

*May 15, 2007*

**PRESS RELEASE**

**India SME Technology Services Limited (ISTSL) signs MOU with KfW (Germany) for Clean Development Mechanism (CDM)**

**India SME Technology Services Limited (ISTSL), an associate organization of SIDBI** today entered into a Memorandum of Understanding (MoU) with Germany-headquartered **KfW Bankengruppe** to cooperate in the area of Clean Development Mechanism (CDM) projects under SME sector which reduce carbon emissions in the environment. The two institutions will also help companies realize the value of the carbon credits, arising from the implementation of CDM, by selling them overseas. **The MoU was signed by Ms. Karin Sittler, Vice President, KfW Carbon Fund, Frankfurt and Mr. Anil Vidyarthi, CEO, ISTSL at New Delhi.**

Speaking on the occasion, **Mr. Rakesh Rewari, Chairman, ISTSL and Deputy Managing Director, Small Industries Development Bank of India (SIDBI)**, said, “Global warming is an issue affecting every segment of life and there is a need to address the issue at institutional level. Kyoto protocol under ‘Clean Development Mechanism’ offers scope for various initiatives to be taken by industrial sector in this regard. However, these initiatives have certain features viz. complex structure , minimum lot size, price volatility etc. which restrict the scope for SMEs getting benefited under the project. ISTSL – KfW MOU intends to bridge this gap for SME units. ISTSL , a Technology Bank for SMEs envisages to act as a technology provider as also the bundler of small projects so that SMEs in India could pool together their emission reduction and get a suitable price. KfW Carbon Fund on the other hand has agreed to cooperate in the area by acting as a long term buyer of eligible reductions and also exchange the knowledge for better understanding of issues / trends. The initiative is expected to help boost the bottom line of SMEs by selling the resultant Certified Emission Reductions (CERs) in the global markets. ISTSL, which is an associate

organization of SIDBI set up in association with OBC, SBI, Indian Bank and IOB, is committed to take this idea to various SME clusters and work for enhancing their global competitiveness. SIDBI & KfW are long term partners in financing & development of SMEs in India. Both the institutions have decided to enter into a strategic dialogue to expand the areas of cooperation with CDM being in front.

Ms. Karin Sittler added that KfW acts as a buyer of carbon credits for the European companies. Projects are selected by KfW for compliance purposes in the EU Emissions Trading Scheme according to the aspects of delivery risk, competitiveness of prices and environmental integrity. By cooperating with ISTSL, KfW ensures access of its European partners to the buoyant CDM market of India. Consistent with its development mandate, KfW's interest is to provide through these purchases, support to climate protection projects in India, which meet the Kyoto Protocol standards. The cooperation ensures a fast, efficient and reliable transaction of CERs for Indian companies.

ISTSL has decided to initially work on CDM projects in steel re-rolling, foundries, ceramics, textiles clusters. It expects to include more clusters in due course.

KfW Bankengruppe ranks among the top-ten banks in Germany with a balance sheet total of EUR 341 billion as of December 2005. Its shareholders are the Federal Republic of Germany (80 %) and the German federal states (20%). KfW has established the KfW Carbon Fund as a purchase programme for emission certificates according to the project-based mechanisms (CDM, JI) of the Kyoto Protocol. (For more information, visit [www.kfw.de/carbonfund](http://www.kfw.de/carbonfund) ).