

Krishni Rasayan
P.O. Ramlal,
District Balasore,
Orissa.

17/8/06

Attn: Mr. Atul Chutyal, Managing Director

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 Krishni Rasayan regarding matters related to Kyoto Protocol under United Nation Framework Convention on Climate Change (UNFCCC). This letter shall constitute an engagement agreement ("*the Agreement*") between Krishni Rasayan ("*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 Company has informed E&Y that they have undertaken a greenhouse gas abatement project at Puri, India by manufacturing compost for use in the agricultural fields. The Company has informed E&Y that the project activity has faced financial and technological barriers and is the first of its kind in India.

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.

2.0 Scope of Services

Scope of services of E&Y 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 will assist in preparation of the PIN document which will be delivered to the Company.

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 for preparing the PDD. 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 MS Excel based calculation for the emission reductions. The company will provide all supporting information to determine the project activity is additional through investment analysis and/or barrier analysis.

2.2.2 M & V protocol

Monitoring and Verification (M&V) protocol would be developed as per requirement of UNFCCC.