

Bhaskaran & Ramesh

Chartered Accountants

Basic Assumptions considered in the base case analysis by the AWEPL management in the context of the 29.70 MW CDM project in Karnataka are as follows:

1. **Tariff per kWh [Energy charges]:** Rs.3.40 per kWh for 10 years as per standard PPA to be signed with BESCOM in Karnataka – no room for negotiation;
2. **Project life:** 20 years;
3. **Number of wind mills:** 18 – as per contract with Vestas;
4. **Cost per WTG and Project cost:** Rs.117.78 Million per WTG translating to Rs.2,120 Million for the 18 WTG (18 x 1.65 MW = 29.70 MW) project;
5. **Total generation/PLF:** 36.47% average generation for the 29.70 MW project based on detailed technical assessment;
6. **Operating expenses per WTG:** Maintenance cost (O&M) of Rs.1 Million per WTG per annum for first 2 years, and increasing @ 5% thereafter as per generally prevalent industry practice in India. Employee and administrative expenses estimated @ Rs.0.1 Million per MW per annum rising with inflation @ 5%;
7. **Inflation:** @ 5% for operating costs generally as per prevailing norms for evaluation of such projects. These are costs that remain contractually unsecured;
8. **Taxes, Tax holiday, and MAT:** Tax holiday under Section 80IA, and Minimum Alternate Tax (MAT) have been considered;
9. **Depreciation rate per annum:** Considered both as per Companies Act and Income Tax Act for net profit and tax calculations;
10. **Interest rate:** Of 11.25% considered based on offers received from potential lenders;
11. **RoE and IRR calculation method:** As per internationally accepted financial return calculations.

We confirm having verified the above assumptions with relevant documents that form the basis of assumptions, and where required with further explanations provided by AWEPL management. These are in conformity with prevalent policies and norms and provide a reasonable basis for the conclusions derived.

for Bhaskaran & Ramesh



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