

ADANI POWER MAHARASHTRA LIMITED

Annexure - VIII

COST BENEFIT ANALYSIS

Cost Benefit analysis for Ash Utilization Promotion and Research Park is as given below –

(A) Abstract of Financial benefits from the project:

SI No	Description of Items	Financial Benefits (in Crores of Rupees)
1	Savings in Ash Disposal Cost of 3.0 Million Tons for a period of 20 Years @ Rs. 100 per Tons*	Rs. 600.00 Crores
2	Net Present Value to Govt of India **	Rs. 8.89 Crores
3	Compensatory Afforestation Charges ***	Rs. 4.97 Crores
	Total Financial Benefits	Rs. 613.86 Crores

* In the absence of ash utilization, the entire ash from Adani Power Maharashtra Limited will have to be disposed in the Ash Dykes. This will result in additional land requirement, degradation of land and additionally Rs. 100 per Tons in disposal cost. With gainful utilization of ash due to the park, there will be intangible environmental benefits and a direct saving of Rs. 100 per Ton.

** Net Present Value of the Forest Land under diversion at the present rate of Rs. 6.26 Lacs per Ha born by the Project, works out to be Rs. 8.89 Crores for **141.99 Ha** Forest Land (Open Forest)

*** Compensatory Afforestation Charges for the area of **141.99 Ha** as per the estimate of Rs. 3.50 Lakhs/Ha: Rs. 4.97 Crores.

Employment Potential: Employment generation from the project will consist of direct employment, i.e. technical, commercial, managerial & indirect employment for period of 20 years from starting of the project. Technical, commercial & managerial activities will required. The employment generation potential during the construction stage of about three & half years will be 300 manpower. During the Operation Stage, the employment generation potential is 50 manpower as direct employment and 250 manpower as indirect employment.

(B) Abstract of Evaluation of Loss of forests:

SI No	Description of Items	Financial Benefits (in Crores of Rupees)
1	Evaluation of Loss of Timber / Fire wood / Bamboo / NTFP *	Nil
2	Human Resettlement *	Nil
3	Loss of fodder **	Rs. 7.10 Crores
4	Loss of Public facilities	Nil
	Total	Rs. 7.10 Crores

* There are no estimates of trees loss in the Forest Land, being asked for diversion. There are no settlements on the Forest Land.

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** Since actual figures of Fodder Loss were difficult to arrive at, it can be safely assumed that the loss due to fodder would never be greater than Rs. 10,000 per Ha per year. The calculation is for a period of 50 years.

(C) Abstract of Project Costs:

SI No	Description of Items	Financial Benefits (in Crores of Rupees)
1	Fixed assets, inclusive of investments, Current assets, Loans & Advances	Rs. 80.00 Crores
2	Other Expenditures like preoperative expenses, interests during construction, etc.	Rs. 20.00 Crores
	Total	Rs. 100.00 Crores

Cost: Benefit Ratio

I Cost of Project (including loss of Forest) = (B) + (C) = 107.10

II Financial Benefits of the Project = 613.86

Benefit: Cost Ratio = Rs. 613.86 Crores/ (Rs. 7.10 Crores + Rs. 100.00 Crores)

= 5.73