



# Balaji Agro Oils Limited

EXTRACT OF THE MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF BALAJI AGRO OILS LIMITED HELD ON 02-07-2001 AT 11.00 AM AT THE REGISTERED OFFICE OF THE COMPANY AT D.NO. - 74-2-19, OLD CHECK POST CENTER, KRISHNA NAGAR, VIJAYAWADA.

Sri Suraj Kumar, joint Managing Director presented to the board for its consideration a proposal for setting up of a bio mass based Power Project by the Company. He explained in detail that the company could derive the following benefits from the project

- a. The company has already mended its Objects enabling it to set up a project for the generation of electricity.
- b. The paddy husk, which would essentially be the fuel for the power project, is readily available from the rice mills owned by the promoters of the company and from the rice mills in the close vicinity of the plant. Such paddy husk qualifies as Bio – Mass in terms of the project proposals accepted by the regulatory bodies and the term lending institutions.
- c. The company has already been using paddy husk as fuel for generation of steam for use in its present manufacturing processes. Therefore, it has the necessary knowledge in efficient management and usage of paddy husk as fuel.
- d. In addition to the paddy husk other feed stock such as pulses husk, pulses stocks and stem, bagasse, dried leaves etc., which were so far being treated as agricultural waste and rejected, are also available in good quantities in close vicinity of the plant and can be effectively used as fuel for the same boiler.
- e. High-pressure steam produced in the proposed boiler can be used more efficiently by generating power and the bleed steam from the turbine can be used in the present manufacturing process.
- f. Owing to the design of the boilers and the better combustion possible therein, the Bio – Mass can be more efficiently burnt with minimum residual wastage and emissions, there by resulting in efficient use of the fuel and the cost of production of steam.
- g. By creating a market for agricultural waste, additional source of income can be created for the farmers there by improving their economic welfare and their commitment to their supplies to the plant.





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As per the emerging Global, Environmental pollution Reduction Programmes brought in by the United Nations Framework convention on climate change, under the Kyoto Protocol, the company can initiate the process of its qualification for entitlement to carbon credits through reduction of green house gasses. In terms of clean development mechanism under the said protocol, the company can augment its revenues by selling the carbon credits it would be on setting up its Bio – Mass based power plant, and thereby significantly improve the viability and profitability of the project.

He also placed before the board the statement showing the internal rate of return for the project with two alternate workings, one considering the potential revenue from sale of carbon credits, and the other without such revenue over a projected period of 14 years. Which gives self-explanatory.

He there fore strongly recommended to the board to consider the proposal in all seriousness and take the necessary decisions and actions to implement the project, as it would be in the better interest of the company's profitability and business.

The board discussed the proposal in detail, and accorded its in principle sanction to the proposal, and passed the following resolution.

Resolved that the sanction of the board be and is hereby accorded in principle to authorize the chairman and the Joint Managing Directors, to take all necessary steps for setting up a biomass based power project with a minimum capacity of 4.5 MW, in the premises of the company's present plant at Davuluru, Krishna Dt, Andhra Pradesh.

Sd/-  
Chairman of the meeting

CERTIFIED TRUE COPY

For Balaji Agro Oils Limited

  
Joint Managing Director

// Certified //

G. Mahesh

CPNO.

