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Monday, 21 December 2006

STRICTLY CONFIDENTIAL**Kilburn Chemicals Limited.**
A - 81, SIFCOT Industrial Area,
Milavaram, Tutiocoria
Tamil Nadu - 628 002

Attn: Mr. P.S. Venkatesh, President

Sub: Engagement Letter - Climate Change Advisory Services for two Projects 1) Wind Power Project and 2) Fuel Switch from Furnace Oil to biomass at Kilburn Chemicals Ltd, Tuticorin, Tamil Nadu.

Dear Sir,

This letter will confirm Ernst & Young Pvt Ltd's ("E&Y") engagement to act as advisor to "Kilburn Chemicals Ltd." regarding matters related to Kyoto Protocol under United Nation Framework Convention to Climate Change (UNFCCC). This letter shall constitute an engagement agreement ("the Agreement") between "Kilburn Chemicals Ltd." ("the Company") and Ernst & Young and sets out our understanding of the services you require us to provide. The Services Terms and Conditions (Exhibit-B) and Dispute Resolution Procedures (Exhibit-C), provide further details of our respective responsibilities and form part of this engagement letter.

1.3 Introduction

Kilburn Chemicals Ltd, has carried out two projects 1) Installation of two wind mills of a 1250 Kw capacity in Tirunelveli district and 2) Fuel switch from furnace oil to biomass

Ernst & Young Pvt. Ltd. (E&Y) has been invited by "the Company" to submit a proposal on Clean Development Mechanism (CDM) advisory services for the above two projects. The information provided by the company on the two projects is:

Project 1: The Company has installed 2 wind mills, each of 1250 kW capacity in Tirunelveli district. The Company wheels the power generated by the wind mills through Tamil Nadu Electricity Board (TNEB) for its in-house consumption. The wind mills are expected to generate 64 lakhs units per annum. In doing so, the company has reduced its direct power consumption from TNEB which is predominantly fossil fuel based and contributed in reducing CO2 emissions.

Project 2: The Company has switched from fossil fuels to biomass in two distinct phases:

Phase 1 - Conversion of 8 ton per hour (TPH) steam boiler from Furnace Oil to Bio-Mass in 2004: The project design is with an externally fired furnace capable of firing bio-mass. The biomass gets burnt in the external furnace and the hot flue gas is passed through the boiler to heat the water to produce steam. The project avoids burning of around 6500 liters of furnace oil per day. The technology was developed in house by the company in the year 2004.

Phase 2- Installation of 12 TPH steam boiler with biomass as fuel in November 2006: The project is a fluidised bed combustion boiler (FBCB), supplied by a reputed boiler manufacturer and is capable of using biomass as fuel. The proposed project would save around 22,500 litres of furnace oil per day.

CS

JW