

VENKAT & RANGAA

Chartered Accountants

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TO WHOMSOEVER IT MAY CONCERN

We have been requested by M/s. KCP Sugar and Industries Corporation Limited (KCPSICL) to verify and certify the estimated rate of return calculation (over a 10-year period) of their cogeneration project at Vuyyuru, Andhra Pradesh.

For the above purpose, we have verified, from relevant records and documents, the assumptions used in the calculation and found them to be correct. Based on our verification, we certify that the enclosed rate of return calculations and sensitivity analysis are performed in accordance with standard accounting principles.

Summary of results:

IRR without considering CDM benefits: 8.6%

IRR with considering CDM benefits: 14.2%

Sensitivity analysis results:

Sensitivity Analysis: IRR in various scenarios			
Parameters	Normal O&M Expenses	10% Increase in O&M Expenses	10% Decrease in O&M Expenses
At Estimated power export	8.6%	8.4%	8.9%
At 10% higher power export	9.8%	9.6%	10%
At 10% lower power export	7.4%	7.2%	7.7%

Our certification is confined to the correctness of the calculations in the projections on the basis of assumptions enclosed therein.

We do not express any opinion or provide any assurance on the performance of the plant which leads to the achievability of the projections.

For Venkat & Rangaa

Chartered Accountants


Partner

Date: 08.04.2008

Place: Chennai

