

Southern Energy Asia-Pacific Limited

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Energy to Serve Your World™

21st August 2000

Shri K.B. Gopalakrishnan
Senior Vice President & Head
Project Advisory & Structured Finance
(SBI Capital Markets Limited)
202, Maker Tower, "E", Cuffe Parade
Mumbai – 400 005

Dear Sir,

Petition No. 24/2000 at CERC for Hirma Power Project Services of Consultants

Pursuant to our letter of August 18, 2000, we had offered the levelised tariffs for various upfronted ratios (calculated at current prices). As required by you, please find enclosed the detailed tariff calculations for the following profiles:

1. With an upfronted ratio of 86% (Annexure 1).
2. With an upfronted ratio of 82% (Annexure 2).
3. With an upfronted ratio of 78% (Annexure 2).

The tariff profile with an upfronted ratio of 74% has already been submitted to you vide our letter dated August 18, 2000.

Please note that the above tariff offers are based on the following assumptions:

- Rupee depreciation – 5.39%
- WPI – 6% p.a.
- CPI – 7.5% p.a.
- Other assumptions backing the tariff are the same as for the tariff profile already under comparison. These assumptions have been consolidated and submitted to M/s SBI Caps vide our letter dated 17th August' 2000.

In case you require any clarifications/information on the above, please feel free to contact us.

With kind regards

Yours sincerely,

Sanjay Kapoor
Country Manager