ramamoorthy, GM, had attended a seminar on carbon trading during December 2002 and was given to understand that natural gas power projects could also avail carbon funds since it would emit lesser CO₂ compared to a coal based power plant. He mentioned about the concept of Clean Development Mechanism (CDM) of Kyoto Protocol under which carbon reducing projects in developing countries may avail carbon funds by transferring the emission reductions to developed countries.

The Directors appraised themselves with the concept and economic advantage there of to the power project. It was agreed that the carbon funds could help against the gas pricing and improve its feasibility.

The Chairman indicated that both equity and loan funds have been tied up and could be deployed once it is decided to go ahead. The final cost estimate for the gas engines component worked out as below:

Capital contribution at 30%:	18 crores
Debt finance at 70%:	42 crores
Total Cost:	60 crores

He informed the suppliers recommendation that the waste heat component may be suitably designed and commenced upon stabilization of the engines when the actual flue gas characteristics would be available.

The Board passed the following resolutions unanimously:

RESOLVED that the company be and is hereby permitted to take effective steps to implement the natural gas based power project, and make applications, registration, wherever necessary appoint any person, agency to work on this and do all necessary acts in this matter.



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RESOLVED that the necessary procedures to avail carbon funds may be commenced immediately as and when appropriate and the formalities are clear.

RESOLVED that the waste heat recovery component may be commenced after commissioning and stabilization of the gas engines.

INCREASE IN AUTHORISED SHARE CAPITAL

The Chairman informed the Board that the company's existing authorized capital is Rs. 500 Lakhs consisting of 5000000 equity shares of Rs.10/- each and for the size of the project, which is being envisaged the minimum share capital should be around Rs.700 lakhs. Therefore it is necessary to raise the authorized capital from Rs.500 lakhs to Rs.700 lakhs keeping in view of the company's future requirement of funds. The matter was considered by the Board and the proposal of the company was approved. In this connection the following resolutions were passed.

RESOLVED that the company do raise its authorized capital from Rs.500 lakhs divided into 50,00,000 equity shares of Rs.10/- each to Rs.700 lakhs divided into 70,00,000 equity shares of Rs.10/- each subject to the approval of the company in General Meeting, under Section 94 of the Companies Act, 1956.

RESOLVED further that the new equity shares shall have the same rights or differential rights as may be decided by the Board of Directors at the time of issue and may also be partly converted into preference shares after observing necessary legal and other formalities.


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RESOLVED further that consequential changes as may be necessary in the Memorandum and Articles of Association of the company be made subject to the approval of the company in General Meeting.

RESOLVED further that an Extra Ordinary General Meeting will be held on 31st March 2003 to consider the above resolution and Mr. Ravi Gupta, Director be and is hereby authorized to issue necessary notice to the shareholders.

As there was no other business to be transacted the meeting ended with a Vote of Thanks to chair.



CHAIRMAN

Date: 4th March 2003



CHAIRMAN'S INITIALS

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