

K.C.P. SUGAR AND INDUSTRIES CORPORATION LTD.,
 "RAMAKRISHNA BUILDINGS"
 New No: 239, (Old No: 183), ANNA SALAI
 CHENNAI-600 006

CERTIFIED EXTRACT OF THE MINUTES OF THE
 BOARD MEETING HELD ON 30/01/2003 (PORTION RELATING TO
 CARBON TRADING ONLY)

For K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

S. Chandabaram

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S. CHANDABARAM
 DY. GENERAL MANAGER (FINANCE)
 & COMPANY SECRETARY

h. CARBON TRADING AGREEMENT WITH GREEN POWER MANAGEMENT SERVICES PVT LTD:

The Board Members discussed the Note prepared and submitted on this business (as appended below) for the Board's consideration:

"According to Experts, the global temperatures are expected to rise from 1.4 deg.C to 5.8 deg.C during the 21st century which would have an adverse impact on human settlement, water resources, agriculture, etc. In an effort to reduce the global temperatures it is necessary that green house gas emission is reduced. Green house gases are present naturally in the atmosphere and are released by human activities and includes water vapor, CO₂, ozone, methane, nitrous oxide, chloro-fluoro carbons, etc. For defining the unit of green house effect, CO₂ has been taken as a base of 1 and intensity of all other gases are equated in terms of CO₂. for example, CO₂ is equivalent to methane is 21, and Nitrous Oxide is 310. In 1997, an agreement called as the "Kyoto Protocol " was signed in Japan, (USA, Russia and Australia have not yet signed), which was also signed by India on 26.08.2002, whereby various countries have agreed that they shall individually and jointly ensure that their aggregate anthropogenic (man made) CO₂ equivalent of the green gas emissions does not exceed the assigned amounts with a view to reducing the overall emissions of such gases by at least 5% below 1990 levels in the commitment period of 2008 to 2012. The process primarily involves the following:

- a. The countries, which have signed the protocol, would have to achieve the required norms either through clean development mechanism or through emission trading.*

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- b. **Clean development mechanism** process involves the developed countries assisting the developing countries in setting up the projects which supply energy from renewable sources (solar, wind, biomass, hydro), enable improving efficiency, etc., thus reducing certain CO₂ emissions which would have been otherwise generated.
- c. Under **Emission trading or carbon trading**, most of the non-conventional projects such as biomass power projects, wind power projects, mini-hydel projects, waste heat recovery projects, solar power projects are eligible to sell their surplus carbon credits to a developed country who are in need of carbon credit.
- d. **Carbon credit** is sold in measurable units in CERs i.e. Certified Emission Reduction. One CER is equivalent to reduction of 1000 kg of CO₂. It is generally expected that one CER i.e. equivalent to 1000 units of power exported is likely to fetch a price of USD 5 or EUROS 5.
- e. Accordingly one MW capacity non-conventional power project at 80% PLF is eligible and can earn a carbon credit income of Rs.17 lakhs per annum as per the following details:
- i. $24,000 \text{ units per day} \times 30 \text{ days} \times 12 \text{ months} / 1000 \text{ units} = 8640 \text{ CERs at } 100\% \text{ PLF.}$
 - ii. Assuming realistic achievement of 80%, 1 MW power project is eligible to sell 6912 CERs.
 - iii. At the anticipated carbon-trading price of USD 5, the project can earn USD 34,560, which works out to Rs.17 lakhs per MW per annum.
- f. It is expected that by and large 15-20% expenditure is likely to be incurred on different agencies. Therefore, it should be possible to get net income of Rs.14 lakhs per MW per annum from 1 MW non-conventional power project.
- g. **Carbon Trading is emerging global commodity market** where India and China can take maximum advantage since they have lot of surplus Carbon Credits through non-conventional power projects.
- h. It is estimated that the total value of Carbon Credit in the next 10 years i.e. upto years 2012 is estimated at USD 150 billion i.e. Rs.750,000 crores against which India can at least aim 5% of the business which will run to Rs.37,500 crores in the next ten years.



The Board noted that for this purpose, the Company was proposing to sign a Carbon Trading Agreement with M/s. Green Power Management Services Pvt. Ltd., Chennai, at the appropriate time in respect of the Company's following projects:

- i. Ethanol (CO₂ emission from Petrol is reduced by 5% blending with petrol)
- ii. Co-generation with Bagasse.
- iii. Power production from Methane gas (Co₂ equivalent of Methane gas is 21. Hence likely to get more money)
- iv. Bio-fertilizer and Bio-mass: Usage of Bio-fertilizer / Bio-mass reduces usage of Chemical fertilizer, production of which requires some amount of power. This power is saved and hence Carbon dioxide emission is avoided.

The Board discussed the matter and passed the following resolution:

"RESOLVED that the Board of Directors be and hereby approve and authorize the signing of the Carbon Trading Agreement with M/s. Green Power Management Services Pvt.Ltd., Chennai and that Smt.Rajeswary Ramakrishnan, Executive Chairman, Smt. Irmgard Velagapudi M Rao, Managing Director, and Ms.V.Kiran Rao, Executive, Director be and are hereby severally authorized to settle and finalize the same for and on behalf of the Company and in case the Common Seal of the Company has to be affixed to such of the deeds, documents or writings, the same be executed under the Common Seal of the Company in the presence of any two of the above Directors of the Company."

6. **ANY OTHER SUBJECTS:**

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CERTIFIED COPY OF DIRECTORS' ATTENDANCE REGISTER OF
BOARD MEETING HELD ON 30/01/2003

BOARD MEETING No : THIRTY SIXTH.

DATE / DAY : 30.01.2003 / THURSDAY.

VENUE : REGISTERED OFFICE.

TIME : 11.00 A.M.

DIRECTORS	SIGNATURE.
① SMT. RAJESWARY RAMAKRISHNAN.	Rajeswary R.
② SMT. IRMGARD VELAGAPUDI M. RAO.	I. Velagapudi
③ SMT. V. KIRAN RAO.	V. Kiran Rao
④ DR. N. B. PRASAD.	N. B. Prasad
⑤ SHRI. K. A. RANGASWAMY	K. A. Rangaswamy
⑥ SHRI. K. SUBRAMANIAN.	K. Subramanian

For K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

S. Chidambaram

S. CHIDAMBARAM
DY. GENERAL MANAGER (FINANCE)
& COMPANY SECRETARY

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