



The Andhra Pradesh Paper Mills Limited

Unit - APPM

Ref.MDP/PO/CDM/oc? (An ISO 9001 and 14001 Company)
Dt.14.03.2005

M/s.Ernst & Young Pvt.Ltd.,
205, Ashok Bhoopal Chambers
Sardar Patel Road
Secunderabad - 500 003.

Dear Sirs,

Sub:- Climate Change Advisory Services for matters related to Kyoto Protocol under United Nation Frame work Convention to Climate Change (UNFCCC).

Ref:- Your Letters dt.11.11.2002, 08.11.2004 & 17.02.2005.

This has reference to your above offer for rendering climate change advisory services. We are pleased to issue this PO, for rendition of services as detailed below:-

APPM is undertaking the following Green House Gas (GHG) abatement projects in pulping and recovery process as part of Mill Development Plan (MDP) to reduce fossil fuel consumption.

- 1) Extended delignification technology in the cooking stage.
- 2) Adoption of crystallization technology in evaporation & modern heat chemical recovery boiler.

SCOPE OF SERVICES

(1) Preparation of Project Idea Note (PIN)

You shall prepare and deliver the PIN document which shall describe briefly the suitability of the project as a CDM Project within four (4) weeks from the date of this Purchase Order.

(2) Preparation of PDD

You shall prepare the project design document (PDD) based on the guidelines stipulated by United Nations Frame Work Convention on Climate Change (UNFCCC). APPM shall provide all necessary technical information/data required for preparing the PDD. You shall prepare the following documents:-

Contd...2



(2)

2.1) Baseline Study

You shall assist APPM in preparing baseline document as per the requirements of UNFCCC. The baseline study shall cover issues like additionality, leakage and excel sheet based calculation for the emissions reductions which shall be as per the requirement of UNFCCC.

2.2) M&V Protocol

You shall develop monitoring & Verification (M&V) Protocol as per the requirement of UNFCCC.

2.3) Environmental Impact

Environmental impact assessment (EIA) documents and/or other environmental impact related documents, shall be made available to you for the preparation of PDD. You shall use these documents to prepare the document outlining positive and/or negative environmental impacts.

2.4) Stake Holder's Comments.

You shall assist the company to invite stake holder's comments on the project. You shall also arrange to post the PDD on validator's website for general comments and prepare the answers to help the company to the queries posted by various parties, if any.

Deliverable : Project Design Document within eight (8) weeks from the date of finalization of PIN document.

(3) Facilitation in Host Country Endorsement.

You shall assist the representative of the company to present the project for Host country endorsement and provide technical clarifications, as necessary for the same.

(4) Validation of the project

You shall assist the company to select appropriate validators and to reply to queries from validator(s) and/or general public. The company shall directly pay the fee and associated costs for validation to the validator(s).

(5) F E E

The fee for preparation of PDD and rendering necessary services is **Rs.25,00,000/- (Rupees Twenty five Lakhs only)** which is exclusive of service tax at applicable rate, travel, accommodation, communication and photocopy expenses. which shall be borne by the company/reimbursed at actuals against production of bills.

The fee also does not include for validation and associated costs for validation to the validator(s).

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(3)

(6) **Terms of Payment**

- 35% shall be payable within 30 days of this PO upon raising of invoice
- 15% shall be payable upon submission of PIN document.
- 25% shall be payable on submission of draft PDD
- 25% shall be payable on submission of final PDD for validation.

(7) **Duration**

The engagement would commence from the signing and accepting of this PO and would extend your assistance till Registration of the project.

You shall deliver the required No. of copies of the report for submission to various agencies.

- (8) APPM proposes to negotiate with IFC or Finfund for Carbon Credits purchase. In the event this deal with IFC or Finfund does not materialize, APPM proposes to outsource identification of buyer and pre-verification audit, wherein E&Y will be given the first chance of rejection. The fees and scope of this part of the assignment will be mutually decided between APPM and E&Y, at the time when APPM proposes to outsource.

Please sign the duplicate copy of this PO as a token of your acceptance for proceeding further.

Thanking You,

Yours faithfully,
for The Andhra Pradesh Paper Mills Limited



R.C.Mall
Executive Director