

Assumptions supporting financial analysis (Scenario 1)

Scenario	1 Best case
Installed Capacity (MW)	6
Working Days Per Annum	330
Gross Annual Generation (GWH) at 100 % PLF	47.52
Plant Load Factor	70%in the first year, 75% in the second year and 80% from third year onwards
Auxiliary Consumption	10%
Tariff Rs/KWh	MNES tariff @Rs. Rs.3.17/kWh
Yearly Escalation on Tariff	5%
Fuel Cost Rs/Ton	900
Yearly Escalation on fuel Cost	10.00%
Depreciation per annum	9.41%
O & M Expenses on Project Cost	5.00%
Yearly Escalation on O&M Cost	5.00%
Interest on Term Loan	14.5%
Interest on Working Capital	16.5%
IRR without CDM revenue	13.79%
IRR with CDM revenues	16.21%
CER Price (US\$/tCO2)	5

VARAM POWER PROJECTS - FINANCIALS											
Year ended March 31		2002	2003	2004	2005	2006	2007	2008	2009	2010	(Rs.Million) 2011
Plant Load Factor		70.0%	75.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
Gross Annual Generation (Gwh)		33.26	35.64	38.02	38.02	38.02	38.02	38.02	38.02	38.02	38.02
Aux.Consumption (Gwh)		3.33	3.56	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Net Salable Energy (Gwh)		29.94	32.08	34.21	34.21	34.21	34.21	34.21	34.21	34.21	34.21
Power revenue		94.90	106.76	119.58	125.56	131.83	138.43	145.35	152.61	160.24	168.26
CERs / t Co2		23950	25661	27372	27372	27372	27372	27372	27372	27372	27372
CER Revenue		5.03	5.39	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Cer Revenue Rs/KWh		0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Total Revenue		99.93	112.15	125.32	131.30	137.58	144.17	151.09	158.36	165.99	174.00
Costs											
Fuel Cost		37.80	44.55	52.27	57.50	63.25	69.57	76.53	84.18	92.60	101.86
O&M Expenses		12.20	12.81	13.45	14.12	14.83	15.57	16.35	17.17	18.02	18.93
Interest on term loan		21.49	21.49	21.49	19.60	15.81	12.03	13.25	9.46	5.68	1.89
Interest on working capital		2.77	2.77	2.77	2.77	2.77	2.77	2.77	2.77	2.77	2.77
Depreciation		22.96	22.96	22.96	22.96	22.96	22.96	22.96	22.96	22.96	22.96
Total Expenses		97.22	104.58	112.95	116.95	119.63	122.91	131.86	136.54	142.04	148.41
PBT w/o CER		-2.32	2.18	6.63	8.60	12.21	15.52	13.49	16.07	18.21	19.84
PBT with CER		2.71	7.57	12.38	14.35	17.96	21.27	19.24	21.82	23.96	25.59
Tax w/o CER		0.00	0.18	0.56	0.73	1.03	1.31	1.14	1.36	1.54	1.68
Tax with CER		0.23	0.64	1.05	1.21	1.52	1.80	1.63	1.84	2.02	2.16
PAT w/o CER		-2.32	2.00	6.07	7.87	11.18	14.21	12.35	14.71	16.67	18.17
PAT with CER		2.48	6.93	11.33	13.14	16.44	19.47	17.61	19.97	21.93	23.43
Cash flow w/o CER	-260.8	42.13	46.45	50.52	50.43	49.95	49.20	48.55	47.13	45.31	43.02
Cash flow with CER	-260.8	46.93	51.38	55.78	55.70	55.21	54.46	53.82	52.39	50.57	48.28
Project IRR w/o.GHG	13.79%	Pay Back Period / Years				7.25					
Project IRR with.GHG	16.21%	Pay Back Period / Years				6.17					

Assumptions supporting financial analysis (Scenario 2)

Scenario	2 Intermediate
Installed Capacity (MW)	6
Working Days Per Annum	365
Gross Annual Generation (GWH) at 100 % PLF	52.56
Plant Load Factor	Actuals upto the year 2004-05 and 80% from 2005-06 onwards
Auxiliary Consumption	10%
Tariff Rs/KWh	MNES tariff @Rs. Rs.3.17/ kWh
Yearly Escalation on Tariff	5%
Fuel Cost Rs/Ton	1250
Yearly Escalation on fuel Cost	5%
Depreciation per annum	5.28%
O & M Expenses on Project Cost	5%
Yearly Escalation on O&M Cost	5%
Interest on Term Loan	10.0%
Interest on Working Capital	10.5%
IRR without CDM revenue	12.67%
IRR with CDM revenues	16.29%
CER Price (Euro/tCO2)	8

VARAM POWER PROJECTS - FINANCIALS (Intermediate)											(Rs.in.Million)	
Year ended March 31		2001-02	2002-03	2003-4	204-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	
Gross Generation		17.52	52.56	52.56	52.56	52.56	52.56	52.56	52.56	52.56	52.56	
Actual /Estimated Generation (Gwh)		6.25	47.61	51.83	45.23	42.05	42.05	42.05	42.05	42.05	42.05	
Plant Load Factor		0.36	0.91	0.99	0.86	0.80	0.80	0.80	0.80	0.80	0.80	
Aux.Consumption (Gwh)		0.67	4.95	4.37	3.88	4.20	4.20	4.20	4.20	4.20	4.20	
Net Salable Energy (Gwh)		5.58	42.66	47.46	41.35	37.84	37.84	37.84	37.84	37.84	37.84	
Power revenue		17.63	141.63	165.62	144.33	145.70	152.98	160.63	168.66	177.09	185.95	
CER sold t Co2		25706	34786	32804	18561	18561	18561	18561	18561	18561	18561	
CER Revenue at 8 Eur/tCO2		10.90	14.75	13.91	7.87	7.87	7.87	7.87	7.87	7.87	7.87	
Total Revenue		28.53	156.38	179.53	152.20	153.57	160.85	168.50	176.53	184.96	193.82	
Costs												
Fuel Cost		9.49	74.20	93.10	78.68	89.35	93.82	98.51	103.44	108.61	114.04	
O&M Expenses		4.11	17.97	19.85	18.59	10.15	10.66	11.19	11.75	12.34	12.95	
Interest on term loan		8.44	17.16	26.50	12.98	13.47	10.78	8.08	5.39	2.69	0.67	
Interest on working capital		0.00	1.62	0.06	1.71	2.23	2.23	2.23	2.23	2.23	2.23	
Depreciation		3.03	10.99	11.89	12.32	12.88	12.88	12.88	12.88	12.88	12.88	
Total Expenses		25.07	121.94	151.41	124.28	128.09	130.37	132.90	135.69	138.75	142.78	
PBT w/o CER		-7.44	19.69	14.21	20.04	17.61	22.61	27.73	32.97	38.34	43.17	
PBT with CER		3.46	34.44	28.12	27.91	25.48	30.48	35.60	40.84	46.21	51.04	
Tax w/o CER		0.00	1.47	1.41	3.62	1.49	2.54	3.11	3.70	4.30	4.84	
Tax with CER		0.29	2.91	2.38	2.36	2.15	3.42	3.99	4.58	5.19	5.73	
PAT w/o CER		-7.44	18.22	12.80	16.43	16.12	20.08	24.62	29.27	34.04	38.33	
PAT with CER		3.17	31.53	25.74	25.56	23.33	27.06	31.61	36.26	41.03	45.31	
Cash flow w/o CER	-265.23	4.04	46.37	51.19	41.73	42.48	43.74	45.59	47.55	49.62	51.88	
Cash flow with CER	-265.23	14.64	59.68	64.14	50.86	49.68	50.72	52.58	54.53	56.61	58.87	
Project IRR w/o.GHG	12.67%	Pay Back Period / Years				7.89						
Project IRR with.GHG	16.29%	Pay Back Period / Years				6.14						

Assumptions supporting financial analysis (Scenario 3)

Scenario	3 As observed
Installed Capacity (MW)	6
Working Days Per Annum	365
Gross Annual Generation (GWH) at 100 % PLF	52.56
Plant Load Factor	Actuals upto the year 2004-05 and 80% from 2005-06 onwards
Auxiliary Consumption	10%
Tariff Rs/KWh	MNES tariff upto 2004-05 and Rs.2.85 per kWh from 2005-06 onwards
Yearly Escalation on Tariff	Rs.0.03 per kWh
Fuel Cost Rs/Ton	1000
Yearly Escalation on fuel Cost	5%
Depreciation per annum	5.28%
O & M Expenses on Project Cost	5%
Yearly Escalation on O&M Cost	5%
Interest on Term Loan	10.0%
Interest on Working Capital	10.5%
IRR without CDM revenue	6.53%
IRR with CDM revenues	10.96%
CER Price (Euro/tCO2)	8

VARAM POWER PROJECTS - FINANCIALS											(Rs.in.Millic
Year ended March 31		2001-02	2002-03	2003-4	204-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Gross Generation		17.52	52.56	52.56	52.56	52.56	52.56	52.56	52.56	52.56	52.56
Actual /Estimated Generation (Gwh)		6.25	47.61	51.83	45.23	42.05	42.05	42.05	42.05	42.05	42.05
Plant Load Factor		0.36	0.91	0.99	0.86	0.80	0.80	0.80	0.80	0.80	0.80
Aux.Consumption (Gwh)		0.67	4.95	4.37	3.88	4.20	4.20	4.20	4.20	4.20	4.20
Net Salable Energy (Gwh)		5.58	42.66	47.46	41.35	37.84	37.84	37.84	37.84	37.84	37.84
Power revenue		17.63	141.63	165.62	144.33	106.72	107.85	108.99	110.12	110.12	110.12
CER sold t Co2		25706	34786	32804	18561	18561	18561	18561	18561	18561	18561
CER Revenue at 8 Eur/tCO2		10.90	14.75	13.91	7.87	7.87	7.87	7.87	7.87	7.87	7.87
Total Revenue		28.53	156.38	179.53	152.20	114.59	115.72	116.86	117.99	117.99	117.99
Costs											
Fuel Cost		9.49	74.20	93.10	78.68	71.48	75.06	78.81	82.75	86.89	91.23
O&M Expenses		4.11	17.97	19.85	18.59	10.15	10.66	11.19	11.75	12.34	12.95
Interest on term loan		8.44	17.16	26.50	12.98	13.47	10.78	8.08	5.39	2.69	0.67
Interest on working capital		0.00	1.62	0.06	1.71	1.74	1.74	1.74	1.74	1.74	1.74
Depreciation		3.03	10.99	11.89	12.32	12.88	12.88	12.88	12.88	12.88	12.88
Total Expenses		25.07	121.94	151.41	124.28	109.73	111.11	112.70	114.51	116.54	119.48
PBT w/o CER		-7.44	19.69	14.21	20.04	-3.01	-3.26	-3.72	-4.39	-6.42	-9.36
PBT with CER		3.46	34.44	28.12	27.91	4.86	4.61	4.15	3.48	1.45	-1.49
Tax w/o CER		0.00	1.47	1.41	3.62	0.00	0.00	0.00	0.00	0.00	0.00
Tax with CER		0.29	2.91	2.38	2.36	0.55	0.52	0.47	0.39	0.16	0.00
PAT w/o CER		-7.44	18.22	12.80	16.43	-3.01	-3.26	-3.72	-4.39	-6.42	-9.36
PAT with CER		3.17	31.53	25.74	25.56	4.32	4.09	3.69	3.09	1.29	-1.49
Cash flow w/o CER	-260.56	4.04	46.37	51.19	41.73	23.35	20.40	17.25	13.89	9.16	4.20
Cash flow with CER	-260.56	14.64	59.68	64.14	50.86	30.67	27.75	24.65	21.37	16.87	12.07
Project IRR w/o.GHG	6.53%	Pay Back Period / Years				15.31					
Project IRR with.GHG	10.96%	Pay Back Period / Years				9.12					