



KOTHARI SUGARS AND CHEMICALS LIMITED

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EXTRACT OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF KOTHARI SUGARS AND CHEMICALS LIMITED HELD ON THURSDAY, 15TH SEPTEMBER 2005 AT 11.30 A.M. AT KOTHARI BUILDINGS, 115, MAHATMA GANDHI SALAI, NUNGAMBAKKAM, CHENNAI - 600 034

SETTING UP OF BAGASSE BASED COGEN PLANT:

The chairman informed to the Board that a bagasse based cogeneration plant could be set up at Sathamangalam along with the proposed sugar factory, which could be qualified under Clean Development Mechanism (CDM). In this regard, he put forth the following points for Board's perusal.

Besides being environmental friendly, the proposed Cogen project has high potential for reduction of Green House Gases (GHG) into the atmosphere. Considering the high capital cost of project (Capacity: 80 TPH, Outlet pressure: 84 bar /86 kg/cm²) compared to conventional type Cogen plant and associate risk with the project like future increase in the prices of biomass and uncertainties associated with PPA agreements and potential difficulties in getting the financial closure for such project, there is need to secure carbon financing for the project through Clean Development Mechanism (CDM) defined under Kyoto Protocol of United Nation Framework Convention on climate change. Based on the initial investigation by the technical team, the estimated Certified Emission Reductions (CER) from the project will be around 70,000 CER's / year. By considering an average value of USD 10/CER the estimated annual income from the sale of CERs will be around USD 7,00,000 (Approximately INR 3,15,00,000). The total revenue estimated in the life time of the project considering ten years crediting period is around USD 7,000,000. The Board members are of the opinion that Bagasse Cogen projects have a good potential to qualify under CDM. However in absence of Carbon Financing the project appears risky. He suggested that considering the potential revenues from the CDM process, the Board could approve the setting up of the Cogeneration plant.

The Board after discussions, adopted the following resolutions:

"RESOLVED THAT Board be and hereby accords its consent to set up a Bagasse based Cogeneration plant, with the stipulated conditions to qualify under the process of Clean Development Mechanism".

"RESOLVED FURTHER THAT the Board hereby authorises Mr.N.Rangarajarathinam, General Manager - Corporate Affairs to further expedite the CDM process for the Cogeneration project".

// Certified True Copy//

For KOTHARI SUGARS & CHEMICALS LTD.

N. Sridharan

N. SRIDHARAN
Chairman - Board

