

2nd June 2006

Dwarikesh Sugar Industries Limited
(Unit: Dwarikesh Dham)
511 Maker Chambers V
221 Nariman Point
Mumbai 400021

Attn: Mr. J.K. Banka, Chief General Manager (Corporate Affairs)

Sub: Engagement Letter – CDM Advisory Services for Dwarikesh Dham

Dear Sir,

This letter will confirm Ernst & Young Pvt Ltd's ('E&Y') engagement to act as advisor to **Dwarikesh Sugar Industries Limited** 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 **Dwarikesh Sugar Industries 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 Company has undertaken / proposed to undertake 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.

The GHG abatement project is:

36 MW bagasse based cogen project at Company's unit at Dwarikesh Dham, UP

As per the Company, 12 MW will be used for captive use and balance will be exported to grid. The project is expected to be commissioned in October 2007.

2.0 Scope of Services

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

2.1 Assistance in preparation of Project Idea Note (PIN)

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

2.2 Preparation of PDD

E&Y will 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 assistance in preparing the PDD. Following documents would be prepared:

7.0 Agreement of Terms

The general terms of business as per Annexure 1 & 2 holds 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 Dwarikesh Sugar Industries Limited



[Signature]

J. N. Banerjee

[Name / Designation]

Asst. Manager (Finance)
& Accounts
Dwarikesh Sugar Industries Limited

[Date]