

**M N KRISHNAN**

---

**From:** "M N KRISHNAN" <mnkrishnan@kilburnchemicals.com>  
**To:** <psvenkatesh@kilburnchemicals.com>  
**Sent:** Saturday, November 11, 2006 9:47 AM  
**Attach:** CDM\_Engagement Letter\_Kilburn.pdf  
**Subject:** Fw: Engagement Letter

Dear Sir,  
E&Y letter of engagement for your reference.  
Best Regards,  
M.N.Krishnan

----- Original Message -----

**From:** S Chithra  
**To:** M N KRISHNAN  
**Cc:** Prathmesh Raichura  
**Sent:** Friday, November 10, 2006 5:31 PM  
**Subject:** Engagement Letter

**Dear Mr. Krishnan**

As discussed I have enclosed herewith the Engagement Letter detailing the scope of services, time lines for the project, costs as well as EY terms of business.

The only change from what was in our earlier proposal is the line highlighted in blue which was based on our discussion on 6 Nov when we met. If you feel there is any change, please let us know it accordingly.

Once acceptable at your end, we will print out 2 copies of this on EY's letter head and send it across for your signature.

Should you have any clarification, please feel free to call us.

regards

**ERNST & YOUNG ®**  
**Ernst & Young Pvt. Ltd**

Chithra Srinivasan  
Manager

Risk and Business Solutions  
BRS \* ESS \* FIDS \* F&PM \* TSRS

---

Phone: +91 - 22 - 6665 5218	Mobile: +91 - 98193 00020
Assistant: Laura Taylor	Phone: +91 - 22 - 6665 5254
Fax: +91 - 22 - 2282 6000	URL: <a href="http://www.ey.com/in">http://www.ey.com/in</a>

---

"M N KRISHNAN"  
<mnkrishnan@kilburnchemicals.com>

To "S Chithra" <S.Chithra@in.ey.com>

cc "Prathmesh Raichura" <Prathmesh.Raichura@in.ey.com>

11/09/2006 11:58 AM

Subject

Please respond to "M N KRISHNAN" <mnkrishnan@kilburnchemicals.com>
---

Dear Ms.Chitra,  
Please find given below my reply in blue for your reference.  
Please feel free to come back if you have any questions.  
Best Regards,  
M.N.Krishnan

Original Message -----

**From:** S Chithra

**To:** M N KRISHNAN

**Cc:** Prathmesh Raichura

**Sent:** Wednesday, November 08, 2006 12:59 PM

**Subject:** CDM projects - few points

**Dear Mr. Krishnan**

This is with reference to our discussions with you and your President Mr. Venkatesh on Monday, 6 Nov at our Chennai office on the CDM projects of Kilburn Chemicals Limited.

We are convinced that we could take up both the wind and fuel switch projects ahead for CDM project development. However based on our discussion, the following are some points that I need confirmation on (regarding the fuel switch project) before I send out the Engagement Letter (contract document). This is primarily from the sustainable development perspective which any CDM project would look out for.

**We need confirmation that the:**

1) The biomass (wood logs) is obtained from an energy plantation that is grown primarily for the purpose of use as fuel.

Yes. Primarily, the plantation is for fuel use only.

You may have to gather the following information too:

- Need to also know what category of plant/ trees are grown for the purpose (from where wood is obtained)

The tree which we use is called Velikaruvelan tree. I am sorry that I do not have the botanical name. The other trees grown in this plantation are Casuarina and Karuvelan also primarily for fuel purpose.

- How long is this activity being undertaken at the existing site?

For the last 3 years. Since 2003 there has been a steady growth of cultivation of these trees for fuel purposes. Please note that these trees are grown over a wide belt of dry land in Tuticorin, Tirunelveli, Ramanathapuram, Madurai and Tiruchi districts from where we source our wood logs.

11/11/2006

- Are the plantations happening on what was previously a barren land/ waste land? Or what was the previous use of the land?

Yes. Based on our knowledge more barren areas have been brought under Velikaruvelan, Karuvelan and Casuarina cultivation for fuel purpose.

- Who are the other industries (if you would know) that purchase wood from here

KTV oil mills in Tuticorin SIPCOT, who refine vegetable oil buy wood from this region. There is a power generation station about 10 kms from our factory who are planning to use wood as fuel.

However we are unique when we started in 2004 because we were the pioneers in this region to use firewood for an 8 Ton per hour boiler. There were a few small scale organizations in Tirupur who were using it for 1 TPH low pressure boilers. In order to build on our strengths and reduce fuel consumption by increasing boiler efficiency we are going to install a fluidized combustion boiler. We are unique here too.

- Has Kilburn signed a contract with the biomass supplier on supply of a definite quantity of wood for this purpose and how long is this contract period valid

Yes. KCL has a running contract for 1 year renewable at the end of every year.

- Other details as relevant which may be useful to us

2) Project does not involve deforestation/ depletion of existing forest land (above points would enable confirm this aspect)

Project does not involve deforestation.. Cultivation of these trees is on hitherto barren land as it requires minimum attention and gets good remuneration.

3) There is sufficient availability of this resource (wood) for the next few years until the end of project lifetime (a project report if available would be useful)

While demand has gone up over the last 3 years more and more barren land is brought under this cultivation to ensure that there is adequate supply. In fact our demand has gone up from about 20-25 tons a day to 30-35 tons a day and supply has not been an issue.

4) The project has positively contributed to socio-economic development and has benefited the biomass suppliers/ transporters/ employees and other locals. If possible please give a brief explanation (in 4-5 lines) as to how the project has facilitated this socio-economic improvement

- KCL has pioneered the effort in this region to give a boost to bring cultivation of barren land for these trees.
- KCL's pioneering effort has boosted the demand for wood for fuel and a few more companies have followed suit as given above.
- There has been a good increase in revenue to the growers to the extent of 40% increase in price over the last 3 years, thereby encouraging cultivation of these trees for firewood.
- This has led to an afforestation activity for gain which is good for our country. Of course we cut the trees later but fresh trees are grown for gain to environment and individuals.

Primarily we need to understand whether the project promotes sustainable development.

I think once we look into the above information, we can decide to go forward. As discussed we have prepared an Engagement Letter which we will send out as soon as we agree on the above aspect.

Thanks, regards

**ERNST & YOUNG ®**  
Ernst & Young Pvt. Ltd

Chithra Srinivasan  
Manager

Risk and Business Solutions  
BRS \* ESS \* FIDS \* F&PM \* TSRS

---

Phone:	+91 - 22 - 6665 5218	Mobile:	+91 - 98193 00020
Assistant:	Laura Taylor	Phone:	+91 - 22 - 6665 5254
Fax:	+91 - 22 - 2282 6000	URL:	<a href="http://www.ey.com/in">http://www.ey.com/in</a>

---

-----

The information contained in this communication is intended solely for the use of the individual or entity to whom it is addressed and others authorized to receive it. It may contain confidential or legally privileged information. If you are not the intended recipient you are hereby notified that any disclosure, copying, distribution or taking any action in reliance on the contents of this information is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by responding to this email and then delete it from your system. Ernst & Young is neither liable for the proper and complete transmission of the information contained in this communication nor for any delay in its receipt.

---

-----

The information contained in this communication is intended solely for the use of the individual or entity to whom it is addressed and others authorized to receive it. It may contain confidential or legally privileged information. If you are not the intended recipient you are hereby notified that any disclosure, copying, distribution or taking any action in reliance on the contents of this information is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by responding to this email and then delete it from your system. Ernst & Young is neither liable for the proper and complete transmission of the information contained in this communication nor for any delay in its receipt.

---

No virus found in this incoming message.

Checked by AVG Free Edition.

Version: 7.1.409 / Virus Database: 268.14.1/527 - Release Date: 11/9/2006

11/11/2006