

1<sup>st</sup> September, 2005

**KCP Sugar And Industries Corporation Limited**  
**Ramakrishna Buildings**  
**239, Anna Salai**  
**Chennai – 600 006**

Attn:

**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 KCP Sugar and Industries Corporation Limited 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 KCP Sugar and Industries Corporation Limited ("*the Company*") and Ernst & Young and sets out our understanding of the services you require us to provide. The Supplemental Terms and Conditions (Annexure-1) and Dispute Resolutions Procedures (Annexure-2), provide further details of our respective responsibilities and form part of this engagement letter.

**1.0 Introduction**

The following projects being promoted by the Company are identified for taking up as potential CDM projects:

- 1) 12 MW Cogeneration Project at Vuyyuru, AP
- 2) 5 MW Cogeneration Project at Lakshmipuram, AP

The Company hereby appoints E&Y to assist the Company in getting the potential benefits of the GHG abatement project(s) under the Clean Development Mechanism (CDM) of the Kyoto Protocol.

**2.0 Scope of Services**

Scope of services of E&Y is detailed below in this section

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

The PIN document will test in brief suitability of the project as a CDM project(s). The PIN document will be delivered to the Company.

**2.2 Preparation of PDD(s)**

E&Y, with inputs from staff of the Company who have the desired project information, shall 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 for preparing the PDD(s). Following documents would be prepared: