

Dated: December 5, 2006

Claris Lifesciences Limited  
Corporate Towers, Near Parimal Crossing,  
Ellisbridge, Ahmedabad - 380006  
Gujarat, INDIA  
**Attn: Mr. Pankaj Patel, Head-Projects**

**Sub: Engagement Letter - Climate Change Advisory Services**

Dear Sir,

This letter will confirm Ernst & Young Pvt Ltd's ('E&Y') engagement to act as advisor to **Claris Lifesciences Limited** regarding matters related to Kyoto Protocol under United Nations Framework Convention on Climate Change (UNFCCC). This letter shall constitute an engagement agreement ("*the Agreement*") between **Claris Lifesciences Limited** ("*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 Resolutions Procedures (Exhibit-C), provide further details of our respective responsibilities and form part of this engagement letter.

**1.0 Introduction**

The Company has undertaken the following Green House Gas (GHG) abatement project. The Company hereby appoints E&Y to assist the Company in getting the potential benefits of the GHG abatement project under the Clean Development Mechanism (CDM) of the Kyoto Protocol:

Biomass based facility -comprising of one 16 TPH high pressure steam boiler and 2 MW steam turbine and one 10 TPH boiler (proposed).

**2.0 Scope of Services**

Scope of services of E&Y for the project is detailed below in this section:

**2.1 Preparation of Project Idea Note (PIN)**

The PIN document will test in brief suitability of the project as a CDM project. E&Y would assist the Company in developing the PIN.

**2.2 Preparation of PDD**

E&Y would assist the Company to prepare Project Design Document (PDD) based on the guidelines of the United Nations Framework Convention on Climate Change (UNFCCC). The Company would provide E&Y all the technical information/data required. Following documents would be prepared:

**2.2.1 Baseline Study**

E&Y would assist the Company in preparing baseline document as per the requirements of UNFCCC. The baseline study will cover issues like additionality, leakage and excel sheet based calculation for the emission reductions.



#### 2.2.2 M & V protocol

E&Y would assist in developing Monitoring and Verification (M&V) protocol as per requirement of UNFCCC.

#### 2.2.3 Environmental Impact

The Environmental Impact Assessment (EIA) documents and/or other environmental impact related documents, shall be made available to E&Y, who would assist the Company to use these documents to prepare the document as per UNFCCC requirement outlining positive and/or negative environmental impacts.

#### 2.2.4 Stakeholders' comments

With E&Y's assistance the Company would invite stakeholders' comments on the project. E&Y would arrange to post the PDD on Validator's website for general comment. E&Y would help the Company to prepare answers to the queries posted by various parties, if any.

#### 2.3 **Facilitation in Host Country Endorsement**

E&Y, alongwith representative of the Company, will present the project for Host Country Endorsement and provide technical clarifications, as necessary, for the same.

#### 2.4 **Validation/Registration of the project**

E&Y would assist the Company to select appropriate Validator / Designated Operational Entity (DOE). E&Y shall assist the Company to reply queries from Validator and /or public.

The Company would directly pay the fee and associated costs for new methodology submission / validation / registration to the Validator/UNFCCC.

E&Y does not guarantee validation/registration.

#### 2.5 **Identification of buyers of Certified Emission Reduction units (CERs) / Verified Emission Reduction units (VERs)**

E&Y will use its national and international reach to assist the Company in identifying potential buyers of the CERs. However, E&Y does not provide guarantee for such buyer identification.

#### 2.6 **Involvement of Ernst & Young after validation**

The Company will receive CERs/VERs after submission of an independent verification statement by verification agency. Before each verification, E&Y would perform agreed-upon procedures to compare the data/ information prepared by the Company to the requirements set out in the M&V protocol of the PDD, and communicate its findings to the Company.

#### 3.0 **Fee**

Based on assessment of the engagement time of professionals of various expertises, following fixed fee and success fee structure for this engagement is agreed upon:



### 3.1 Fixed Fee

Fixed fee for this engagement would be INR [REDACTED]

Out of pocket expenses (OPE) covering travel, accommodation, communication and photocopy expenses of E&Y team on the assignment would be borne by the Company / reimbursed to E&Y at actual.

Service tax at applicable rate would be extra.

#### 4.1.1 Payment terms of fixed fee<sup>1</sup>

Fixed fee would be paid in following parts:

Part -I: 25 % would be payable on signing of this engagement letter.

Part-II: 25 % would be payable on Host Country Approval.

Part-III: 25% would be payable on validation.

Part-IV: 25% would be payable on Registration of project at UNFCCC.

### 4.3 Success Fee<sup>2</sup>

Success fee is linked with the amount receivable by the Company as sale proceeds of CERs.

[REDACTED] of the total amount receivable by the Company against sale of CERs / VERs for the entire crediting period will be the Success Fee of E&Y.

Out of pocket expenses (OPE) covering travel, accommodation, communication and photocopy expenses of E&Y team on the assignment would be borne by the Company / reimbursed to E&Y at actual.

Service tax at applicable rate would be extra.

#### 4.2.1 Payment terms for Success Fee

Success Fee would be paid to E&Y every time after the Company receives the CER / VER sale proceeds. The Company would release the payment to E&Y within a week of receipt of the CER /VER sale proceeds.

### 5.0 Mandate Duration

The engagement would commence from the signing and accepting of this engagement letter and would extend for the entire carbon-crediting period.

### 6.0 Other Matters

In the event we are requested or authorized by the Company or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our services for the Company, the Company will, so long as we are not a party to the proceeding in which information is sought,

<sup>1</sup> Parts II to IV will be payable on pro-rata basis per project, when milestones are achieved for each project.

<sup>2</sup> In any event, irrespective of whether the carbon credit sale arrangement is made with Party proposed by E&Y, or from direct contact of the Company / external party, success fee will be paid to E&Y.



reimburse us for our professional time and expenses, as well as the fee and expenses of our counsel, incurred in responding to such requests.

In no event, regardless of the legal theory advanced, shall E&Y be liable other than for its gross negligence or wilful misconduct, and any such liability shall, to the maximum extent permitted by law, be limited to the amount actually paid by the Company under this Agreement. Under no circumstances shall E&Y be liable for consequential, incidental, indirect, punitive or special damages (including loss of profits, data, business or goodwill), regardless of the legal theory advanced or of any notice given as to the likelihood of such damages.

E&Y may perform the Services together with other member firms of Ernst & Young Global Limited and/or Ernst & Young International, Ltd. (all such member firms, including E&Y, the "E&Y Firms") or with subcontractors of the E&Y Firms. E&Y shall be solely responsible for the performance of the Services and all of the other liabilities and obligations of E&Y under this Agreement, whether or not performed, in whole or part, by E&Y, any other E&Y Firms, or any subcontractor or personnel of any E&Y Firms. The Company, its subsidiaries, affiliates and any other person for whose benefit the services were provided shall have no recourse and shall bring no claim against any E&Y Firms other than E&Y, or against any subcontractors, members, shareholders, directors, officers, managers, partners or employees of any E&Y Firms, with respect to any liability or obligations herein or in connection with the Services.

Any controversy or claim arising out of or relating to services covered by this letter or hereafter provided by us for the Company or at its request (including any such matter involving any parent, subsidiary, affiliate, successor in interest, or agent of the Company or of E&Y, or involving any person or entity for whose benefit the services in question are or were provided), shall be submitted first to voluntary mediation, and if mediation is not successful, then to binding arbitration, in accordance with the dispute resolution procedures set forth in the 'Exhibit-C' to this letter. Judgment on any arbitration award may be entered in any court having jurisdiction.

#### 7.0 Agreement of Terms

The general terms of business as per Exhibits B and C hold good. We hereby agree to this engagement letter and request E&Y to start this engagement.

Sudipta Das  
Partner  
For, Ernst & Young Pvt. Ltd.

We accept the above Terms & Conditions

For Claris Lifesciences Limited

Signature:

Name: Kirit Kanjara

Designation: Authorized Signatory.