

K.R. SARANGAPANI & CO.
CHARTERED ACCOUNTANTS

Head Office : 7, Venkatesapuram
Salem - 636 007. Phone : 2412646

SUDHA VASUDEVAN, F.C.A.
G. GURUMOORTHY, F.C.A.
Partners

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C E R T I F I C A T E

THIS IS TO CERTIFY THAT M/s Kothari Sugars and Chemicals Ltd., has established a 24 MW Bagasse based Cogeneration plant at Sathamangalam, Tamilnadu.

The total cost of the project is Rs.8775.60 lakhs and means of finance for the same is as follows:-

Internal Accruals	..	2515.60 lakhs
Term loans from Indian Bank	..	2900.00 lakhs
Sugar Development Fund loan	..	3360.00 lakhs

Based on the above project cost, the company has prepared financial projections for 20 years based on the following parameters:

1. **Revenue :** The projected revenue is from sale of export of surplus power, power generation to TNEB on monthly basis at a cost of Rs.3.15 per unit as per the Power Purchase Agreement.
2. **Variable expenses:** Cost of bagasse from outside has been assumed as Rs.1400/- per MT which includes basic price, cost of transportation and handling charges.
3. Other raw materials consists of Cooling water, DM water, lubricants and other process chemicals.
4. Salaries and wages which has been estimated at Rs.11.25 lakhs for the first year. Thereafter increase has been considered.

For **K. R. SARANGAPANI & Co.**
Chartered Accountants

G. Gurumoorthi

Partner,

20.07.2007



G. GURUMOORTHY
Chartered Accountant
Membership No. 200942

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5. Repairs and maintenance of the plant for the first year has been projected at Rs.50 lakhs and increase of Rs.50 lakhs considered for next two years.
6. Other expenses has been projected at Rs.200 lakhs p.a. which consists of Administration and Insurance premium charges.
7. Trial period expenses of Rs.190 lakhs has been considered as preliminary expenses which will be amortised over a period of 10 years.
8. Depreciation has been provided on the following basis:

3.34% p.a. for complex
5.28% for plant and machinery.

For K. R. SARANGAPANI & Co.
Chartered Accountants

G. Gurumoorthi
Partner.
20.07.2007



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