



Reliance Power Limited

(We were originally incorporated as Bawana Power Private Limited on January 17, 1995. For details of the change in our name and registered office, see "History and Certain Corporate Matters" on page 126 of this Prospectus.)

Registered and Corporate Office: H Block, First Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710, Maharashtra
Company Secretary and Compliance Officer: Mr. Paresh Rathod

Tel: (91 22) 3038 6010; Fax: (91 22) 3037 6633; Email: reliancepower.ipo@relianceada.com; Website: www.reliancepower.co.in

PUBLIC ISSUE OF 260,000,000 EQUITY SHARES OF Rs. 10 EACH OF RELIANCE POWER LIMITED ("RELIANCE POWER" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF Rs. 450[#] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF Rs. 440[#] PER EQUITY SHARE) AGGREGATING TO Rs. 115.632 MILLION (NET OF RETAIL DISCOUNT) (THE "ISSUE"). THE ISSUE COMPRISES A NET ISSUE TO THE PUBLIC OF 228,000,000 EQUITY SHARES AGGREGATING TO Rs. 101,232 MILLION (NET OF RETAIL DISCOUNT) ("THE NET ISSUE") AND A PROMOTERS' CONTRIBUTION OF 32,000,000 EQUITY SHARES AGGREGATING Rs. 14,400 MILLION. THE ISSUE WILL CONSTITUTE 11.5% OF THE POST ISSUE PAID-UP CAPITAL OF THE COMPANY AND THE NET ISSUE WILL CONSTITUTE 10.1% OF THE POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

ISSUE PRICE: Rs. 450 PER EQUITY SHARE OF FACE VALUE Rs. 10 EACH[#]
THE ISSUE PRICE IS 45 TIMES THE FACE VALUE

[#] A discount of Rs. 20 to the Issue Price determined pursuant to completion of Book Building Process has been offered to Retail Individual Bidders ("Retail Discount").

In case of revision in the Price Band, the Bidding/Issue Period will be extended by three additional days after revision of the Price Band subject to the Bidding /Issue Period not exceeding 10 working days. Any revision in the Price Band and the Bidding/Issue Period, if applicable, will be widely disseminated by notification to the National Stock Exchange of India Limited ("NSE") and the Bombay Stock Exchange Limited ("BSE"), by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers, Co-Book Running Lead Managers and at the terminals of the Syndicate.

In accordance with Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957 ("SCRR"), this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, at least 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. A discount of Rs. 20 to the Issue Price determined pursuant to completion of Book Building Process shall be offered to Retail Individual Bidders.

Payment Methods

Amount Payable per Equity Share (In Rs.)	Payment Method -1 [@]			Payment Method -2		
	Retail Individual Bidders and Non-Institutional Bidders			Any Category		
	Face Value	Premium	Total	Face Value	Premium	Total
On Application	2.5	112.5	115.0	10.0	440.0 [#]	450.0 [#]
By Due Date for Balance Amount Payable	7.5	327.5 [#]	335.0 [#]	-	-	-
Total	10.0	440.0[#]	450.0[#]	10.0	440.0[#]	450.0[#]

[@] Non-Residents require the approval of RBI for subscribing to partly paid up Equity Shares and copy of such approval should be submitted along with the Bid-cum-Application Form. See page xxxi for risks associated with Payment Method - 1

[#] Retail Discount, as applicable, to be adjusted.

RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The Issue Price is 45 times the face value. The Issue Price (as determined by our Company in consultation with the Book Running Lead Managers and the Co-Book Running Lead Managers on the basis of assessment of market demand for the Equity Shares offered by way of the Book Building Process) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue, including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of the investors is drawn to the section titled "Risk Factors" on page xiii of this Prospectus.

IPO GRADING

This Issue has been graded by CRISIL Limited as CRISIL IPO GRADE 4/5, indicating that the fundamentals of the issue are above average, in relation to other listed equity securities in India and by ICRA Limited as ICRA IPO Grade 4, indicating above average fundamentals. For details, see "General Information" beginning on page 15 of this Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Issuer and the Issue that is material in the context of the Issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole, or any of such information or the expression of any such opinions or intentions, misleading in any material respect.

LISTING ARRANGEMENT

The Equity Shares offered through the Prospectus are proposed to be listed on the BSE and the NSE. We have received an in-principle approval from BSE and NSE for the listing of our Equity Shares pursuant to their letters dated October 15, 2007 and October 31, 2007, respectively. For the purposes of this Issue, the Designated Stock Exchange shall be the Bombay Stock Exchange Limited.

BOOK RUNNING LEAD MANAGERS

 Kotak Mahindra Capital Company Limited 27 Floor, Bahadur 229 Nariman Point Mumbai 400 021 Tel: (91 22) 6654 1100 Fax: (91 22) 2283 7317 Email: reliancepower.ipo@kotak.com Investor Grievance Id: ksccredres@kotak.com Website: www.kotak.com Contact Person: Mr. Kamal Shah	 UBS Securities India Private Limited 2/F, Hochar House Nariman Point Mumbai 400 021 Tel: (91 22) 2286 2000/6630 9000 Fax: (91 22) 2281 4676 e-mail: reliancepower@ubs.com Investor Grievance Id: www.ubs.com/Corporate/india/ipo Website: www.ubs.com Contact Person: Ms. Chhavi Moolgani	 ABN AMRO Securities (India) Private Limited H Block Bhawan Nariman Point, Mumbai 400 021 Tel: (91 22) 6632 6555 Fax: (91 22) 6632 5544 e-mail: reliancepower.ipo@in.abnamro.com Investor Grievance Id: Customercare.ipo@in.abnamro.com Website: www.abnamroindia.com Contact person: Mr. Deepak Chokhani	 Deutsche Equities India Private Limited DB House, Mazumdar Sonani Marg, Fort, Mumbai 400 001 Tel: (91 22) 6658 4600 Fax: (91 22) 2200 6760 Email: reliancepower.ipo@db.com Investor Grievance Id: db.reliance@db.com website: www.db.com/India Contact person: Mr. Sameer Tamari
 PNM Securities Private Limited 801/802, Dalalal Towers, Nariman Point, Mumbai 400 021, Tel: (91 22) 6638 1800 Fax: (91 22) 2284 6624 Email: reliancepower.ipo@pnm.com Investor Grievance Id: complaints@pnm.com Website: www.pnm.com Contact Person: Ms. Kinjal Palan	 ICICI Securities Limited ICICI Centre, H.T. Park Marg, Chhatrapati, Mumbai 400 029 Tel: (91 22) 2288 2460 Fax: (91 22) 2282 6380 Email: reliancepower.ipo@icicid.com Investor Grievance Id: customercare@icicid.com Website: www.icicisecurities.com Contact Person: Mr. Rajiv Poddar	 JM Financial Consultants Private Limited 141 Maker Chamber III, Nariman Point, Mumbai 400 021 Tel: (91 22) 6630 3030 Fax: (91 22) 2204 7185 Email: reliancepower.ipo@jmfincindia.com Investor Grievance Id: grivance.bd@jmfincindia.com Website: www.jmfincindia.com Contact person: Mr. Mayank Jain	 J.P. Morgan India Private Limited 9th Floor, Malabar Centre, Nariman Point, Mumbai 400 021 Tel: (91 22) 2285 5660 Fax: (91 22) 6639 3090 Investor Grievance Id: Customercare_India@jpmorgan.com Email: reliancepower.ipo@jpmorgan.com Website: www.jpmorgan.com Contact Person: Mr. Abhishek Goenka

CO-BOOK RUNNING LEAD MANAGERS

 Macquarie India Advisory Services Private Limited Level 3, Malabar Centre Nariman Point Mumbai 400 021 Tel: (91 22) 6653 3000 Fax: (91 22) 6653 3198 Email: reliancepower.ipo@macquarie.com Investor Grievance Id: customercare.india.ipo@macquarie.com Website: www.macquarie.com Contact Person: Mr. Hari Kishan Morva	 SBI Capital Markets Limited 202, Maker Towers E, Cuffe Parade, Mumbai 400 006 Tel: (91 22) 2218 9166 Fax: (91 22) 2218 8332 Email: reliancepower.ipo@sbi.com Investor Grievance Id: investor.relations@sbi.com Website: www.sbi.com Contact Person: Mr. Subrat Panda	 Karvy Computershare Private Limited Flat No. 17-24, Vittal Rao Nagar Mathapur, Hyderabad 500 081 Tel: (91 40) 2342 0815/2342 0816 Fax: (91 40) 2342 0859 Email: reliancepower.ipo@karvy.com Website: www.karvy.com Contact Person: Mr. M. Murali Krishna
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BID/ISSUE PROGRAMME

BID/ISSUE OPENED ON	January 15, 2008	BID/ISSUE CLOSED ON	January 18, 2008
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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

Term	Description
“We”, “us”, “our”, the “Issuer”, the “Company”, “our Company”, “Reliance Power”	Unless the context otherwise indicates or implies, refers to Reliance Power Limited and its Subsidiaries on a consolidated basis.

Company Related Terms

Term	Description
AAA Project	AAA Project Ventures Private Limited, one of our Promoters
ADAV	Anil Dhirubhai Ambani Ventures Private Limited.
Adlabs	Adlabs Films Limited
Articles	Articles of Association of our Company
Auditors	The Joint Statutory Auditors of our Company, M/s Chaturvedi & Shah, Chartered Accountants and Price Waterhouse, Chartered Accountants
Board/ Board of Directors	Board of Directors of our Company
CAPL	Coastal Andhra Power Limited
Directors	Directors of Reliance Power Limited, unless otherwise specified
Identified Projects	Being the projects enumerated in the section titled “Objects of the Issue” for which the Net Proceeds from the Issue shall be utilized
KPPL	Kalai Power Private Limited
MEGL	Maharashtra Energy Generation Limited
MPPGPL	MP Power Generation Private Limited
Memorandum	Memorandum of Association of our Company
Promoters	Mr. Anil Dhirubhai Ambani, Reliance Energy Limited, Reliance Innoventures Private Limited and AAA Project Ventures Private Limited
Promoter Group	Unless the context otherwise specifies, includes those entities mentioned in the section “Our Promoters and Promoter Group” on page 149 of this Prospectus
Registered and Corporate Office of our Company	H Block, First Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710
RCL	Reliance Capital Limited
RCOM	Reliance Communications Limited
REL	Reliance Energy Limited, one of our Promoters
Reliance Energy Trading	Reliance Energy Trading Limited
Reliance Energy Transmission	Reliance Energy Transmission Limited
RINL	Reliance Innoventures Private Limited, one of our Promoters
RNRL	Reliance Natural Resources Limited
RPUPL	Reliance Public Utility Private Limited

Term	Description
RPSCL	Rosa Power Supply Company Limited
SHPPL	Siyom Hydro Power Private Limited
SPL	Sasan Power Limited
Subsidiaries	Refers to the subsidiaries of our Company, RPSCL, SPL, VIPL, MEGL, SHPPL, THPPL, MPPGPL, USHPPL and KPPL
THPPL	Tato Hydro Power Private Limited
USHPPL	Urthing Sobla Hydro Power Private Limited
VIPL	Vidarbha Industries Power Limited

Issue Related Terms

Term	Description
ABN AMRO	ABN AMRO Securities (India) Private Limited
Amount Payable on Submission of Bid-cum-Application Form	The amount specified under Payment Method-1 or Payment Method-2 for Retail Individual Bidders and Non-Institutional Bidders and Payment Method-2 for any category.
Allotment/ Allot	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Balance Amount Payable	Issue Price less amount already paid, if any, (net of Retail Discount, as applicable), payable by Retail Individual Bidders and Non-Institutional Bidders choosing Payment Method-1 and for which a Call Notice shall be issued by the Company on the date of Allotment
Banker(s) to the Issue	ABN AMRO Bank N.V., Axis Bank Limited, HDFC Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, ICICI Bank Limited, Kotak Mahindra Bank Limited and Standard Chartered Bank
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described in “Issue Related Information – Issue Procedure – Basis of Allotment” on page 279 of this Prospectus
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid / Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in an English national newspaper, a Hindi national newspaper and a regional newspaper with wide circulation
Bid / Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in a English national newspaper, a Hindi national newspaper and a regional newspaper with wide circulation
Bid cum Application Form	The form used by a Bidder to make a Bid and which will be considered as the application for Allotment for the purposes of the Prospectus and the Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bidding / Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing

Term	Description
	Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process/ Method	Book building route as provided in Chapter XI of the SEBI DIP Guidelines, in terms of which this Issue is being made
BRLMs/Book Running Lead Managers	Book Running Lead Managers to the Issue, in this case being Kotak Mahindra Capital Company Limited, UBS Securities India Private Limited, ABN AMRO Securities (India) Private Limited, Deutsche Equities India Private Limited, Enam Securities Private Limited, ICICI Securities Limited, JM Financial Consultants Private Limited and J.P. Morgan India Private Limited
Business Day	Any day other than Saturday or Sunday on which commercial banks in Mumbai are open for business
Call Notice	A notice issued by the Company for payment of the Balance Amount Payable in respect of partly paid Equity Shares allotted to Retail Individual Bidders and Non-Institutional Bidders choosing Payment Method-1
CAN/ Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process
CBRLMs/Co-Book Running Lead Managers	Co-Book Running Lead Managers to the Issue, in this case being, Macquarie India Advisory Services Private Limited and SBI Capital Markets Limited
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted
CRISIL	CRISIL Limited, being one of the IPO grading agencies, appointed pursuant to clause 2.5A of the SEBI Guidelines
Cut-off Price	Issue Price, net of Retail Discount, finalised by the Company in consultation with the BRLMs and the CBRLMs. Only Retail Individual Bidders are entitled to bid at the Cut Off Price, for a Bid Amount not exceeding Rs. 100,000. QIBs and Non-Institutional Bidders are not entitled to bid at the Cut-Off Price.
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders
DB	Deutsche Equities India Private Limited
Designated Stock Exchange	BSE
DP ID	Depository Participant's Identity
Draft Red Herring Prospectus or DRHP	The Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars of the price at which the Equity Shares are issued and the size (in terms of value) of the Issue
Due Date for Balance Amount Payable	Last date for payment of the Balance Amount Payable for Retail Individual Bidders and Non-Institutional Bidders choosing Payment Method-1, which is a date falling 21 days from the date of Allotment.
Eligible NRI	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares Allotted herein.
Enam	Enam Securities Private Limited
Equity Shares	Equity shares of our Company of Rs. 10 each fully paid up unless otherwise specified in the context thereof

Term	Description
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into by our Company, the Registrar to the Issue, BRLMs, the CBRLMs, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders on the terms and conditions thereof
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Bankers to the Issue with whom the Escrow Account will be opened
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalized and below which no Bids will be accepted
ICRA	ICRA Limited, being one of the IPO grading agencies appointed pursuant to clause 2.5A of the SEBI Guidelines
IDBI	Industrial Development Bank of India, the monitoring agency appointed in relation to the Issue
I-Sec	ICICI Securities Limited
Issue	The public issue of 260,000,000 Equity Shares of Rs. 10 each for cash at a price of Rs. 450.0 each aggregating Rs. 115,632 million (net of Retail Discount). The Issue comprises a Promoters' Contribution of 32,000,000 Equity Shares aggregating Rs. 14,400 million and a Net Issue to the Public comprising 228,000,000 Equity Shares aggregating Rs. 101,232 million (net of Retail Discount)
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Prospectus. The Issue Price will be decided by our Company in consultation with the BRLMs and the CBRLMs on the Pricing Date
Issue Proceeds	The proceeds from the Issue that are available to the Company
JMF	JM Financial Consultants Private Limited
JPM	J.P. Morgan India Private Limited
KMCC	Kotak Mahindra Capital Company Limited
KSBL	Karvy Stock Broking Limited
Macquarie	Macquarie India Advisory Services Private Limited
Margin Amount	The amount paid by the Bidder at the time of submission of Bid, being 10% to 100% of the Bid Amount
Monitoring Agent	IDBI
Mutual Fund Portion	5% of the QIB Portion or 6,840,000 Equity Shares aggregating 3,078 million available for allocation to Mutual Funds only, out of the QIB Portion.
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Net Issue	Issue less the Promoters' Contribution
Net Proceeds	The Issue Proceeds less the Issue expenses. For further information about use of the Issue Proceeds and the Issue expenses, see "Introduction – Objects of the Issue" on page 35 of this Prospectus

Term	Description
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of the Net Issue being at least 22,800,000 Equity Shares aggregating Rs. 10,260 million available for allocation to Non-Institutional Bidders
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	(i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date; and extending until the Bid/ Issue Closing Date; and (ii) With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the closure of the Pay-in Date
Payment Method	Either of Payment Method -1 or Payment Method- 2 chosen by Retail Individual Bidders and Non-Institutional Bidders
Payment Method-1	Amount Payable on Submission of Bid-cum-Application Form in case of Retail Individual Bidders and Non-Institutional Bidders, is Rs. 115.0 per Equity Share, such that it shall not be less than 25% of the Issue Price and Balance Amount Payable shall be paid by the Due Date for Balance Amount Payable. All Non Resident Bidders availing the option of Payment Method-1 are required to submit a copy of an approval from the RBI allowing them to subscribe to the partly-paid up Equity Shares. Under Payment Method – 1, out of the Amount Payable on Submission of Bid-cum-Application Form, Rs. 2.5 is towards face value and Rs. 112.5 is towards premium.
Payment Method-2	Amount Payable on Submission of Bid-cum-Application Form in case of Retail Individual Bidders and Non-Institutional Bidders shall be 100% of Bid less the Retail Discount and in case of QIBs is 10% of the Bid Amount with balance being payable on allocation
Price Band	Price band of a minimum price (floor of the price band) of Rs. 405 and the maximum price (cap of the price band) of Rs. 450 and includes revisions thereof
Pricing Date	The date on which our Company in consultation with the BRLMs and the CBRLMs finalizes the Issue Price
Prospectus	The Prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, containing, inter alia, the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account on the Designated Date
QIB Margin Amount	An amount representing at least 10% of the Bid Amount
QIB Portion	The portion of the Net Issue being at least 136,800,000 Equity Shares aggregating Rs. 61,560 million required to be allocated to QIBs
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million

Term	Description
Refund Account	The account opened with Escrow Collection Bank(s), from which refunds, if any, of the whole or part of the Bid Amount shall be made
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, Direct Credit or RTGS as applicable
Registrar to the Issue	The Registrar to the Issue, in this case is Karvy Computershare Private Limited having its registered office as indicated on the cover page of this Prospectus
Retail Individual Bidder(s)	Individual Bidders who have Bid for Equity Shares for an amount not more than Rs. 100,000 (net of Retail Discount) in any of the bidding options in the Issue (including HUFs applying through their Karta and Eligible NRIs and does not include NRIs other than Eligible NRIs)
Retail Discount	The difference of Rs. 20 between the Issue Price and the differential lower price at which the Company has decided to allot the Equity Shares to Retail Individual Bidders as compared to the Issue Price.
Retail Portion	The portion of the Net Issue being at least 68,400,000 Equity Shares aggregating Rs. 29,412 million (net of Retail Discount), available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP or Red Herring Prospectus	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus was filed with the RoC at least 3 days before the Bid Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date
SBI CAP	SBI Capital Markets Limited
SSL	SBICAP Securities Limited
Stock Exchanges	BSE & NSE
Syndicate/ Members of the Syndicate	The BRLMs, the CBRLMs and the Syndicate Members
Syndicate Agreement	The agreement to be entered into between the Syndicate and our Company in relation to the collection of Bids in this Issue
Syndicate Members	Reliance Securities Limited, Kotak Securities Limited, ABN AMRO Asia Equities (India) Limited, JM Financial Services Private Limited, Karvy Stock Broking Limited and SBICAP Securities Limited
TRS/ Transaction Registration Slip	The slip or document issued by the Syndicate to the Bidder as proof of registration of the Bid
UBS	UBS Securities India Private Limited
Underwriters	The BRLMs, the CBRLMs and the Syndicate Members
Underwriting Agreement	The agreement among the members of the Syndicate and our Company to be entered into on or after the Pricing Date

Conventional and General Terms/ Abbreviations

Term	Description
Act or Companies Act	Companies Act, 1956 and amendments thereto
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996 as amended from time to time
DIN	Director Identification Number
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
ECS	Electronic Clearing Service
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares at the end of that fiscal year
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000 and amendments thereto
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with SEBI under applicable laws in India
Financial Year/ Fiscal/ FY	Period of twelve months ended March 31 of that particular year
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
GDP	Gross Domestic Product
GoI/Government	Government of India
HNI	High Net worth Individual
HUF	Hindu Undivided Family
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
Mn / mn	Million
MoU	Memorandum of Understanding
NA	Not Applicable

Term	Description
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit and Loss account, divided by number of issued equity shares
NCR	National Capital Region
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NR	Non Resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Security by a Person resident outside India) Regulations, 2000. OCBs are not allowed to invest in this Issue
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PIO	Persons of Indian Origin
PLR	Prime Lending Rate
RBI	The Reserve Bank of India
RoC	The Registrar of Companies, Maharashtra located at Everest, 100 Marine Drive, Mumbai 400 002
RONW	Return on Net Worth
Rs.	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time
Sec.	Section

Term	Description
SEZ	Special Economic Zone
State Government	The government of a state of Union of India
Stock Exchange(s)	BSE and/ or NSE as the context may refer to
UIN	Unique Identification Number
US / USA	United States of America
US GAAP	Generally Accepted Accounting Principles in the United States of America
USD/ US\$	United States Dollars

Technical/Industry Related Terms

Term	Description
AAI	Airports Authority of India
BOT	Build, Operate and Transfer
BOOT	Build, Own, Operate and Transfer
BTG	Boiler, Turbine and Generator Package
CBM	Coal Bed Methane
CCL	Central Coalfields Limited
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CERs	Certified Emission Reductions
CDM	Clean Development Mechanism
COD	Commercial Operation Date
CSA	Coal Supply Agreement
CTA	Coal Transportation Agreement
DER	Debt Equity Ratio
DPR	Detailed Project Report
EIA	Environmental Impact Assessment
Electricity Act	The Electricity Act 2003, as amended from time to time
EMP	Environment Management Plan
EPC	Engineering, Procurement and Construction
ERC	Electricity Regulatory Commission
GoAP	Government of Arunachal Pradesh
GoM	Government of Maharashtra
GoMP	Government of Madhya Pradesh
GoUP	Government of Uttar Pradesh
GSTA	Gas Sale and Transportation Agreement
IA	Implementation Agreement
IFRS	International Financial reporting standards

Term	Description
IM	Information Memorandum
IPP	Independent Power Producer
KW	Kilo Watt
Kwh	Kilo Watt Hour
LD	Liquidated Damages
LOA	Letter of Allotment
LOC	Letter of Credit
LOI	Letter of Intent
MERC	Maharashtra Electricity Regulatory Commission
MIDC	Maharashtra Industrial Development Corporation
Mmcmd	Million Metric Standard Cubic Meter Per Day
MoEF	Ministry of Environment and Projects
MoA	Memorandum of Agreement
MoU	Memorandum of Understanding
MPCB	Maharashtra Pollution Control Board
MSEB	Maharashtra State Electricity Board
Mtpa	Million tons per annum
MW	Megawatts
NTP	Notice to Proceed
NTPC	National Thermal Power Corporation Limited
O & M	Operation and Maintenance
PCB	Pollution Control Board
PFC	Power Finance Corporation Limited
PFR	Project Feasibility Report
PLF	Plant Load Factor
PPA	Power Purchase Agreement
RFP	Request for Proposal
RFQ	Request for Qualification
SEBs	State Electricity Boards
SERC	State Electricity Regulatory Commission
SEZ	Special Economic Zone
SPV	Special Purpose Vehicle
UMPP	Ultra Mega Power Project
UPPCL	Uttar Pradesh Power Corporation Limited
UPSIDC	Uttar Pradesh State Industrial Development Corporation Limited
VERs	Verified Emission Reductions

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data in this Prospectus is derived from our restated financial statements, prepared in accordance with Indian GAAP and the SEBI Guidelines, which are included in this Prospectus, and set out in the section “Financial Information – Financial Statements” beginning on page 169 of this Prospectus. Our fiscal/financial year commences on April 1 and ends on March 31.

There are significant differences between Indian GAAP and IFRS or US GAAP. We have not attempted to explain those differences or quantify their impact on the financial data included herein and we urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited.

In this Prospectus, any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off.

Currency of Presentation

All references to “Rupees” or “Rs.” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$” or United States Dollars are to the official currency of the United States of America. The noon buying rate of the Federal Reserve Bank of New York was Rs. 39.52 per U.S. Dollar as of November 30, 2007.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

The extent to which the market and industry data used in this Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- Our inability to estimate our future performance because of no operating history;
- Failure to commence operations of our projects as expected;
- Our inability to raise the necessary funding for our capital expenditures, including for the development of our projects;
- Inability of our offtakers to meet their payment obligations to us under the relevant PPAs;
- Our inability to establish new offtake arrangements;
- Unavailability of fuel for our power plants;
- Certain inherent construction, financing and operational risks in relation to our projects;
- The monetary and interest rate policies of India, inflation, deflation, unanticipated turbulence in interest rates;
- Changes in the foreign exchange control regulations in India;
- Foreign exchange rates, equity prices or other rates or prices;
- The performance of the financial markets in India;
- General economic and business conditions in India;
- The ability to successfully implement our strategy;
- Changes in laws and regulations that apply to our clients, suppliers and the power generation and trading and construction and property development sectors;
- Increasing competition in and the conditions of our clients, suppliers and the power generation and trading and construction and property development sectors; and
- Changes in political conditions in India;

For a further discussion of factors that could cause our actual results to differ, see “Risk Factors” on page xiii of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we, our Directors, any member of the Syndicate nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the BRLMs, the CBRLMs and the Company will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact is not quantifiable and hence the same has not been disclosed in such risk factors. Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. Before making an investment decision, investors must rely on their own examination of the offer and us.

Unless otherwise stated, the financial information of Reliance Power used in this section is derived from our consolidated audited financial statements under Indian GAAP, as restated.

Internal Risks

1. Certain complaints have been filed against the Company and an appeal has been filed before the Securities Appellate Tribunal in relation to the IPO

An aggregate of 159 complaints were filed with various governmental agencies including SEBI, the Department of Company Affairs and the Government of India among others against the Company, its Promoters and the proposed IPO. These allegations included non-compliance with provisions of the Companies Act and fraud in relation to the transfer of the right to develop certain projects from REL to the Company, ineligibility of equity shares acquired pursuant to the amalgamation of RPUPPL with the Company for promoters' contribution and non-compliance in relation to the face value of the equity shares. All allegations were refuted by the Company in its replies sent to the complainants. A public interest litigation (writ petition) was also filed before the Bombay High Court containing allegations similar to those raised in the complaints received as stated above. The writ petition was disposed of by the High Court with a direction to SEBI 'to deal with and dispose off the representations of the petitioners'. SEBI by way of its order dated December 27, 2007 directed the Company that the entire promoters' quota i.e. 20% of the capital in the Company shall be locked-in for a period of five years from the date of allotment in the proposed IPO. SEBI has also noted that it had no jurisdiction to review Companies Act matters, but that the Ministry of Corporate Affairs stated in a letter to SEBI that prima facie there does not appear to be evidence at this stage to establish a violation of Section 293 of the Companies Act and that it is open to shareholders of REL to seek redressal under the Companies Act if they perceive any mismanagement or oppression by the management of REL. An appeal has been filed before the Securities Appellate Tribunal against the said SEBI order seeking the relief that the Issue should not be allowed to proceed until the appeal is disposed off. In addition, certain actions have also been filed before the Supreme Court of India, the Ahmedabad High Court and the Bombay City Civil Court seeking similar relief. If any further action, complaint or litigation is asserted against the Company, its Promoters or the IPO is initiated or any adverse order is passed, it may adversely impact the Company and the proposed Issue. For more details, see "Outstanding Litigation and Material Development - Other Material Developments in relation to the Company" on page 222 of this Prospectus.

2. There are certain criminal proceedings pending against our Promoter and Chairman

There are certain criminal proceedings against Mr. Anil Dhirubhai Ambani, brief details of which have been provided below:

- There are three criminal complaints where it has been alleged that the complainants were threatened when they demanded consideration be paid and prevented from entering their land, that their land was trespassed upon, and that machinery on such land was illegally removed.

- There are three cases filed where complainants have alleged forgery and cheating against Mr. Anil Dhirubhai Ambani and RCOM as they continue to receive bills from RCOM even though they do not own a phone connection.
- There are two criminal cases filed by two holders of convertible debentures alleging false statements in the prospectus pertaining to the issue of such convertible debentures by the erstwhile Reliance Polypropylene Limited.
- There two criminal cases in relation to disputes regarding transfer of shares of the erstwhile Reliance Petroleum Limited.
- There is one criminal case pertaining to complaint regarding change of the phone subscription plan.
- There is one criminal case for which no records are traceable.
- It was learnt by the Company that one Mr. V M Raste has filed a private criminal complaint against Mr. Anil Dhirubhai Ambani in connection with certain shares of Reliance Energy Limited sold by Reliance Capital Limited.

For more details, see “Outstanding Litigation and Material Developments” on page 221 of this Prospectus.

3. *We have no operating history, so it is difficult to estimate our future performance.*

We currently have no power plants in operation or other revenue-generating operations, and we have no significant operating history from which you can evaluate our business and future prospects and viability. You should not evaluate our prospects and viability based on the performance of REL or our other Promoters. Commercial operations at our first power plant, Rosa Phase I, are not scheduled to commence until December 2009, and our prospects must be considered in light of the risks and uncertainties inherent in new business ventures. As a result, we cannot assure you about our future performance or that our business strategy will be successful.

4. *We cannot assure you that our power projects will commence operations as expected.*

Our projects under development have a long gestation period. The completion targets for our projects are estimates and are subject to risks, including, among other things, contractor performance shortfalls, unforeseen engineering problems, force majeure events, unanticipated cost increases or changes in scope and delays in obtaining certain property rights, fuel supply and government approvals, any of which could give rise to delays, cost overruns or the termination of a project’s development. The failure to complete project development within the required period and in accordance with agreed specifications could render certain benefits granted by the government unavailable or may result in higher costs, penalties or liquidated damages, lower returns on capital or reduced earnings.

For example, the scheduled completion date for the Butibori project is in June 2010, which is after the date on which the project is required to be completed, and the government stated in granting a previous extension that no additional extensions would be granted. Also, the term of the MOU for the Shahapur project expired on April 4, 2007. In addition, we have not submitted a project implementation schedule as required under the MOU for our MP Power project. We are liaising with the relevant authorities to seek the relevant extensions for these projects, but we cannot assure you that we will be able to obtain these extensions, and the government may refuse to grant the benefits provided under the agreements and seek recovery of the benefits already provided by it. Without these agreements and the benefits they provide, it is unlikely that we would be able to continue to develop the relevant project.

In addition, our development of the Kalai II project is subject to REL receiving a Letter of Award from the GOAP. REL has confirmed that it will transfer the project to us upon award, but we cannot be certain that REL will be awarded the Kalai II project. Failure to develop any of our projects could materially and adversely affect our business, financial condition and results of operations.

5. *.Our plans require significant capital expenditures and if we are unable to obtain the necessary funds on acceptable terms for expansion, we may not be able to fund our projects and our business may be adversely affected.*

We will need significant additional capital to finance our business plan. We estimate that we will need to raise Rs. 871,073.7 million in debt to finance our thirteen projects that are currently under development. The implementation of our projects is also subject to a number of variables, and the actual amount of capital requirements to implement these projects may differ from our estimates.

Our ability to finance our capital expenditure plans is subject to a number of risks, contingencies and other factors, some of which are beyond our control, including tariff regulations, borrowing or lending restrictions, if any, imposed by the RBI, the amount of dividends that can be paid to our shareholders and general economic and capital market conditions. Furthermore, adverse developments in the Indian and international credit markets may significantly increase our debt service costs and the overall cost of our funds. We cannot assure you that we will be able to raise sufficient funds to meet our capital expenditure requirements and on terms acceptable to us. If we are unable to raise the capital needed to fund the costs of our projects, or experience any delays in raising such funds, there could be a material adverse impact on our ability to complete these projects and on our revenues and profitability.

In addition, we currently intend to finance approximately 20% to 30% of the cost of these projects in contributions from Reliance Power and approximately 70% to 80% of the cost of these projects with third-party debt. While we believe that this division reflects the current market for financing power projects in India, this standard could change or financial institutions or investors could require additional contributions from us. If this occurred, it would reduce our leverage for the project being financed and could negatively impact our expected returns.

Failure to timely and adequately fund our projects could have a material adverse affect on our business, financial condition and results of operation.

6. *We may not be able to raise additional capital to fund the balance of costs for Identified Projects.*

The Net Proceeds we expect to receive from the Issue only cover part of the estimated cost to complete the Identified Projects. We will have to raise an additional approximately Rs. 228,356.9 million to fund the balance of costs for such Identified Projects. We have mandated certain banks and financial institutions to arrange up to US\$ 6 billion in syndicated loans for us on a secured basis to fund the Identified Projects. Our subsidiaries have also received in-principle sanction letters totalling Rs. 179,440 million from other financial institutions to part finance five of the Identified Projects. Although these mandates and in-principle sanction letters include preliminary term sheets, these term sheets are indicative only and are subject to conditions and commercial negotiations. We may not be able to fulfil all or any of these conditions or reach agreement on commercial terms with these banks and financial institutions, in which case they would have no obligation to arrange such loans for us. For more details, see "Introduction – Objects of the Issue – Means of Finance" on page 36 of this Prospectus.

RINL, a Promoter of the Company has given a guarantee dated December 31, 2007 that it shall arrange or provide up to Rs. 228,855.0 million in financing for the Identified Projects in the event the Company is unable to arrange debt financing for that amount. Each of RCL and Reliance ADA Group Private Limited, two Promoter Group Companies, have also adopted resolutions dated October 18, 2007 that they shall arrange or provide up to Rs. 254,312 million in financing for the Identified Projects in the event the Company is unable to arrange debt financing for that amount.

Notwithstanding the above, we cannot assure you that we will be able to arrange financing on terms that would be acceptable to us, or at all. If we are unable to negotiate terms satisfactory to us, we will have to seek financing from other sources in order to complete the Identified Projects, as well as the other projects that are currently under development. Other sources of financing may not be available and we may not be able to obtain the capital necessary to fund our projects.

The implementation of the Identified Projects is also subject to a number of variables and the actual amount of

capital requirements to implement the Identified Projects may differ from our estimates. If we experience a significant increase in capital requirements or delays with respect to the implementation of the Identified Projects, we may need additional financing and we cannot assure you that such financing source will be available to us on commercially acceptable terms, or at all. Failure to raise all the necessary capital will have a material adverse impact on the implementation of the Identified Projects, project costs and schedules and in turn on our business, financial condition and results of operations.

7. *We rely on Reliance ADA group and our affiliates in certain key aspects of our business as well as ancillary support services.*

We have entered into non-binding MOUs with REL, RNRL, Reliance Energy Transmission, and Reliance Energy Trading for, among other matters, EPC services, fuel, power evacuation and off-take arrangements. We have also entered into a number of firm agreements with affiliates of the Reliance ADA group for the provision of other services. We may in the future enter into additional arrangements with other affiliates of the Reliance ADA group. See “About the Company – Our Business—Arrangements with the Reliance ADA group” on page 92 of this Prospectus.

We cannot assure you that our affiliates will enter into definitive agreements on the basis of the non-binding MOUs or if they do, that those agreements will be on terms commercially acceptable to us. Since affiliates of the Reliance ADA group will have multiple roles with respect to us, we may be limited in our ability to negotiate agreements with our affiliates to obtain the most favourable terms for us. If they do or have entered into definitive agreements with us, they may terminate their arrangements with us and there can be no assurance that we will be able to enter into alternative arrangements on similar terms. Failure to make alternative arrangements in a timely manner and on terms commercially acceptable to us could have a material adverse impact on our business, financial condition and results of operations.

In addition, our own development plans for some of our projects depend on the success of our affiliates. For example, RNRL is currently in litigation over its rights to gas reserves that we intend to use to supply our Shahapur Gas and Dadri projects. We also intend to develop power generation projects around Reliance Natural Resource’s CBM discoveries that are product of its exploration of four CBM blocks allotted to a consortium led by it. If our affiliates are not successful in maintaining and expanding their own businesses, negotiating terms for fuel resources or obtaining requisite government approvals, it could cause us to delay, cancel or downsize certain projects under development and otherwise may have a material adverse affect on our business, financial condition and results of operations.

Furthermore, as our affiliates will be providing services to us, payments to them are likely to precede the time at which we begin to generate revenues and shareholder returns. Proceeds from this offering or from related debt financing may be distributed to them pursuant to these arrangements.

8. *The interests of our controlling shareholders may conflict with our interests or with the best interests of our other shareholders.*

After the completion of the Issue, each of REL and AAA Project will own, directly and indirectly, approximately 45% of our outstanding Equity Shares. Each of these companies is controlled by our chairman, Mr. Anil Dhirubhai Ambani. In addition, our Articles of Association provides that Mr. Ambani shall be the non-retiring Chairman of our Board so long as he is willing to serve in such a position. For details, see “Main Provisions of the Articles of Association” on page 287 of this Prospectus. As a result, Mr. Anil Dhirubhai Ambani, REL and AAA Project will continue to exercise significant control over us, including being able to determine decisions requiring a supermajority of the total voting power of our shareholders. However, the interests of our controlling shareholders may conflict in material aspects with our interests or with the best interests of our other shareholders.

9. *The interests of our controlling shareholders and our affiliates will cause significant conflicts of interest in the ordinary course of our business.*

Conflicts will arise in the ordinary course of decision making for our company. Among other situations, conflicts will arise in connection with our negotiations and dealings with members of the Reliance ADA group affiliates,

including REL, RNRL, Reliance Energy Transmission and Reliance Energy Trading, with respect to services that they are expected to provide to us and the arrangements that we may enter into with them. For example, we have entered into a number of non-binding MOUs with each of these affiliates and will face conflicts in negotiating definitive agreements between our affiliates and us. For a description of these MOUs, see “About the Company – Our Business — Arrangements with the Reliance ADA group” on page 92 and “About the Company – Description of Certain Key Contracts” on page 97 of this Prospectus. Conflicts will also arise in the allocation of resources, including key personnel, contractors and intellectual property, between REL and us.

In addition, Reliance Energy currently operates 941 MW of power generation projects and is one of the largest private sector power generation companies in India. While the Reliance ADA group has stated that it intends for Reliance Power to be its primary vehicle for investments in the power generation sector in the future, there is no non-compete agreement in place between other companies of the Reliance ADA group and us, and they may develop power generation projects in the future and compete with us.

Mr. Anil Dhirubhai Ambani currently serves as the chairman of Reliance Energy, RNRL and us, as well as chairman of other companies in the Reliance ADA group. Two of our six board members (including our Chairman, Mr. Ambani) also are directors of Reliance Energy, and three of our six board members (including our Chairman, Mr. Ambani) also are directors of RNRL. Each of these board members will be required to recuse himself from decisions regarding the dealings between our company and the affiliate of which he is a director. In addition, the compensation payable by us to our directors may include a commission representing a percentage of our profits subject to the limits prescribed under Indian law. Our shareholders have authorised the payment of a commission up to 1% (if the Company has a managing director or whole-time director or manager) or 3% (if the Company has no managing director or whole-time director or manager) for a period of 5 years beginning on April 1, 2008. We have appointed Mr. K.H. Mankad as a whole-time director and chief executive officer with effect from November 7, 2007. All of our key management personnel have recently been transferred to us from our affiliates. Key management personnel and employees will also encounter conflicts of interest in the above situations, among others.

We expect to have a substantial amount of ongoing transactions with other affiliated companies. For more details, see “About the Company – Our Business — Arrangements with the Reliance ADA group” on page 92 and “About the Company – Description of Certain Key Contracts” on page 97 of this Prospectus.

10. *Additional issuances of equity may dilute your holdings.*

Any future issuance of our Equity Shares or securities linked to our Equity Shares may dilute the positions of investors in our Equity Shares. We intend to apply the proceeds of this offering to the six Identified Projects, and we may issue additional Equity Shares or securities linked to our Equity Shares to finance the other seven projects that we are developing. In addition, our shareholders’ meeting has passed a resolution approving the implementation of our employee stock option plan, under which additional Equity Shares may be issued to eligible employees. Any issuance of Equity Shares may dilute our existing shareholders.

11. *Future sales of Equity Shares by our Promoters may adversely affect the market price of our Equity Shares.*

After the completion of the Issue, our Promoters will own, directly and indirectly, approximately 89.9% of our outstanding Equity Shares. Sales of a large number of our Equity Shares by our Promoters could adversely affect the market price of our Equity Shares. Similarly, the perception that any such primary or secondary sale may occur could adversely affect the market price of our Equity Shares.

12. *We intend to incur substantial borrowings in connection with the development of our power projects and may not be able to meet our obligations under these debt financing arrangements.*

We have 13 power projects under development with a total estimated cost of Rs. 1,121,286.0 million. We intend to finance 70% to 80% of the cost of each of our prospective projects with third-party debt and therefore expect to incur substantial borrowings in the future. Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flow generated by our business. We cannot assure you that we will generate sufficient cash to enable us to service existing or proposed borrowings, comply with covenants

or fund other liquidity needs. If we fail to meet our debt service obligations or financial covenants required under the financing documents, the relevant lenders could declare us in default under the terms of our borrowings, accelerate the maturity of our obligations or take over the financed project. We cannot assure you that, in the event of any such acceleration, we will have sufficient resources to repay these borrowings. Failure to meet our obligations under the debt financing arrangements could have a material adverse effect on our cash flows, business and results of operations.

13. *Our indebtedness and the conditions and restrictions imposed by our financing arrangements could adversely affect our ability to conduct our business and operations.*

The financing arrangements for Rosa Phase I contain certain restrictive covenants. Under these covenants, we have agreed not to create a lien over 51% of the equity interest in the RPSCL and RPSCL has agreed not to make certain restricted payments, including the distribution of dividends, redemption or repurchase of any class of its shares that will result in a long-term debt to equity ratio higher than 4:1, prepaying any indebtedness prior to its maturity date, and investments in equity, unless certain conditions are satisfied. In addition, we need to arrange financing for the other 12 projects under development. Our future borrowings, including any borrowings in connection with the development and construction of the Identified Projects, may contain restrictive covenants and events of default that could limit our ability to undertake certain types of transactions and could adversely affect our liquidity. For example, our financing arrangements for Rosa Phase I give lenders a pledge over all the existing and future assets of RPSCL. If we seek to develop Rosa Phase II under RPSCL, we will not be able to grant a lien over the assets of RPSCL without a release from current lenders to RPSCL. This restriction could adversely affect our ability to finance Rosa Phase II.

14. *Our operations will have significant fuel requirements, and we may not be able to ensure the availability of fuel at competitive prices.*

Nine of our power projects under development are planned to be coal-fired or gas-fired thermal projects. The success of our operations will depend on, among other things, our ability to source fuel at competitive prices. Certain of our plants have the benefit of captive fuel supplies or have obtained long-term coal allocations from the government. However, we may not be able to obtain necessary coal supplies or gas supplies for other power plants on commercially acceptable terms, or at all. We intend to procure coal for Shahapur Coal and Krishnapatnam and gas for Shahapur Gas and Dadri through RNRL, but we have not entered into any definitive agreement with RNRL. Currently, RNRL does not have any rights to coal resources of its own. In addition, RNRL is in litigation with respect to gas reserves of Reliance Industries Limited, which may impact the availability or the pricing of fuel for our two gas-fired thermal projects. As a result of that litigation, on October 15, 2007, the High Court, Bombay ordered RNRL and Reliance Industries Limited to renegotiate, reconsider and settle the terms of the existing agreements in relation to gas supply afresh within four months. Following the commencement of negotiations, RNRL and Reliance Industries Limited have appealed against the order before the High Court of Bombay. There can be no assurance that an agreement will be reached as a result of negotiation. Also, one of the three coal blocks allotted to our Sasan project is the subject of litigation between the Ministry of Coal and third parties. See “Legal and Other Information - Outstanding Litigation and Material Development” on page 221 of this Prospectus.

Failure to obtain sufficient fuel supplies for any of our thermal power projects may have a material adverse impact on our business, financial condition and results of operations. We cannot offer any assurance that RNRL itself will be to obtain gas or coal supplies, or that we will be able to obtain gas or coal from RNRL, either on commercially acceptable terms to us, or at all. We currently have not arranged alternative sources of coal or gas for our Shahapur Coal, Krishnapatnam, Shahapur Gas and Dadri projects.

15. *We may not be able to successfully conduct mining operations to extract coal for our Sasan project.*

We have been allotted three coal blocks to source fuel for our Sasan project. We are responsible for mining the coal, but we have no prior experience in mining. Coal mining operations require substantial expertise and are subject to associated risks. We intend to retain experts to assist our mining operations, but if we are unable to extract coal from the coal blocks efficiently, our business, financial condition and results of operations could be materially and adversely affected.

16. *Estimates of our coal reserves are subject to assumptions, and if the actual amounts of such reserves are less than estimated, our results of operations and financial condition may be adversely affected.*

We have been awarded three coal blocks with combined estimated reserves of 750 million tonnes for our Sasan Project. Estimates of coal reserves in these mines are subject to probabilistic assumptions. These estimates are based on interpretations of geological data obtained from sampling techniques and projected rates of production in the future. Actual reserves and production levels may differ significantly from estimates. In addition, the initial phase of development before production may take longer than we anticipate. The economic feasibility of exploiting a discovery may change as a result of changes in the market price for coal during the development period. If the quantity or quality of our coal reserves has been overestimated, we would deplete our coal reserves more quickly than anticipated and may have to source the required coal in the open market for our power generation. Prices for coal in the open market may exceed the cost at which we might otherwise be able to extract by ourselves, which would cause our costs to increase and consequently adversely affect our business, financial condition and results of operations.

17. *Our funding requirements and deployment schedule for the Krishnapatnam UMPP are based on management estimates and have not been independently appraised.*

Our funding requirements and deployment schedule for the Krishnapatnam UMPP are based on management estimates and have not been appraised by any bank, financial institution or other independent organisation. We may have to revise our management estimates from time to time and consequently our funding requirements may also change. This may result in the rescheduling of our project expenditure programmes and an increase or decrease in our proposed expenditure which may adversely impact our results of operations.

18. *We may not be able to establish new off-take arrangements for our power generation facilities on terms acceptable to us or at all.*

We have identified plans to develop power generation projects in India with a combined installed capacity of 28,200 MW. Of this amount, we have entered into PPAs for 4,560 MW, and we will need to enter into other off-take agreements for the balance of the power to be generated by our projects under development. In addition, we intend to enter into short-term PPAs for some of the projects under development. Our customers may not extend or renew these short-term PPAs with us upon their expiration. We cannot assure you that we will be able to enter into off-take arrangements to ensure continuous demand for our power, or at all, despite the existing demand supply gap for power in India. Failure to enter into or renew off-take arrangements in a timely manner and on terms that are commercially acceptable to us could adversely affect our business, financial condition and results of operations.

19. *The structure of our PPAs may expose us to certain risks.*

We have entered into long-term PPAs for our Rosa Phase I and Sasan power projects for a term of 25 years from the commissioning of the project and intend to enter into long-term PPAs for other power projects that we are developing. Under a long-term PPA, we typically sell all the power generated from a power plant to the customers at predetermined tariffs. Accordingly, if tariffs generally increase, we will not be able to renegotiate the terms of the PPAs to increase our tariffs.

We also expect to enter into short-term PPAs, which may create additional variability in our revenues and could expose our business to risks of market fluctuations in demand and price for power. We may also be exposed to increased competition, particularly that arising from changes in technology that may allow other power generation companies to offer power at lower rates. Risks associated with the structure of our PPAs could have a material adverse impact on our business, prospects, financial condition and results of operations.

20. *The terms of our off-take arrangements may not match the terms of our financing arrangements.*

The duration of our off-take arrangement may not match the duration of the related financing arrangements and we may be exposed to refinancing risk. In the event of an increase in interest rates, our debt service cost may increase at the time of refinancing our loan facilities and other financing arrangements, but our revenues under the relevant PPA may not correspondingly increase. In addition, a PPA may expire or be terminated and we may not have

sufficient revenues to meet our debt service obligations or be able to arrange sufficient borrowings to refinance those obligations on commercially acceptable terms, or at all. This mismatch between the financing arrangements and the relevant PPAs may have a material adverse impact on our business, financial condition and results of operations.

21. *Changes to tariff regulations may adversely affect our results of operations and our cash flow from operations.*

Power tariffs in India are established through competitive bidding or determined by central or state regulators. Although we expect that tariffs with respect to most of our power projects will be set through a process of competitive bidding, state regulators determined the tariff for our Rosa Phase I project and it is possible that some of the other projects that we develop in the future will be subject to central or state tariff regulation. Any change in tariff regulations may have a material adverse impact on our business and results of operations.

22. *Our customers may have weak credit histories.*

A significant part of our revenues may be derived from sale of power to state-owned distribution companies, their successor distribution companies and other public and private procurers. Certain of these entities have had a weak credit history and we cannot assure you that these entities will always be able to pay to us in a timely fashion, if at all. We are also exposed to the risks associated with entering into arrangements with other public and private buyers of our power with weak credit histories, including industry consumers. Any change in the financial position of our customers that adversely affects their ability to pay us may adversely affect our own financial position and results of operations.

23. *We may face difficulties enforcing the state government guarantee provided under some of our PPAs.*

We may face difficulties enforcing state government guarantees of our PPAs. The payment obligations for one of the PPAs we have entered into, Rosa Phase I, is guaranteed by the state government where Rosa Phase I is located, and we may enter into similar PPAs in the future. We may face difficulties in enforcing guarantees against government entities when compared to private sector procurers. Faced with disputes and counterclaims between transmission companies, electricity boards and generation companies caused by a variety of factors, certain state governments have in the past refused to perform their obligations under such guarantees until such disputes or counterclaims have been fully resolved, which can take a substantial period of time. Any failure by any government entity to fulfill its obligations to us could have a material adverse effect on our cash flows, income, business prospects and results of operations.

24. *We depend on various contractors or specialist agencies to construct and develop our projects, some of whom supply sophisticated and complex machinery to us.*

We depend on the availability and skills of third party contractors for the development and construction of our power projects and supply of certain key equipment. We do not have direct control over the timing or quality of services, equipment or supplies provided by these contractors. We cannot assure you that such contractors will continue to be available at reasonable rates in the areas in which we conduct our operations, and we may be exposed to risks relating to the quality of their services, equipment and supplies.

In addition, we require the continued support of certain original equipment manufacturers to supply necessary services and parts to maintain our projects at affordable cost. If we are not able to procure the required services or parts from these manufacturers (for example, as a result of the bankruptcy of the manufacturer), or if the cost of these services or parts exceed the budgeted cost, there may be a material adverse impact on our business, financial condition and results of operations.

25. *Significant increases in prices or shortages of building materials could increase our cost of construction.*

While we have entered into a fixed price turnkey contract for Rosa Phase I and we generally intend to enter into fixed price contracts for the development of our power projects in the future, the cost of these contracts is ultimately affected by the availability, cost and quality of raw materials. The principal raw materials used in construction include cement and steel. The prices and supply of these and other raw materials depend on factors not under our

control, including general economic conditions, competition, production levels, transportation costs and import duties. Price increases or shortages in these raw materials could adversely affect our ability to develop our projects in line with our projected budget and we may not be able to complete our projects as per schedule.

26. *We may not be able to acquire sufficient land area for our project site development.*

We are in the process of acquiring land required for developing certain of our projects, such as Shahapur and Urthing Sobla. We cannot assure you that such acquisitions will be completed in a timely manner, on terms that are commercially acceptable to us, or at all. In addition, the registration process for the land so acquired may not have been completed. For more details, see “Introduction – Objects of the Issue” on page 35 of this Prospectus.

27. *If power evacuation facilities are not made available by the time our plants are ready to commence operations, our operations could be adversely affected.*

Evacuating power from each of our projects to the nearest sub-station will either be our responsibility or the responsibility of a procurer, depending upon the arrangements made for the particular project. Further evacuation from the sub-station to high voltage transmission lines needs to be made available by the relevant authorities. If such transmission lines are not made available by the time our plants are ready to commence operation, it could have material adverse affect on our business, financial condition and results of operations.

28. *Our inability to manage growth effectively could disrupt our business and reduce our profitability.*

We expect that our growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls. In particular, continued expansion increases the challenges involved in financial and technical management, recruitment, training and retaining sufficient skilled technical and management personnel and developing and improving our internal administrative infrastructure. Any inability to manage such growth could disrupt our business, reduce our profitability and adversely affect our results of operations and financial condition.

29. *Our Company had negative cash flow from operating activities in Fiscal 2006 and for the six months ended September 30, 2007.*

Our Company had negative cash flow from operating activities of Rs. 3.1 million for Fiscal 2006 and Rs. 4.4 million for the six months ended September 30, 2007 on a non-consolidated basis. This was principally due to decrease of Rs. 26.1 million in trade and other receivables and a decrease of Rs. 43.2 million in trade and other payables for the six months ended September 30, 2007.

There can be no assurance that we will not experience periods of negative cash flow in the future. If the negative cash flow trend persists in future, our Company may not be able to generate sufficient amounts of cash flow to finance our Company’s working capital and capital expenditure requirements.

30. *We require certain approvals and licenses in the ordinary course of business, and the failure to obtain or retain them in a timely manner all may adversely affect our operations.*

We require certain approvals, licenses, registrations and permissions for operating our business, some of which may have expired and for which we may have either made or are in the process of making an application for obtaining the approval or its renewal. For more information, see “Legal and Other Information – Government Approvals” on page 236 of this Prospectus. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, our business may be adversely affected. Furthermore, our government approvals and licenses are subject to numerous conditions, some of which are onerous and require us to make substantial expenditures. If we fail to comply or a regulator claims we have not complied with these conditions, our business, prospects, financial condition and results of operations may be materially adversely affected.

For example, the scheduled completion date for the Butibori project is in June 2010, which is after the date on which the project is required to be completed, and the government stated in granting a previous extension that no additional extensions would be granted. Also, the term of the MOU for the Shahapur project expired on April 4, 2007. In

addition, we have not submitted a project implementation schedule as required under the MOU for our MP Power project. We are liaising with the relevant authorities to seek the relevant extensions for these projects, but we cannot assure you that we will be able to obtain these extensions, and the government may refuse to grant the benefits provided under the agreements and seek recovery of the benefits already provided by it. Without these agreements and the benefits they provide, it is unlikely that we would be able to continue to develop the relevant project.

31. *If we do not operate our facilities efficiently, we may incur increased costs, our revenues may be adversely affected and we may face penalties under the terms of the PPAs that we have or will enter into.*

Our profitability is largely a function of how effectively we are able to manage our costs during the terms of our contracts and our ability to operate our plants at optimal levels. If we are unable to manage our costs effectively or operate our plants at optimal levels, our business prospects, financial condition and results of operations may be materially and adversely affected.

PPAs, including the PPA we have entered into for Rosa Phase I and Sasan, generally require a power supplier to guarantee certain minimum performance standards, such as plant availability and generation capacity. The tariffs we charge are also typically arrived at assuming a certain heat rate and other technical norms. If our facilities do not meet the required performance standards, our customers will not reimburse us for any increased costs arising as a result of our plants' failure to operate within the agreed norms, which in turn may affect the results of our operations.

In addition to the performance requirements specified in our PPA and other agreements, national and state regulatory bodies and other statutory and government mandated authorities may from time to time impose minimum performance standards upon us. Failure to meet these requirements could expose us to the risk of penalties. In addition, we may not receive certain agreed-upon incentives that may adversely affect our revenues.

32. *If the development or operation at one or more of our assets is disrupted, it could have an adverse effect on our financial condition and results of operations.*

The development or operation of our projects may be disrupted for reasons that are beyond our control, including explosions, fires, earthquakes and other natural disasters, breakdown, failure or substandard performance of equipment, improper installation or operation of equipment, accidents, operational problems, transportation interruptions, other environmental risks, and labour disputes. In addition, our projects may also be targets of terrorist attacks or other civil disturbances. Furthermore, we rely on extremely sophisticated and complex machinery that is built by third parties and may be susceptible to malfunction. Although in certain cases manufacturers are required to compensate us for certain equipment failures and defects, such arrangements may not fully compensate us for the damage that we suffer as a result of equipment failures and defects or the penalties under our agreements with our customers and do not generally cover indirect losses such as loss of profits or business interruption.

If such operational difficulties occur in the future it may have a material adverse effect on our business, financial condition and results of operations.

33. *When our power plants commence operations, our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees.*

We expect to employ many employees once we commence operations at our power projects. There can be no assurance that we will not experience disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations. Furthermore, efforts by labour unions may divert management's attention and result in increased costs. We may be unable to negotiate acceptable collective bargaining agreements with those who have chosen to be represented by unions, which could lead to union-initiated work stoppages, including strikes, which could adversely affect our business and results of operations.

We enter into contracts with independent contractors to complete specified assignments and these contractors are required to source the labour necessary to complete such assignments. Although we do not engage these labourers directly, it is possible under Indian law that we may be held responsible for wage payments to labourers engaged by

contractors should the contractors default on wage payments. Any requirement to fund such payments may adversely affect our business, financial condition and results of operations.

Furthermore, pursuant to the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, we may be required to absorb a portion of such contract labourers as our employees. Any such order from a court or any other regulatory authority may adversely affect our business and results of our operations.

34. *Mining operations are subject to risks that may not be adequately covered by insurance.*

Mining operations are subject to hazards and risks normally associated with the exploration, development and production of natural resources, any of which could disrupt our operations or cause damage to persons or property. The occurrence of industrial accidents, such as explosions, fires, transportation interruptions and inclement weather as well as any other events with negative environmental consequences, could adversely affect our operations by disrupting its ability to extract minerals from the mines it operates or exposing us to significant liability. We may incur significant costs, which may not be adequately covered by insurance that could have a material adverse effect on its results of operations and financial condition.

35. *Meteorological changes and changes in water flow may affect our prospective hydroelectric generation capacity.*

The amount of electricity generated by hydroelectric power systems is dependent upon available water flow. Accordingly, revenues and cash flows will be significantly affected by low and high water flows in the watersheds. Water flow varies each year, depending on factors such as rainfall, snowfall and rate of snowmelt. Our projects may be subject to substantial variations in water flow or other climatic conditions.



While we have selected our hydroelectric sites on the basis of output projections, there can be no assurance that the water flows will be consistent with our projections, or that the water flow required to generate the projected outputs will exist or be sustained after construction of the projects is completed. We cannot assure you that the long-term historical water availability will remain unchanged in the future or that no material hydrological event will impact the hydrological conditions that currently exist at our project sites.



Hydroelectric power generation depends on the level of water in different periods of the year. We therefore expect that our operating results would be more favourable during the monsoon season. The substantial rainfall during these months generally leads to high generation because sufficient water is available to allow our power stations to be operated at full capacity. However, we would expect operating results to be less favourable during the remainder of the year when there is less water available. This is particularly the case during the winter season, when the water flow for our prospective hydroelectric projects in the northeast can be obstructed or reduced because of freezing.



Hydroelectric operations can also be affected by the build up of silt and sediment that can accumulate behind dam walls, which prevent the silt from being washed further down the river. Excess levels of silt can also occur in waterways due to changes in environmental conditions. High concentrations of silt in water can cause erosion problems in a station's hydroelectric turbines or can lead to blockages in the turbines themselves. Any such damage or blockage may require us to shut down the station which will mean we are unable to generate power that may lead to a reduction in revenue, including associated efficiency incentive payments.

Accordingly, adverse hydrological conditions whether seasonal or for an extended period of time, which result in lower, inadequate and/or inconsistent water flow may render our prospective hydroelectric power stations incapable of generating adequate electrical energy, thus affecting our results of operations and financial condition.

36. *We do not own the “” and “” trademarks, and our ability to use these trademarks, names and logos may be impaired.*

The  and  trademark, name and logo do not belong to us. They have been licensed to us under a brand license agreement with ADAV. We are required to pay to ADAV up to Rs. 800 million for these rights. The timing and amount of the payment (subject to the Rs. 800 million limit) will be determined in ADAV's sole discretion. As of the date of this Prospectus, we have not paid any amounts as royalty for the use of the

trademark and logo. This agreement can be terminated by ADAV upon the occurrence of certain events such as any breach by us of the terms of this agreement or any applicable law, regulation or industry standard or any change in control of our company. If the license is revoked, we may no longer be able to use the  or the “” trademark, name or logo in connection with our business and, consequently, we may be unable to capitalize on our brand recognition.

In addition, ADAV has made an application to register the “” trademark, including name and logo, in India. If the registration is not granted, we would no longer be able to use the “” trademark, name or logo in connection with our business and, consequently, may not be able to capitalize on our brand recognition.

For further details, see “About the Company – Our Business — Intellectual Property” on page 96 of this Prospectus.

37. *Our power business is subject to government regulation, and changes in these regulations or in their implementation could disrupt our operations and adversely affect our results of operations.*

Our business is subject to extensive government regulation. To conduct our business, we must obtain various licenses, permits and approvals. Even when we obtain the required licenses, permits and approvals, our operations are subject to continued review and the governing regulations and their implementation are subject to change. We cannot assure you that we will be able to obtain and comply with all necessary licenses, permits and approvals required for our plants, or that changes in the governing regulations or the methods of implementation will not occur. If we fail to comply with all applicable regulations or if the regulations governing our business or their implementation change, we may incur increased costs or be subject to penalties, which could disrupt our operations and adversely affect our business and results of operations.

38. *Our costs of compliance with environmental laws are expected to be significant, and the failure to comply with new environmental laws could adversely affect our results of operations.*

Our projects are subject to national and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations. Environmental regulation of industrial activities in India may become more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In case of any change in environmental, or pollution regulations, we may be required to incur significant amounts on, among other things, environmental monitoring, pollution control equipment and emissions management. We may also be required to bear additional expenditure for the establishment of additional infrastructure, such as laboratory facilities for monitoring pollution impact and effluent discharge. Such additional costs may adversely affect our results of operations. In addition, failure to comply with environmental laws may result in the assessment of penalties and fines against us by regulatory authorities. The commencement of environmental actions against us or the imposition of any penalties or fines on us as a result thereof may have a material adverse effect on our business, prospects and results of operations.

We expect to generate a considerable amount of ash in our operations. There are limited options for utilizing ash and therefore the demand for ash is currently low. While we continue to explore methods to utilize or dispose of ash, our ash utilization activities may be insufficient to dispose of the ash we expect to generate. We are subject to a Government requirement that by 2014, 100% of the fly ash produced through our generation activities must be gainfully utilized. Compliance with this requirement, as well as any future norms with respect to ash utilization, may add to our capital expenditures and operating expenses.

Environmental damage may also result from the development of hydroelectric projects. In the past, certain environmental organizations have expressed opposition to hydroelectric power stations based on the allegation that they cause the killing of marine life and have adverse effects on waterways. For example, the environmental clearance for the Siyom project is currently a subject matter of public interest litigation before the High Court, of Delhi. Certain hydroelectric projects (other than run-of-the-river projects like those we currently have under development) use dams to create large reservoirs over what used to be dry land. This can lead to environmental issues connected to the destruction of wildlife habitats, resettlement of urban centers, increased sediment in rivers

and the production of methane from submerged forest. Due to these factors, environmental regulators may impose restrictions on our operations that would limit our ability to generate revenues.

We could be subject to substantial civil and criminal liability and other regulatory consequences in the event that an environmental hazard was to be found at the site of any of our power stations, or if the operation of any of our power stations results in material contamination of the environment. We may be the subject of public interest litigation in India relating to allegations of environmental pollution by our plants, as well as cases having potential criminal and civil liability filed by state pollution control authorities. If such cases are determined against us, there could be a material adverse effect on our business and operations.

39. *An accident could occur if we handle any of the dangerous materials used in our business improperly.*

The nature of our business requires us to work with and transport highly flammable and explosive materials. Despite compliance with requisite safety requirements and standards, our operations are subject to hazards associated with handling of such dangerous materials. If improperly handled or subjected to unsuitable conditions, these materials could hurt our employees or other persons, cause damage to our properties and harm the environment. This could subject us to significant disruption in our business, legal and regulatory actions, costs and liabilities, which could adversely affect our business, financial condition and results of operations.

40. *We may not have sufficient insurance coverage to cover all possible economic losses.*

We rely upon insurance coverage to insure against damage and loss to our projects that may occur during construction and operation. We also purchase insurance coverage to meet our obligations under our financing arrangements, such as those for Rosa Phase I. We will purchase additional insurance coverage as we believe to be commercially appropriate as our projects enter the construction and operation phases. Nevertheless, the insurance we obtain may not be sufficient to protect us from all casualty losses. Losses suffered due to inadequate coverage may have a material adverse impact on our business, financial condition and results of operations.

41. *The construction and operation of our power projects or mines may face opposition from local communities and other parties.*

The construction and operation of power projects and mines has, in the past, faced opposition from the local communities where these projects are located and from special interest groups. In particular, the public may oppose mining operations due to the perceived negative impact it may have on the environment. We cannot assure you that we will not encounter such opposition. The resettlement and rehabilitation program is developed on a project by project basis and is included in our budget for each project, however, the state government of the state in which the project is located is ultimately responsible for disbursing compensation funded by us to those individuals that are displaced due to our projects. Significant opposition by local communities, NGOs and other parties to the construction of our power projects may adversely affect our results of operations and financial condition.

42. *Contingent liabilities which have not been provided for could adversely affect our financial condition.*

As of September 30, 2007, we had contingent liabilities that have not been provided for, in the following amounts, as disclosed in our restated stand alone and consolidated financial statements:

Particulars	(Rs. in million)
Bank Guarantee on behalf of SPL	3,000.00
Total	3,000.00

If a significant portion of these liabilities materializes, it could have a material adverse effect on our business, financial condition and results of operations.

43. *There is outstanding litigation against us, our subsidiaries, our Directors, our Promoters and our Promoter Group Companies.*

We are defendants in legal proceedings incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable, excluding contingent liabilities and include amounts claimed jointly and severally from us and other parties. Should any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase expenses and current liabilities.

There are certain proceedings, including criminal proceedings, pending in various courts and authorities at different levels of adjudication against us, our Subsidiaries, our Directors, our Promoters and our Promoter Group Companies:

Our Company

There is one case against us pertaining to a land dispute. Also see Risk Factor 1 above.

Our Subsidiaries

SPL: There is a writ petition against SPL pertaining to allocation of a coal block to SPL by the Government.

MEGL: There is a public interest litigation filed challenging the establishment of the Shahapur power project on grounds that proper clearances were not issued.

SHHPL: There is a public interest litigation challenging the environmental clearance given for the Siyom project.

Our Directors

Mr. Anil Dhirubhai Ambani: For criminal cases against Mr. Anil Dhirubhai Ambani, see Risk factor 1 above.

Nature and Number of case	Amount involved
17 consumer cases*	Rs. 3.60 million
2 labour cases	No monetary claim involved
One civil case	No monetary claim involved
Four election cases	No monetary claim involved

* In some of these cases, RCOM has also been made a party

Promoter/Promoter Group	Nature and Number of Case	Amount involved
REL:	1 tax case	Rs. 850 million
	103 civil cases	Rs. 27.25 million
	103 investor related disputes	Monetary claim not ascertained
	1 contempt case	Rs. 0.25 million
	17 labour cases	Rs. 2.58 million
	3 regulatory matters	Rs. 9040 million
	4 arbitration matters	Rs. 53 million
	102 consumer cases	Rs. 9.14 million
RCL:	2 civil cases	Rs. 90.6 million
	207 investor related disputes	Rs. 0.9 million
RNRL:	21 investor related disputes	Monetary claim not ascertained
RCOM:	16 investor related disputes	Monetary claim not ascertained
	80 civil cases	Rs. 13.06 million

Promoter/Promoter Group	Nature and Number of Case	Amount involved
	868 consumer cases	Rs. 84.95 million
	52 consumer appeal cases	Rs. 2.05 million
	285 tower related matters	Rs. 9.26 million
	5 tax cases	Rs. 53.28 million
	8 labour cases	Rs. 3.4 million
	8 regulatory matters*	Rs. 315 million
	3 appeals in the Supreme Court	Monetary claim not ascertained
	18 criminal matters	No monetary claim involved
Adlabs:	6 civil cases	Rs. 11.08 million
	1 criminal case	Rs. 3.03 million
	2 excise matters	Rs. 80.8 million

* 5 cases are filed against RCOM and other parties

Also, our Promoters and Promoter Group have from time to time initiated legal proceedings relating to their business and operations.

For further details of outstanding litigation against us, our Directors, our Promoter and our Promoter Group companies, please see section titled “Outstanding Litigation and other Material Developments” on page 221 of this Prospectus.

44. We have issued Equity Shares to or Promoters during the last year at a price below the Issue Price.

One of our Promoters, REL, was issued 200,000 Equity Shares of Rs. 10 each on January 12, 2007 at a price of Rs. 10 per equity share. In addition, REL and AAA Project were each issued 500,000,000 equity shares for Rs. 10 each on September 30, 2007 under the terms of the scheme of amalgamation between our Company and RPUPL. For more details, see “Capital Structure” on page 25 of this Prospectus.

45. Two of our Promoters, one of our five listed Promoter Group companies and certain of our Subsidiaries have incurred losses in the last three years.

Two of our Promoters, one of our five listed Promoter Group companies and certain of our Subsidiaries have incurred losses in certain of the last three fiscal years. The profit/ (loss) figures for these companies are set out below:

	(Rs. in million)		
	Fiscal 2005	Fiscal 2006	Fiscal 2007
RINL	Not Applicable	(27.4)	4.9
AAA Project	0.0	(0.1)	37.1
RNRL	(0.009)	(29.1)*	298.6**
SPL	Not Applicable	Not Applicable	(0.80)***
VIPL	Not Applicable	(0.03)	(0.2)
RPSCCL	(0.04)***	(0.04)***	(0.04)***

* Financial Year from April 1, 2005 to December 31, 2005.

Financial Year from January 1, 2006 to March 31, 2007.

*** Accumulated Losses

For more details, see “About the Company – Our Promoters and Promoter Group” and “About the Company – Our Subsidiaries” on page 149 and page 131 of this Prospectus.

46. A large portion of the Net Proceeds from the Issue will be invested in our Subsidiaries which may not be wholly owned by us.

We propose to invest a significant portion of the Net Proceeds from the Issue in our Subsidiaries and not in the Company. Five of these Subsidiaries—VIPL, which is developing the Butibori thermal power project, USHPPL and

the three project companies for the Siyom, Tato II and Kalai II projects—will not be wholly owned by us in the future. Under the terms of certain project documents, we will be required to sell or transfer interests in certain subsidiaries as set out below:

Name of the Subsidiary	Stake to be sold	Purchaser	Time of sale
VIPL	26%	Captive Users	Subsequent to the execution of the PPA
SHHPL	11%	GOAP	Upon execution of the equity subscription agreement in course of financial closure
THPPL	11%	GOAP	Upon execution of the equity subscription agreement in course of financial closure
KPPL	24.99%	GOAP	Upon execution of the equity subscription agreement in course of financial closure

For more details see “About the Company – Description of Certain Key Contracts” on page 97 of this Prospectus”.

Therefore, we will not fully benefit from the investments made in such non-wholly owned Subsidiaries. Furthermore, we retain the flexibility in determining the instrument through which our investment may be made.

47. *Our management will have significant flexibility in applying the proceeds received from the Issue.*

We intend to use the Net Proceeds that we receive from the Issue for the capital expenditures described in “Introduction – Objects of the Issue” on page 35 of this Prospectus. Our management may determine that it is appropriate to revise our estimated costs, fund requirements and deployment schedule owing to factors such as geological assessments, exchange or interest rate fluctuations and changes in design or configuration of the project, incremental rehabilitation and other preoperative expenses and other external factors which may not be within the control of our management

Further, pending utilization of the Net Proceeds of the Issue and other financings, we intend to invest such Net Proceeds in interest-bearing liquid instruments including money market mutual funds and bank deposits as approved by our Board of Directors. Although the utilization of the net proceeds from the Issue and other financings will be monitored by the Board and the Monitoring Agency, there are no limitations on interim investments that we can make using such Net Proceeds. These investments may include investments in mutual funds managed or financial products sold by one of our affiliates, RCL. In addition, Rs. 28,017.2 million has been allocated to general corporate purposes and will be used at the discretion of the management.

48. *Our success will depend on our ability to attract and retain our key personnel.*

We depend on senior executives and other key management members recently transferred to us from REL and other Promoter Group Companies to implement our projects and our business strategy. If any of these individuals resigns or discontinues his or her service and is not adequately replaced, our business operations and our ability to successfully implement our projects and business strategies could be materially adversely affected.

We intend to continue to develop our management and employee base in the future, but this will depend on our ability to attract and retain key personnel. Competition for management and industry experts in the industry is intense. Our future performance depends on our ability to identify, hire and retain key technical, support, sales and other qualified personnel. Failure to attract and retain such personnel could have a material adverse impact on our business, financial condition and results of operations.

49. *We may not be able to acquire new power generation projects or existing power plants, or realize the anticipated benefits of such acquisitions.*

In the future, we may seek to acquire additional power generation development projects, existing power plants or related businesses that we believe are a strategic fit with our business. However, we may not be able to identify acquisition or investment opportunities that are commercially acceptable to us or complete the acquisition and the

development of the projects as anticipated. Acquisition of new power projects and or existing power plants may also require substantial due diligence and integration efforts. Although we may attempt to minimize the risks associated with an acquisition by conducting an investigation of the project and related matters, our investigation may not uncover all material risks associated with such an acquisition, some of which may entail significant costs or expose us to unanticipated liabilities. We also may not be able to successfully integrate any acquired power plant into our operations without significant expenditures of operating, financial and management resources, if at all, and may not be able to realize the anticipated benefits of such acquisitions. Failure to acquire new power projects or existing power plants, complete the project development as scheduled or integrate the acquired power plant into our business could adversely impact our business, financial condition and results of operations.

50. *Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures of our Subsidiaries and restrictive covenants in our financing arrangements.*

We develop power generation projects through SPVs that are wholly or majority owned by us. We currently have no operating history. Our future ability to pay dividends will depend on the earnings, financial condition and capital requirements of our Subsidiaries and the dividends they distribute to us. Dividends distributed by our Subsidiaries will attract dividend distribution tax at rates applicable from time to time. We cannot assure you that we will receive dividends from our Subsidiaries sufficient to cover our operating expenses and pay dividends to our shareholders, or at all.

Our business is capital intensive and we plan to make substantial capital expenditures to complete the power generation projects that we are developing. Our ability to pay dividends is also restricted under certain financing arrangements that we have entered into and expect to enter into. We may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements and financing arrangements for new projects, financial condition and results of operations.

51. *There were shortfalls in the performance of one of our Promoters and one of our Promoter Group companies when compared to the promises made in its last public issue.*

REL, one of our Promoters, and RCL, one of our Promoter Group companies, undertook a simultaneous public offering and rights offering in 1993 and 1995, respectively. There were shortfalls in the performance of these offerings when compared against the projections made in the offer documents. For more details, see the section titled "Our Promoters and Promoter Group" on page 149 of this Prospectus.

52. *One of our Directors, Mr. J.L. Bajaj, was a director of a company which appears in the defaulters list maintained by the Reserve Bank of India.*

Mr. J.L. Bajaj was appointed a nominee director of Unit Trust of India on the board of directors of Arihant Industries Limited from November 1996 to October 2001. Arihant Industries Limited appears in the defaulters' list maintained by the Reserve Bank of India. Mr. J.L. Bajaj, by way of his letter dated November 1, 2007, has informed us that he was not aware of any default under any debt obligations up to the date when he tendered his resignation as nominee director to Unit Trust of India.

53. *Depreciation of the Rupee against foreign currencies may have an adverse effect on our results of operations.*

While a substantial portion of our revenues will be denominated in Rupees, we expect to incur significant indebtedness denominated in foreign currencies to finance the development of power projects. We may also enter into certain EPC contracts for our project development, the price of which could be denominated in foreign currencies. Accordingly, any depreciation of the Rupee against these currencies will increase the Rupee cost to us of servicing and repaying our foreign currency borrowings and costs. Current tariff regulations applicable to Rosa Phase I allow us to pass through certain foreign exchange fluctuations. However, if we are unable to recover the costs of foreign exchange variations through our tariffs, depreciation of the Rupee against foreign currencies may adversely impact our results of operations and financial condition.

54. *Increases in interest rates may materially impact our results of operations.*

We are exposed to interest rate risk and do not currently enter into any swap or interest rate hedging transactions in connection with our loan agreements. We may enter into interest hedging contracts or other financial arrangements in the future to minimize our exposure to interest rate fluctuations. We cannot assure you, however, that we will be able to do so on commercially reasonable terms or any of such agreements we enter into will protect us fully against our interest rate risk. Any increase in interest expense may have a material adverse effect on our business prospects, financial condition and results of operations.

55. *We expect to receive certain tax benefits, which may not be available to us in the future.*

In accordance with and subject to the condition specified in Section 80 IA of the Income Tax Act, 1961, we would be entitled to deduction of 100% of profits derived from the generation, distribution or transmission of power for any 10 consecutive assessment years out of fifteen years beginning from the year in which the undertaking generated power or commences transmission or distribution of power before March 31, 2010. As such, we may not be eligible to receive the tax benefits for future projects that are commissioned after the designated date. We cannot assure you that the Government of India will extend the period of availability for such tax benefits and if such tax benefits become unavailable, our business, financial condition and results of operations could be materially and adversely affected.

External Risks

56. *We face significant competition as a result of deregulation in the Indian power sector.*

We operate in an increasingly competitive environment. This is particularly the case because of the deregulation of the Indian power sector and increased private sector investment. The Electricity Act of 2003 removed certain licensing requirements for thermal power generation companies, provided for open access to transmission and distribution networks and also facilitated additional capacity generation through captive power plants. These reforms provide opportunities for increased private sector participation in power generation. Specifically, the open access reform enables private power generators to sell power directly to distribution companies and, ultimately to end consumers, enhancing the financial viability of private investment in power generation.

As a result, we may face significant competition with other Indian companies seeking to expand their power generation business as well as international power companies while negotiating or bidding for power projects. We may also compete with central and state power utilities. Competitive bidding for power procurement further increases the competition among power generators. Our competitors may have greater resources than we do and may be able to achieve better economies of scale, allowing them to bid at more competitive rates. We may face the pressure of decreased margins due to such competition. We cannot assure you that we will be able to compete effectively, and our failure to do so could result in a material adverse effect on our business, prospects, financial condition and results of operations.

57. *The price of our Equity Shares may be volatile, and you may be unable to resell your Equity Shares at or above the Issue Price, or at all.*

Prior to the Issue, there has been no public market for our Equity Shares, and an active trading market on the Indian Stock Exchanges may not develop or be sustained after the Issue. The Issue Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Issue. The market price of the Equity Shares after the Issue may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the power sector in India, developments relating to India and volatility in the BSE and the NSE and securities markets elsewhere in the world.

58. *There is no guarantee that the Equity Shares will be listed on the BSE and the NSE in a timely manner or at all.*

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Approval requires all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE

and the NSE. In accordance with section 73 of the Companies Act, in the event that the permission of listing the equity shares is denied by the stock exchanges, the Company is required to refund all monies collected to investors. Please see the section titled “Other Regulatory and Statutory Disclosures - Listing” on page 248 of this Prospectus. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

59. *Any trading closures at the BSE and the NSE may adversely affect the trading price of our Equity Shares*

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S. The BSE and the NSE have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on, either of the BSE and the NSE could adversely affect the trading price of the Equity Shares.

60. *If investors who opt for Payment Method-1 (partly paid shares) do not pay the Balance Amount Payable, the amount raised through the Issue will be lower than the proposed Issue size. Furthermore, Equity Shares issued to investors who opt for Payment Method-1 will not be traded until the time these Equity Shares become fully paid.*

The Balance Amount Payable, if any, may not be paid and the amount raised through the Issue may be lower than the proposed Issue size. In the event of such shortfall, the extent of the shortfall will be made by way of such means available to our Company and at the discretion of the management, including by way of incremental debt or cash available with us. Furthermore, Equity Shares, if any, issued pursuant to Payment Method-1, will, not be traded after the date of allotment until the Balance Amount Payable is received, the Equity Shares have been fully paid-up and corporate actions for credit of such Equity Shares into demat accounts of the successful allottees has been taken, receipt of listing and trading approval from the Stock Exchange. The process of corporate action may take about two weeks from the Due Date for Balance Amount Payable. During this period, shareholders who pay the Balance Amount Payable for the partly paid Equity Shares will not be able to trade in those Equity Shares. For more details see “Introduction – The Issue” on page 10 of this Prospectus.

61. *Political, economic and social developments in India could adversely affect our business.*

The central and state governments serve multiple roles in the Indian economy, including producers, consumers and regulators, which have significant influence on the power industry and us. Economic liberalization policies have encouraged private investment in the power sector, and changes in these governmental policies could have a significant impact on the business and economic conditions in India in general and the power sector in particular, which in turn could adversely affect our business, future financial condition and results of operations.

In addition, the leadership of India has undergone multiple changes since 1996. Any political instability in India may adversely affect the Indian securities markets in general, which could also adversely affect the trading price of our Equity Shares.

62. *A slowdown in economic growth in India could materially and adversely affect our results of operations and financial condition.*

Our performance and the quality and growth of our business is dependent on the health of the overall Indian economy. There have been periods of slowdown in the economic growth of India during the 1990s. Although the services and industrial sectors of the economy are growing, the Indian economy remains largely driven by the performance of the agriculture sector, which depends on the quality of rainfall during the monsoon season and is therefore difficult to predict. In the past, economic slowdowns have harmed industries including the power sector. Any future slowdown in the Indian economy could harm our results of operations and financial condition.

63. *Financial instability in Indian financial markets could materially and adversely affect our results of operations and financial condition.*

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in Asian emerging market countries. Financial turmoil in Asia, Russia and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our results of operations and financial condition.

64. *The extent and reliability of Indian infrastructure could adversely impact our results of operations and financial condition.*

India's physical infrastructure is less developed than that of many developed nations. Any congestion or disruption with its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt our business operations, which could have a material adverse effect on our results of operations and financial condition.

65. *Our ability to raise foreign capital may be constrained by Indian law.*

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources for our power projects under development or acquisitions and other strategic transactions, and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have a material adverse impact on our business growth, financial condition and results of operations.

66. *If inflation worsens, our results of operations and financial condition may be adversely affected.*

In recent years, India's wholesale price inflation index has suggested an increasing inflation trend. . An increase in inflation in India could cause a rise in the price of transportation, wages, raw materials or any other of our expenses. If this trend continues, we may be unable to reduce our costs or pass our increased costs along to our customers and our results of operations and financial condition may be materially and adversely affected.

Notes to Risk Factors:

- The net worth of our Company was Rs. 20,069.1 million as of September 30, 2007 as per our restated consolidated financial statements under Indian GAAP.
- Public Issue of 260,000,000 Equity Shares of Rs. 10 each for cash at a price of Rs. 450 per Equity Share (including share premium of Rs. 440 per share) aggregating Rs. 115,632 million (net of Retail Discount), including Promoter's Contribution of 32,000,000 Equity Shares aggregating Rs. 14,400 million and Net Issue to Public of 228,000,000 Equity Shares of Rs. 10 each for cash aggregating to Rs. 101,232 million (net of Retail Discount). The Issue will constitute 11.5% of the post-Issue paid-up capital of the Company. The Net Issue will constitute 10.1% of the post-Issue paid-up capital of the Company.
- The average cost of acquisition of the equity shares by our Promoters is Rs. 10 per Equity Share.
- The net asset value/ book value per Equity Share of Rs. 10 each was Rs. 10.03 and Rs. 10.03 as of March 31, 2007 and September 30, 2007, respectively, as per our restated consolidated financial statements included in this Prospectus.

As at September 30, 2007, the face value of the equity shares of the Company was Rs. 2 per share (fully paid-up). However, the Board of Directors at its meeting held on November 29, 2007, have approved the consolidation of five equity shares of Rs. 2 each into one equity share of Rs. 10 each fully paid-up and at the Extraordinary General meeting held on November 29, 2007, the shareholders have also approved the consolidation of the equity shares. In view of the above, the financial information along with the annexures have been adjusted on a retrospective basis to facilitate comparison, wherever applicable, to reflect the face value of Rs. 10 per share (fully paid-up) instead of Rs. 2 per share (fully paid-up) as at September 30, 2007.

- Each of REL and AAA Project intend to apply for 16,000,000 Equity Shares of Rs. 10 each, respectively, at the Issue Price aggregating Rs. 14,400 million.
- In case of over-subscription in all categories, at least 60% of the Net Issue shall be available for allocation on a proportionate basis to QIB Bidders, 5% of which shall be available for allocation on a proportionate basis to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. Furthermore, at least 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.
- Under-subscription, if any, in any category except in the QIB category would be met with spill-over from other categories at our sole discretion, in consultation with the BRLMs and the CBRLMs. If a minimum allotment of 60% of the Net Issue is not made to the QIBs the entire subscription monies shall be refunded.
- Any clarification or information relating to the Issue shall be made available by the BRLMs, the CBRLMs and the Company to investors at large and no selective or additional information will be available for any subset of investors in any manner whatsoever. Investors may contact the BRLMs, the CBRLMs and the Syndicate Members for any complaints pertaining to the Issue.
- Investors are advised to refer to the section titled “Introduction – Basis for Issue Price” on page 44 of this Prospectus.
- We expect that one of our Promoters, REL and other Promoter Group Companies such as RNRL and Reliance Energy Transmission will provide certain services to us. For more details of such services, see “About the Company - Description of Certain Key Contracts” on page 97 of this Prospectus. Also see “Financial Statements - Related Party Transactions” on page 185 and Auditor’s Report dated December 28, 2007 on page 168 of this Prospectus.
- For details of transactions in Equity Shares undertaken by our Directors, Promoters or Promoter Group, see “Capital Structure – History of Equity Shares held by the Promoters” on page 29 of this Prospectus.
- We were originally incorporated as Bawana Power Private Limited on January 17, 1995 and we have changed our name five times thereafter. We adopted our current name, Reliance Power Limited on July 4, 2007. For details of the change in our name, see “History and Certain Corporate Matters” on page 127 of this Prospectus.
- Our Promoters may be engaged in business similar to ours. For more details see “About the Company – Our Promoters and Promoter Group – Common Pursuits and Interests of Promoters” on page 155 of this Prospectus.
- Trading in Equity Shares of the Company for all investors shall be in dematerialised form only.

SECTION III: INTRODUCTION

SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGY

I. Overview

Reliance Power Limited

We are a company that is part of the Reliance ADA group and were established to develop, construct and operate power projects domestically and internationally. The prevailing and expected electricity demand and supply imbalance in India presents significant opportunities in the power generation sector. The Government of India's vision of "Power for All" by 2012 will require aggressive growth and increased private sector participation. To capitalize on this opportunity, we are currently developing 13 medium and large sized power projects with a combined planned installed capacity of 28,200 MW, one of the largest portfolios of power generation assets under development in India.

Our 13 power projects are planned to be diverse in geographic location, fuel type, fuel source and off-take, and each project is planned to be strategically located near an available fuel supply or load center. The identified project sites are located in western India (12,220 MW), northern India (9,080 MW), northeastern India (2,900 MW) and southern India (4,000 MW). They include seven coal-fired projects (14,620 MW) to be fueled by reserves from captive mines and supplies from India and abroad, two gas-fired projects (10,280 MW) to be fueled primarily by reserves from the Krishna Godavari Basin (the "KG Basin") off the east coast of India, and four hydroelectric projects (3,300 MW), three of them in Arunachal Pradesh and one in Uttarakhand. We intend to sell the power generated by these projects under a combination of long-term and short-term PPAs to state-owned and private distribution companies and industrial consumers.

Our projects include:

- Rosa Phase I, a 600 MW coal-fired project in Uttar Pradesh which is currently under construction and scheduled to be commissioned in March 2010.
- Rosa Phase II, a 600 MW expansion of Rosa Phase I which is scheduled to be commissioned in September 2010.
- Butibori, a 300 MW coal-fired project which will supply power to a group of industrial consumers in Maharashtra and is scheduled to be commissioned in June 2010.
- Sasan, one of the first UMPPs promoted and awarded by the Government of India. This 3,960 MW supercritical coal-fired power project is expected to be the largest pithead coal-fired power project at a single location in India and as stated in the PPA, it is scheduled to be commissioned by April 2016. We will endeavour to commission the project ahead of the specified schedule, as permitted under the PPA.
- Shahapur, a 4,000 MW coal-fired (1,200 MW) and combined cycle gas-fired (2,800 MW) project in Shahapur, Maharashtra, which we intend to develop in two phases: Shahapur Coal, a supercritical coal-fired project, is scheduled to be commissioned in December 2011, and Shahapur Gas, a combined cycle gas-fired project, is scheduled to be commissioned in March 2011.
- Urthing Sobla, a 400 MW, run-of-the-river hydroelectric project, will be located on the Daulinganga River in Uttarakhand and is scheduled to be commissioned in March 2014.

Six other projects—the gas-fired Dadri (7,480 MW), the coal-fired MP Power (3,960 MW) and Krishnapatnam (4,000 MW) projects and three run-of-the-river hydroelectric projects, Siyom (1,000 MW), Tato II (700 MW) and Kalai II (1,200 MW)—are in various stages of development. Dadri, a 7,480 MW project to be located in Uttar Pradesh, is expected to be the largest gas-fired power project at a single location in the world. Krishnapatnam, a

4,000 MW coal-fired power project, will be located in Andhra Pradesh and is the most recently awarded UMPP.

According to projections made in the National Electricity Plan, demand for power is expected to grow at an average annual rate of 9% during the 11th Plan period (2007-12) and at an average annual rate of 7% during the 12th Plan period (2012-17). In addition to the 28,200 MW of power projects that we are currently developing, we intend to develop additional power projects to help meet this demand. We are considering the development of CBM power generation projects based on fuel from CBM blocks being explored by a consortium that includes our affiliates. We also intend to invest in overseas opportunities that are a strategic fit with our business.

We intend to explore the possibility of registering certain of our projects with the Clean Development Mechanism executive board for the issuance of carbon emission reduction certificates that we may sell.

Reliance Power and the Reliance Anil Dhirubhai Ambani group

We are a part of the Reliance ADA group, one of India's largest business houses by market capitalization (approximately Rs. 2,825 billion as of December 20, 2007). The Reliance ADA group comprises companies in the telecommunications, financial services, media and entertainment, infrastructure, energy and other sectors. The Reliance ADA group includes RCOM, one of the largest wireless carriers in India in terms of coverage and capacity, RCL, one of the largest private sector financial services companies in India with over Rs. 777,650 million in assets under management as of November 30, 2007, and Adlabs Films Limited, one of the leading movie and entertainment companies in India. Its energy sector companies include REL, RNRL, Reliance Energy Transmission and Reliance Energy Trading.

The Reliance ADA group intends Reliance Power to be its primary vehicle for investments in the power generation sector in the future. However, there is no non-compete agreement in place between REL and us. We have entered and intend to enter into various arrangements with companies of the Reliance ADA group, including REL, RNRL and Reliance Energy Transmission, so that we may draw upon the considerable expertise and resources these affiliates have in the Indian energy sector. We expect they will provide, among other services, EPC services, fuel sourcing and transmission services for certain of our projects. We also expect to enter into off-take arrangements with certain of our affiliates, including REL and Reliance Energy Trading.

REL is now one of the largest private sector power distributors and power generation companies in India. It has power generation projects in Andhra Pradesh, Karnataka, Maharashtra and Goa with a combined installed capacity of 941 MW. One of these projects, the 500 MW Dahanu project in Maharashtra, was the best performing Indian power project in terms of PLF for the fiscal year ending March 31, 2007 (*Source: Operation Performance Monitoring Division Report, CEA*). During the fiscal year ending March 31, 2007, REL distributed over 7.5 billion units of electricity to over 2.6 million customers in Maharashtra. REL is also one of the leading participants in the EPC segment of the Indian power sector and had an order book of Rs. 55,247.5 million as of March 31, 2007. REL's EPC division has been associated with the development of 44 power sector projects in the last ten years. In the power generation sector, it has significant experience in EPC contracting (including turnkey EPC and Balance of Plant projects) and is associated with the development of 25 power generation projects of various sizes that have been completed or are in progress. REL is also involved in the transmission and trading of power through its affiliates, Reliance Energy Transmission and Reliance Energy Trading, respectively. Reliance Energy Trading traded over one billion units of power during the fiscal year ended March 31, 2007.

RNRL recently commenced the business of sourcing, supply and transporting gas, coal and liquid fuels and has represented to us that it has rights to 28 mmscmd of gas in the KG Basin plus additional option volume as described below under "Description of Projects Under Development—8. Dadri—7,480 MW Gas-Fired Power Project, Uttar Pradesh—Fuel Supply." RNRL also leads a consortium (including REL) that owns the rights to four blocks over a 3,251 km² area for the exploration and production of CBM, making it the second largest CBM exploration company in India in terms of acreage as of September 13, 2007. During the fiscal year ended March 31, 2007, RNRL supplied over 500,000 metric tonnes of imported coal to REL's Dahanu power station.

II. Our Competitive Strengths

We believe that we are well positioned to tap the growth opportunity in the Indian power sector and become one of the leading Independent Power Producers (IPPs) in India because we have:

- *One of the Largest Portfolios of Power Generation Projects Under Development in India.* The 13 projects that we are developing have a combined planned installed capacity of 28,200 MW and comprise one of the largest power generation portfolios under development in India. Our portfolio includes some of the most significant power projects in the industry. Sasan, a 3,960 MW coal-fired UMPP to be located in Madhya Pradesh, is expected to be the largest pithead coal-fired power project at a single location in India. Dadri, a 7,480 MW gas-fired project to be located in Uttar Pradesh, is expected to be the largest gas-fired power project at a single location in the world. Krishnapatnam, a 4,000 MW coal-fired project, is the third and the most recently awarded UMPP. Given the size of the portfolio and these projects, we expect to benefit from economies of scale in our dealings, including in sourcing fuel and equipment supplies.
- *A Diversified Portfolio of Power Projects.* We have planned projects that are diverse in geographic location, fuel type, fuel source and off-take. The identified project sites are located in western India, northern India, north-eastern India and southern India. They include seven coal-fired projects (14,620 MW) employing supercritical (13,120 MW) and subcritical (1,500 MW) PCC technology, two gas-fired projects (10,280 MW) employing combined cycle gas turbine technology and four run-of-the-river hydroelectric projects (3,300 MW). We plan to source coal from captive mines and supplies from India and abroad, and we plan to source gas from the KG Basin through RNRL and from other sources. Our hydroelectric projects will be run-of-the-river projects, three of them to be located in Arunachal Pradesh and one to be located in Uttarakhand. We intend to maintain a judicious mix of off-take arrangements, including long-term PPAs to provide a level of committed revenues and short-term PPAs to maximize revenues. We plan to sell our power to state-owned and private distribution companies and industrial consumers. We also intend to invest in overseas opportunities that are a strategic fit with our business.
- *Strategically Located Power Projects.* We have located the majority of our projects in the northern, western and north-eastern regions of India to cater to the significant unmet demand in the northern and western regions of India. According to the CEA, the peak deficit was 9,639 MW in western India and 2,813 MW in northern India for the period between April and September 2007. As the peak demand for the fiscal year ended March 31, 2007 was 104,867 MW and CEA expects it to grow to 152,746 MW and 218,209 MW by the fiscal years ending March 31, 2012 and March 31, 2017, respectively, we believe that our projects are well positioned to serve expected demand. In addition, we have planned for each project to be situated either close to its fuel source or load center. For example, fuel for our 3,960 MW coal-fired power project in Sasan will be supplied by captive pithead coalmines, approximately 25 km from the project site. In the case of Rosa Phase I, the entire 600 MW of power will be sold to UPPCL and transmitted to a UPPCL substation approximately 20 km from the project site.
- *Reliance ADA group's Experience and Position in the Indian Power Sector.* REL and its affiliates have expertise in the development and operation of power projects and the distribution, transmission and trading of power in India. RNRL is a company in the business of sourcing, supply and transportation of gas, coal and liquid fuels and has represented to us that it has rights to significant estimated gas reserves in the KG Basin. We expect to draw on the expertise of REL in providing EPC services and to benefit from the rights that RNRL has to these fuel reserves. We believe that their involvement in the development of our projects will help us improve our project execution capabilities, achieve economies of scale and exploit new power generation opportunities. We have entered into an MOU with REL under which we may approach REL to negotiate a contract for its EPC services on a project-by-project basis in the future. We have entered into MOUs with RNRL to negotiate a definitive GSTA to supply 28 mmscmd plus additional option volume as described below under “—Description of Project Under Development— Dadri—7,480 MW Gas-Fired Power Project, Uttar Pradesh—Fuel Supply” and to negotiate a definitive Coal Supply Agreement for the supply of imported coal. In addition, we have entered into an MOU with Reliance Energy Transmission under which we may approach Reliance Energy Transmission to negotiate a contract for transmission services on a project-by-project basis in the future. We also expect to enter into off-take arrangements with

REL and Reliance Energy Trading. For example, we have entered into an MOU with Reliance Energy Trading under which we have agreed to negotiate a PPA for the supply of 300 MW of power from Rosa Phase II for a price and on terms to be agreed. We also expect to enter into other arrangements with our affiliates for the provision of key power related management and support services. These MOUs are subject to the negotiation of binding definitive agreements between our affiliates and us.

- *The Reliance ADA group Brand.* The Reliance ADA group is a diversified business group with a strong reputation in India and the Indian power sector.
 - The Reliance ADA group includes five listed companies in India in the telecommunications, financial services, media and entertainment, energy, infrastructure and other industries. These companies had a combined market capitalization of Rs. 2,825 billion as of December 20, 2007, over 7.03 million registered shareholders as of December 20, 2007, and more than 23,000 employees as of March 31, 2007.
 - Mr. Anil Dhirubhai Ambani heads the Reliance ADA group and its group companies REL, RNRL and Reliance Power. In 2006, Mr. Anil Dhirubhai Ambani was voted 'Businessman of the Year' in a poll conducted by The Times of India and in 2004 he was named 'CEO of the Year' in Platts Global Energy Awards.
 - REL has received a number of certifications and awards for performance, corporate governance, management training, quality control, environmental excellence and safety. For example, REL's Dahanu power project was ranked by Platts Power Magazine as one of the top twelve power projects in the world in 2004. The Dahanu project was also awarded the Srishti Good Green Governance (G-Cube) Award and the Silver Shield for Meritorious Performance by CEA for its excellent performance amongst Indian thermal power plants in the year 2005-06.

III. Our Strategy

We will endeavour to become a world-class IPP by:

- *Capitalizing on the Growth of the Indian Power Generation Sector.* The power sector in India has historically been characterized by power shortages that have consistently increased over time. According to CEA, the total peak shortage was 13,897 MW as of March 31, 2007. In the 11th Plan (2007-2012), the Government of India recommended a capacity addition of 78,577 MW, assuming a 9.5% growth in the demand for power, and the 11th Plan Working Group recommended a capacity addition in the range of 82,200 MW to 94,300 MW for the 12th Plan (2012-2017), assuming a 9% GDP growth rate. We believe that our power projects will play a significant role in the growth of the Indian power sector and help achieve the Government of India's vision of "Power for All." In addition to the 28,200 MW of power projects that we are currently developing, we intend to develop or acquire additional power projects in the future. For example, we have submitted bids for four hydroelectric projects in the state of Himachal Pradesh.
- *Securing Fuel Supplies.* Securing adequate supplies of fuel is critical to the success of a power project. We intend to secure fuel for our projects by seeking captive fuel sources, procuring long-term contracts with domestic and foreign suppliers and entering into supply arrangements with our affiliates, including RNRL. For example, we will source the coal needed for our 3,960 MW Sasan project from three captive mines in the Singrauli coalfields. We intend to seek supplies of coal for our supercritical coal-fired projects, Shahapur Coal (1,200 MW) and Krishnapatnam (4,000 MW), through RNRL or third parties. In addition, we are planning to seek supplies of natural gas from RNRL for our gas-fired projects at Shahapur (2,800 MW) and Dadri (7,480 MW), primarily from its rights to KG Basin gas reserves. We are also considering opportunities for securing fuel for other power generation projects with the supplies expected to be available from CBM exploration activities led by RNRL.

- *Realizing the Opportunities Presented by Power Sector Reforms.* In 1991, the Indian power sector began a process of deregulation that is continuing today. The Electricity Act of 2003 and subsequent reforms have generated significant opportunities in the power sector. These changes include the following:
 - Power generation has been made a non-licensed activity and techno-economic clearance from CEA has been waived for thermal power projects, which expedites the thermal power project development process.
 - Distribution licensees can now procure power through a process of international competitive bidding; projects are no longer awarded on a cost-plus basis. We believe that competitive bidding presents attractive opportunities for efficient power generation companies.
 - Power generation companies can now sell power to any distribution licensees, or where allowed by the state regulatory commissions, directly to consumers, which expands the market.
 - The market has evolved for short-term PPAs, which allows for the supply of peak power at premium rates.
 - Power generation companies have open access to transmission lines, which will facilitate the direct sale of power to distribution and trading licensees.
 - The Government of India is promoting the development of large power projects, including Ultra Mega Power Projects (“UMPPs”). Certain UMPPs allow us to obtain rights to large captive fuel supplies such as the mines for pithead coal based UMPPs. UMPP project companies are transferred to the successful bidder with certain key approvals in place which helps expedite the implementation process.
 - Improved payment security mechanisms, which we believe will improve sector stability and enhance our ability to obtain financing for our projects.

Future power sector reforms may present additional opportunities for us and we intend to capitalize upon these opportunities as they arise.

- *Optimizing Operational Efficiency.* Achieving optimal project operating efficiency is the key to maximizing profitability in our business. We plan to invest in supercritical technology (beginning with our Sasan UMPP) to reduce the amount of required coal supplies for our coal-fired projects and combined cycle gas turbine technology to increase output for our gas-fired projects. We expect our relationship with REL will permit us to operate efficiently at our projects. We intend to adopt those procedures and practices currently employed at REL’s Dahanu project at our own projects.
- *Focusing on Best Practices.* We plan to incorporate the best practices of the Reliance ADA group with respect to performance, corporate governance, management and employee training, quality control, environmental excellence and safety. Our vision is to generate clean, green, environment friendly and affordable power -for a better tomorrow.

SUMMARY FINANCIAL INFORMATION

Prospective investors should read the following tables containing selected financial information in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the Company’s financial statements and related schedules and notes thereto included elsewhere in this Prospectus. The Company’s financial statements were prepared in accordance with Indian GAAP. Indian GAAP varies in certain significant respects from IFRS and from US GAAP.

Selected Consolidated Financial Information

The selected consolidated profit and loss account data and cash flow data of the Company and its subsidiaries for the six months ended September 30, 2007 and the year ended March 31, 2007, and the selected consolidated balance sheet data as at September 30, 2007 and as at March 31, 2007, which are included below, are derived from the Company’s consolidated financial statements for this period that have been audited by Chaturvedi & Shah, Chartered Accountants and Price Waterhouse, Chartered Accountants, the current joint statutory auditors of the Company. This data has been prepared and restated in accordance with the requirements of the Companies Act and the SEBI Guidelines.

Consolidated Profit and Loss Account Data

	For the year ended March 31, 2007	For the six months ended September 30, 2007
	(Rs. in millions)	
Income	22.5	32.3
Expenditure		
Employee costs	2.5	-
Administrative and general expenses	6.4	14.5
Bank and corporate guarantee charges	8.2	-
Total	17.1	14.5
Profit before tax	5.4	17.8
Current tax	3.8	6.0
Profit after tax	1.6	11.8
Adjustments due to changes in accounting policies		
Profit on redemption of mutual fund investments	16.8	-
Tax impact of adjustments	5.7	-
Total adjustments after tax	11.1	-
Profit after tax, as restated	12.7	11.8

Consolidated Balance Sheet Data

	For the year ended March 31, 2007	For the six months ended September 30, 2007
	(Rs. in millions)	
Net fixed assets	889.0	1,020.5
Capital work in progress	359.7	977.7
Incidental expenditure pending allocation / capitalization	340.4	898.9
Investments	412.3	16,665.1
Current assets, loans and advances	56.2	606.1
Liabilities and provisions	46.0	99.2
Net worth	2,011.6	20,069.1
Share capital	2,000.4	20,000.0

Other Consolidated Financial Data

	For the year ended March 31, 2007	For the six months ended September 30, 2007
	(Rs. in millions)	
Net Cash from (used in) operating activities	5.5	(58.2)
Net Cash used in investing activities	(745.7)	(7,125.7)
Net Cash from financing activities	742.9	7,184.0

Selected Non-consolidated Financial Information

The selected non-consolidated profit and loss account data and cash flow data of the Company for the six months ended September 30, 2007, and the selected non-consolidated balance sheet data as at September 30, 2007, which are included below, are derived from the Company's non-consolidated financial statements for this period that have been audited by Chaturvedi & Shah Auditors, Chartered Accountants and Price Waterhouse, Chartered Accountants. The selected non-consolidated profit and loss account data and cash flow data of the Company for the years ended March 31, 2005, 2006 and 2007, and the selected non-consolidated balance sheet data as at March 31, 2005, 2006 and 2007, which are also included below, are derived from the Company's non-consolidated financial statements for this period that have been audited by M/s. Dalal & Shah, Chartered Accountants, the predecessor auditors of the Company. This data has been prepared and restated in accordance with the requirements of the Companies Act and the SEBI Guidelines.

Non-consolidated Profit and Loss Account Data

	For the year ended March 31,			For the six months ended September 30, 2007
	2005	2006	2007	
	(Rs. in millions)			
Income	-	-	22.5	32.3
Expenditure				
Employee costs	-	-	2.5	-
Administrative and general expenses	0.1	1.1	6.4	14.5
Bank or Corporate Guarantee charges	-	-	8.2	-
Total	0.1	1.1	17.1	14.5
Profit (loss) before tax	(0.1)	(1.1)	5.4	17.8
Provision for tax	-	(0.2)	(3.8)	(6.0)
Profit (loss) after tax	(0.1)	(1.3)	1.6	11.8
Adjustments due to changes in accounting policies				
Profit on redemption of mutual fund investments	-	-	16.8	-
Tax impact of adjustments	-	-	5.7	-
Total of adjustments after tax	-	-	11.1	-
Profit after tax, as restated	(0.1)	(1.3)	12.7	11.8

Non-consolidated Balance Sheet Data

	For the year ended March 31,			For the six months ended September 30, 2007
	2005	2006	2007	
	(Rs. in millions)			
Net fixed assets	1.1	660.1	662.7	662.5
Capital work in progress	842.0	282.1	359.7	369.2
Incidental expenditure pending allocation / capitalization	38.8	77.9	169.6	208.3
Investments	0.2	0.1	412.8	17,727.7
Current assets, loans and advances	7.8	9.4	450.5	1,107.8
Liabilities and provisions	889.6	1,030.6	43.7	6.4
Net worth	0.3	(1.0)	2,011.6	20,069.1
Share capital	0.5	0.5	2,000.4	20,000.0

Other Non-consolidated Financial Data

	For the year ended March 31,			For the six months ended September 30, 2007
	2005	2006	2007	
	(Rs. in millions)			
Net Cash used in operating activities	3.7	(3.1)	7.4	(4.4)
Net Cash used in investing activities	(720.5)	(138.0)	(981.8)	(7,998.1)
Net Cash from financing activities	723.4	140.0	976.3	7,999.6

Note:

As at September 30, 2007, the face value of the equity shares of the Company was Rs. 2 per share (fully paid-up). However, the Board of Directors at its meeting held on November 29, 2007, have approved the consolidation of five equity shares of Rs. 2 each into one equity share of Rs. 10 each fully paid-up and at the Extraordinary General meeting held on November 29, 2007, the shareholders have also approved the consolidation of the equity shares. In view of the above, the financial information along with the annexures have been adjusted on a retrospective basis to facilitate comparison, wherever applicable, to reflect the face value of Rs. 10 per share (fully paid-up) instead of Rs. 2 per share (fully paid-up) as at September 30, 2007.

THE ISSUE

	No. of Equity Shares*
Issue of Equity Shares	260,000,000
Of which	
Promoters' Contribution	32,000,000
Net Issue to the Public	228,000,000
Of which:	
Qualified Institutional Buyers (QIBs) Portion	136,800,000
<i>of which</i>	
Available for Mutual Funds only	6,840,000
Balance of QIB Portion (available for QIBs including Mutual Funds)	129,960,000
Non-Institutional Portion	22,800,000
Retail Portion	68,400,000
Pre and post-Issue Equity Shares	
Equity Shares outstanding prior to the Issue	2,000,000,000
Equity Shares outstanding after the Issue	2,260,000,000
Use of Issue Proceeds	See "Objects of the Issue" on page 35 of this Prospectus.

* Allocation on a proportionate basis. Undersubscription, if any, in any categories except the QIB Portion, would be allowed to be met with spill over from any of the other categories, at our sole discretion, in consultation with the BRLMs and the CBRLMs. If at least 60% of the Net Issue is not allocated to QIBs, the entire subscription monies shall be refunded.

Payment Methods

The Payment Methods available to investors to apply in this Net Issue are as follows:

Amount Payable per Equity Share (Rs.)	Payment Method -1 [@]			Payment Method -2		
	Retail Individual Bidders and Non-Institutional Bidders			Any Category***		
	Face Value	Premium	Total	Face Value	Premium	Total
On Application	2.5	112.5	115.0	10.0	440.0 [#]	450.0 [#]
By Due Date for Balance Amount Payable **	7.5	327.5 [#]	335.0 [#]	-	-	-
Total	10.0	440.0 [#]	450 [#]	10.0	440.0 [#]	450.0 [#]

Note: Non-Residents require the approval of RBI for subscribing to partly paid up Equity Shares and copy of such approval should be submitted along with the Bid-cum-Application Form.

@ See page xxxi for risks associated with Payment Method - 1

Retail Discount, as applicable, to be adjusted.

** Retail Individual Bidders and Non-Institutional Bidders opting for Payment Method 1 shall be required to make the payment of the Balance Amount Payable by the Due Date for Balance Amount Payable. The notice of the Balance Amount Payable will also be published in two widely circulated newspapers (one each in English and Hindi) and a regional newspaper along with the statutory advertisement for the Basis for Allotment.

*** Bidders in QIB category will be required to make payment of 10% of the Bid Amount multiplied by the number of Equity Shares bid, with the balance being payable on allocation.

Key Features of the Payment Methods

1) *Payment Method – 1*

- a) Only Retail Individual Bidders and Non-Institutional Bidders are eligible for this method. QIBs cannot submit a Bid under this Payment Method.
- b) While bidding, the Bidder shall make a payment of Rs. 115.0 per Equity Share, irrespective of the Bid Price. Investors should note that the total Bid Amount will be used to determine whether a Bid is in the Retail Individual category, Non-Institutional category or not, and not the amount payable on submission of Bid-Cum-Application Form.
- c) Under Payment Method-1, of the Rs. 115.0 paid while bidding, Rs. 2.5 would be adjusted towards face value of the Equity Shares and Rs. 112.5 shall be towards share premium of the Equity Shares applied for.
- d) At the time of allotment:
 1. If the amount paid by the Bidder is equal to or higher than the total amount payable (being the Issue Price multiplied by the number of shares allotted, net of Retail Discount) by the Bidder on the Equity Shares allotted to the Bidder, we reserve the right to adjust the excess amount towards the Balance Amount Payable and issue fully paid Equity Shares only. The excess amount, if any, after adjusting the Balance Amount Payable shall be refunded to the Bidder (i.e., Refund = Total amount paid on bidding minus the total amount payable on the shares allotted).
 2. If the amount paid by the Bidder is less than the total amount payable by the Bidder (being the Issue Price multiplied by the number of shares allotted, net of Retail Discount) on the Equity Shares allotted to the Bidder, we reserve the right to adjust the excess of the amount received

from the Bidder over the Amount Payable on Submission of Bid-cum-Application Form towards the Balance Amount Payable and issue a Call Notice for the balance.

3. The notice of the Balance Amount Payable will also be published in two widely circulated newspapers (one each in English and Hindi) and a regional newspaper along with the statutory advertisement for the Basis for Allotment.
- e) Equity Shares in respect of which the Balance Amount Payable remains unpaid may be forfeited, at any time after the Due Date for Balance Amount Payable.
- f) Indicative timetable for payment and corporate action with respect to Balance Amount Payable under d (2) above:

Sr. No.	Event	Indicative Time Period (On or around)
a.	(i) Basis of Allotment	Day X – 9 days
	(ii) CAN along with the Call Notice, including a statement of Balance Amount Payable per allotted share, issued to the successful Bidders opting for Payment Method-1	
b.	Listing of shares	Day X
c.	Period (21days) during which shareholders may make payment for the Balance Amount Payable (at the designated bank branches to be announced)	Day X + 12 days
d.	Corporate action for appropriation of Balance Amount Payable and for credit of fully paid shares to the demat accounts of shareholders who have paid the amount	Day X + 26 days

INVESTORS PLEASE NOTE THAT THESE SHARES WILL NOT BE TRADED UNTIL THE DATE OF CORPORATE ACTION FOR CREDIT OF FULLY PAID UP EQUITY SHARES TO THE DEMAT ACCOUNT OF SUCH ALLOTTEES AND LISTING AND TRADING APPROVAL FROM THE STOCK EXCHANGE IS RECEIVED ON THESE SHARES. SEE RISK FACTOR ON PAGE xxxi OF THIS PROSPECTUS.

ALL NON RESIDENT BIDDERS AVAILING THE OPTION OF PAYMENT METHOD-1 ARE REQUIRED TO SUBMIT A COPY OF AN APPROVAL FROM THE RBI ALLOWING THEM TO SUBSCRIBE TO THE PARTLY-PAID UP EQUITY SHARES.

THE BALANCE AMOUNT PAYABLE, IF ANY, MAY NOT BE PAID AND THE AMOUNT TO BE RAISED THROUGH THE ISSUE/ NET ISSUE MAY BE LOWER THAN THE PROPOSED ISSUE SIZE.

2) *Payment Method – 2*

- a) Bidders under any category can choose this method.
- b) While bidding, the Bidder shall have to make the full payment (Bid Amount multiplied by number of Equity Shares bid, net of Retail Discount) for the equity shares bid. Bidders in QIB category will be required to make payment of 10% of the Bid Amount multiplied by the number of Equity Shares bid, with the balance being payable on allocation but before allotment.

- 3) *Illustration of Payment Methods (Investors should note that the following is solely for the purpose of illustration and is not specific to this Issue)*

Illustration of the payment methods available to the investors for applying in this Issue are as follows:

I. This illustration is for the benefit of the investors and should not be indicative of the Issue Price.

Assumptions:

- Issue Price Rs. 100 per equity share
- Under Payment Method-1, Rs. 25.0 is payable on submission of the Bid-cum-Application Form, and
- Under Payment Method – 1, out of the Amount Payable on Application, Rs. 2.5 is towards face value and Rs. 22.5 is towards premium.

Amount Payable (In Rs.) (per share)	Payment Method -1			Payment Method -2		
	Retail Individual Bidders and Non-Institutional Bidders			Any Category***		
	Face Value	Premium	Total	Face Value	Premium	Total
On Application	2.5	22.5	25.0	10.0	90.0	100.0
By Due Date for Balance Amount Payable **	7.5	67.5	75.0	-	-	-
Total	10.0	90.0	100.00	10.0	90.0	100.0

** Retail Individual Bidders and Non-Institutional Bidders opting for Payment Method 1 shall be required to make the payment of the Balance Amount Payable by the Due Date for Balance Amount Payable.

*** Bidders in QIB category will be required to make payment of 10% of the Bid Amount multiplied by the number of equity shares bid, with the balance being payable on allocation.

II. Comparison of Payment Methods using different application sizes based on the above assumptions:

Payment Method	1	2	1	2	1	2	1	2	1	2
	Illustration 1		Illustration 2		Illustration 3		Illustration 4		Illustration 5	
Application (no. of equity shares)	150		100		200		400		500	
Subscription (times)	3.00		2.00		1.33		4.00		10.00	
Allotment (no. of equity shares)*	50		50		150		100		50	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Amount Paid on Application	3750.0	15,000.0	2,500.0	10,000.0	5,000.0	20,000.0	10,000.0	40,000.0	12,500.0	50,000.0
Refund, if any	Nil	10,000	Nil	5,000	Nil	5,000	Nil	30,000	7,500	45,000
By Due Date for Balance Amount Payable	1,250.0	Nil	2,500.0	Nil	10,000.0	Nil	Nil	Nil	Nil	Nil
Total Amount payable on allotment	5,000.0	5,000.0	5,000.0	5,000.0	15,000.0	15,000.0	10,000.0	10,000.0	5,000.0	5,000.0

Payment Method	1	2	1	2	1	2	1	2	1	2
	Illustration 1		Illustration 2		Illustration 3		Illustration 4		Illustration 5	
Type of share issued	Not tradable till corporate action for credit of fully paid shares and receipt of listing and trading approval from the stock exchange	Fully paid-up and tradable	Not tradable till corporate action for credit of fully paid shares and receipt of listing and trading approval from the stock exchange	Fully paid-up and tradable	Not tradable till corporate action for credit of fully paid shares and receipt of listing and trading approval from the stock exchange	Fully paid-up and tradable	Fully paid-up and tradable	Fully paid-up and tradable	Fully paid-up and tradable	Fully paid-up and tradable

* Assuming allotment arrived based on the Basis of Allocation and as per the mechanism described in the "Issue Procedure" on page 259 and approved by the Stock Exchanges.

In the event the Issue under the retail category is oversubscribed by 4 or more times as explained in the Illustration 4 and Illustration 5 in the table above, no further amount will be payable on allotment. Excess amount after adjusting the full amount payable for the shares allotted will be refunded

In the event the Issue under the retail category is subscribed less than 4 times as explained in Illustration 1 to 3 above, the successful bidders under Payment Method-1 will be required to pay the Balance Amount Payable. Excess amount after adjusting the Balance Amount Payable for the allotted shares will be refunded. The balance amount shall have to be paid by the Due Date for Balance Amount Payable.

Every Retail Individual Bidder should indicate the choice of Payment Method (i.e. Payment Method-1 or Payment Method-2 as applicable) in the Bid cum-Application Form, subject to the Bidder's eligibility for the Payment Method. Once the choice is indicated, the Bidder should not revise the selection. No Bidder can select both the Methods in a Bid-cum-Application Form. In case no Payment Method is selected and the full Bid Amount is paid, then the default Payment Method would be Payment Method-2.

Important note:

If investors who opt for Payment Method-1 do not pay the Balance Amount Payable, the amount raised through the Issue will be lower than the proposed Issue size. In the event of such shortfall, the extent of the shortfall will be made by way of such means available to our Company and at the discretion of the management, including by way of incremental debt or cash available with us.

Further, shares issued to investors who opt for Payment Method-1 will not be traded till the corporate action for credit of fully paid shares and receipt of listing and trading approval from the stock exchange is completed. The Equity Shares of which the Balance Amount Payable has not been paid within the prescribed time limit are liable for forfeiture. The shortfall due to forfeiture may be made up by re-issue of the forfeited Equity Shares.

GENERAL INFORMATION

Registered and Corporate Office of our Company

H Block, First Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710
Maharashtra
Tel: (91 22) 3038 6010
Fax: (91 22) 3037 6633
Email: reliancepower.ipo@relianceada.com
Website: www.reliancepower.in
Registration Number: U40101MH1995PLC084687

Address of Registrar of Companies

Our Company is registered with the Registrar of Companies, Maharashtra, Mumbai situated at the following address:

Registrar of Companies, Maharashtra
Everest, 100 Marine Drive
Mumbai 400 002
Tel.: (91 22) 2281 2639

Board of Directors

Our Board comprises the following:

Name	DIN
Mr. Anil Dhirubhai Ambani (Chairman & Non Executive Director)	00004878
Mr. K. H. Mankad (Whole-time Director & Chief Executive Officer)	00006637
Mr. S.L. Rao (Independent Director)	00005675
Mr. J.L. Bajaj (Independent Director)	00004652
Dr. V.K. Chaturvedi (Independent Director)	01802454
Dr. Yogendra Narain (Independent Director)	01871111

For further details of our Directors, see “Our Management” on page 139 of this Prospectus.

Company Secretary and Compliance Officer

Mr. Paresh Rathod
H Block, First Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710
Maharashtra
Tel: (91 22) 3038 6010
Fax: (91 22) 3037 6633
Email: reliancepower.ipo@relianceada.com.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre or post-Issue related problems, such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account and refund orders.

Book Running Lead Managers

Kotak Mahindra Capital Company Limited

3rd floor, Bakhtawar
229 Nariman Point
Mumbai 400 021
Tel: (91 22) 6634 1100
Fax: (91 22) 2283 7517
Email: reliancepower.ipo@kotak.com
Contact Person: Mr. Kaushal Shah
Investor Grievance Id: kmccredressal@kotak.com
Website: www.kotak.com

ABN AMRO Securities (India) Private Limited

81 Sakhar Bhavan,
Nariman Point,
Mumbai 400 021
Tel: (91 22) 6632 5535
Fax: (91 22) 6632 5541
Email: reliancepower.ipo@in.abnamro.com
Investor Grievance Id:
Customercare.ipo@in.abnamro.com
Website: www.abnamroindia.com
Contact person: Mr. Deepak Chokhani

Enam Securities Private Limited

801/ 802, Dalamal Towers,
Nariman Point, Mumbai 400 021
Tel: (91 22) 6638 1800
Fax: (91 22) 2284 6824
Email: reliancepower.ipo@enam.com
Investor Grievance Id: complaints@enam.com
Website: www.enam.com
Contact Person: Ms. Kinjal Palan

JM Financial Consultants Private Limited

141 Maker Chamber III, Nariman Point,
Mumbai 400 021
Tel: (91 22) 6630 3030
Fax: (91 22) 2204 7185
Email: reliancepower.ipo@jmfinancial.in
Investor Grievance Id: grievance.ibd@jmfinancial.in
Website: www.jmfinancial.com
Contact person: Mr. Mayank Jain

UBS Securities India Private Limited

2/F, Hoechst House
Nariman Point
Mumbai 400 021
Tel: (91 22) 2286 2000/ 6630 9000
Fax: (91 22) 2281 4676
Email: reliancepower@ubs.com
Investor Grievance Id: customercare@ubs.com
Contact Person: Ms. Chhavi Moodgal
Website: www.ibb.ubs.com/Corporates/indianipo

Deutsche Equities India Private Limited

DB House, Hazarimal Somani Marg,
Fort, Mumbai 400 001
Tel:(91 22) 6658 4600
Fax:(91 22) 2200 6765
Email: reliancepower.ipo@db.com
Investor Grievance Id: db.redressal@db.com
website: www.db.com/India
Contact person: Mr. Sameer Taimni

ICICI Securities Limited

ICICI Centre, H.T. Parekh Marg,
Churchgate, Mumbai 400 020
Tel: (91 22) 2288 2460
Fax: (91 22) 2282 6580
Email: relpower_ipo@isecltd.com
Investor Grievance Id: customercare@isecltd.com
Website: www.icicisecurities.com
Contact Person: Mr. Rajiv Poddar

J.P. Morgan India Private Limited

9th Floor, Mafatlal Centre,
Nariman Point, Mumbai 400 021
Tel: 91 (22) 2285 5666
Fax: 91 (22) 6639 3091
Email: reliancepower_ipo@jpmorgan.com
Investor Grievance Id:
Customercare_India@jpmorgan.com
Website: www.jpmpil.com
Contact Person: Mr. Abhishek Goenka

Co-Book Running Lead Managers

Macquarie India Advisory Services Private Limited

Level 3, Mafatlal Center
Nariman Point Mumbai 400 021
Tel: (91 22) 6653 3000
Fax: (91 22) 6653 3198
Email: reliancepower.ipo@macquarie.com
Investor Grievance Id:
customercare.indiaipo@macquarie.com
Website: www.macquarie.com/in
Contact Person: Mr. Hari Kishan Movva

SBI Capital Markets Limited

202, Maker Towers 'E',
Cuffe Parade,
Mumbai 400 005
Tel: (91 22) 2218 9166
Fax: (91 22) 2218 8332
Email : reliancepower.ipo@sbicaps.com
Investor Grievance Id: investor.relations@sbicaps.com
Website : www.sbicaps.com
Contact Person : Mr. Subrat Panda

Legal Advisors

Domestic Legal Counsel to the Company

Amarchand & Mangaldas & Suresh A. Shroff & Co.

5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Tel: (91 22) 2496 4455
Fax: (91 22) 2496 3666

Domestic Legal Counsel to the Underwriters

J. Sagar Associates

Vakils House, 18, Spratt Road
Ballard Estate,
Mumbai 400 001
Tel: (91 22) 6656 1500
Fax: (91 22) 6656 1515

International Legal Counsel to the Underwriters

Cleary Gottlieb Steen & Hamilton LLP

Bank of China Tower
One Garden Road
Hong Kong
Tel: (852) 2521 4122
Fax: (852) 2845 9026

Syndicate Members

Reliance Securities Limited

570, Rectifier House,
Naigaum Cross Road,
Next to Royal Industrial Estate,
Wadala (W), Mumbai 400 031
Tel: (91 22) 3047 9200
Fax: (91 22) 3047 9350
Email: ravi.doshi@relianceada.com
Contact Person: Mr. Ravi Doshi
Website: www.reliancemoney.com

Kotak Securities Limited

1st Floor, Bakhtawar 229, Nariman Point
Mumbai 400 021
Tel: (91 22) 6634 1100
Fax: (91 22) 6630 3927
Email: umesh.gupta@kotak.com
Contact Person: Mr. Umesh Gupta
Website: www.kotak.com

ABN AMRO Asia Equities (India) Limited

83/84, Sakhar Bhavan
230, Nariman Point
Mumbai 400 021
Tel: (91 22) 6715 5300
Fax: (91 22) 2204 4142
E-mail: reliancepower.ipo@in.abnamro.com
Contact Person: Mr. Anil Rajput
Website: www.abnamroindia.com

JM Financial Services Private Limited

Apeejay House 3, Dinshaw Vaccha Road
Churchgate, Mumbai 400 020
Tel: (91 22) 6704 3184
Fax: (91 22) 6654 1511
Email: reliancepower.ipo@jmfinancial.in
Contact Person: Mr. Deepak Vaidya/ Mr. T N Kumar
Website: www.jmfinancial.com

Karvy Stock Broking Limited

46, Avenue 4,
Street No 1,
Banjara Hills,
Hyderabad 500 034
Tel: (91 40) 2344 0628
Fax: (91 40) 2343 1968
E-mail: narsing@karvy.com
Contact Person: Mr. Narsing Rao
Website: www.karvy.com

SBICAP Securities Limited

191, Maker Tower 'F'
Cuffe Parade
Mumbai 400 005
Tel: (91 22) 3027 3309
Fax: (91 22) 3027 3420
Email: prasad.chitnis@sbicaps.com
Contact Person: Mr. Prasad Chitnis
Website: www.sbicapsec.com

Experts

Except the report of CRISIL Limited and ICRA Limited in respect of the IPO grading of this Issue annexed herewith and except as stated elsewhere in this Prospectus, the Company has not obtained any expert opinions.

Registrar to the Issue**Karvy Computershare Private Limited**

Plot No. 17-24, Vittal Rao Nagar
Madhapur
Hyderabad 500 081
Tel: (91 40) 2342 0815/ 2342 0816
Fax: (91 40) 2342 0859
Contact Person: M. Murali Krishna
Email: reliancepower.ipo@karvy.com
Website: www.karvy.com

Bankers to the Issue and Escrow Collection Banks**ABN Amro Bank N.V.**

14, Veer Nariman Point
Fort, Mumbai 400 023
Tel: (91 22) 6658 5817
Fax: (91 22) 2282 1480
Email : akhouri.malay@in.abnamro.com
Contact Person: Akhouri Malay

HDFC Bank Limited

26A Narayanan Properties,
Chandivali Farm road,
Saki naka, Andheri East
Mumbai 400072
Tel: (91 22) 2856 9228
Fax: (91 22) 2856 9256
Email : deepakrane@hdfcbank.com
Contact Person: Deepak Rane

ICICI Bank Limited

Capital Markets Division,
30, Mumbai Samachar Marg,
Mumbai 400 001
Tel: (91 22) 2262 7600
Fax: (91 22) 2261 1138
Email : sidhartha.routray@icicibank.com
Contact Person: Sidhartha Shankar Routray

Axis Bank Limited

3rd Floor, Makers Tower-E
Cuffe Parade, Colaba
Mumbai 400005
Tel: (91 22) 6707 1373
Fax: (91 22) 2215 5157
Email : cashmanagement@axisbank.com
Contact Person: Mr. Sunil Bahl

The Hongkong and Shanghai Banking Corporation Limited

52/60 Mahatma Gandhi Road, Fort
Mumbai 400 001
Tel: (91) 98207 34333
Fax: (91 22) 6653 6002
Email : suyogmhatre@hsbc.co.in
Contact Person: Suyog Mhatre

Kotak Mahindra Bank Limited

36-38A, Nariman Bhavan,
227, Nariman Point,
Mumbai – 400 021
Tel: (91 22) 6759 4850
Fax: (91 22) 6648 2710
Email : ibrahim.sharief@kotak.com
Contact Person: Ibrahim Sharief

Standard Chartered Bank

270, DN Road
Fort
Mumbai 400 001
Tel: (91 22) 2268 3954
Fax: (91 22) 2209 6069
Email : rajesh.malwade@in.standardchartered.com
Contact Person: Ramesh Malwade

Bankers to the Company**ICICI Bank Limited**

ICICI Bank Towers
Bandra Kurla Complex
Mumbai 400 051
Tel: (91 22) 2653 6407
Fax: (91 22) 2653 1233
Email : loknath.mishra@icicibank.com

HDFC Bank Limited

2nd Floor, Process House
Kamala Mills Compound
Senapati Bapat Marg
Lower Parel, Mumbai 400 013
Tel: (91 22) 2490 2856
Fax: (91 22) 2496 8135
Email : devang.shah@hdfcbank.com

Joint Statutory Auditors to the Company**Chaturvedi & Shah, Chartered Accountants**

912-913, Tulsiani Chambers
212, Nariman Point
Mumbai 400 021
Tel: (91 22) 4009 0583
Fax: (91 22) 3021 8595
Email: cas@chaturvedi-and-shah.com

Price Waterhouse, Chartered Accountants

252, Veer Savarkar Marg
Shivaji Park, Dadar
Mumbai 400 028
Tel: (91 22) 66691000
Fax: (91 22) 66547800
Email: reliancepower.ipo@in.pwc.com

Monitoring Agent

We have appointed IDBI Limited as the monitoring agency pursuant to engagement letter dated September 26, 2007.

IDBI Limited,

SSD, 14th Floor, IDBI Tower,
Cuffe Parade, Mumbai – 400 005
Tel: (91 22) 6655 2081
Fax: (91 22) 2215 5742
Email: raj.kumar@idbi.co.in

Inter Se Allocation of Responsibilities between the BRLMs and the CBRLMs

The following table sets forth the *inter se* allocation of responsibilities for various activities among KMCC, UBS, ABN AMRO, DB, Enam, I-Sec, JMF, JPM as Book Running Lead Managers and Macquarie and SBI Caps as Co-Book Running Lead Managers for the Issue:

Activity	Responsibility	Co-ordination
1. Capital Structuring with relative components and formalities such as type of instruments, etc.	KMCC, UBS, ABN AMRO, DB, Enam, I-SEC, JMF, JPM, Macquarie and SBI Caps	KMCC
2. Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs and Co-BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, ROC and SEBI including finalisation of Prospectus and ROC filing	KMCC, UBS, ABN AMRO, DB, Enam, I-SEC, JMF, JPM, Macquarie and SBI Caps	KMCC
3. Drafting and approval of all statutory advertisement	KMCC, UBS, ABN AMRO, DB, Enam, I-SEC, JMF, JPM, Macquarie and SBI Caps	KMCC
4. Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, etc.	KMCC, UBS, ABN AMRO, DB, Enam, I-SEC, JMF, JPM, Macquarie and SBI Caps	UBS
5. Appointment of other intermediaries viz., Registrar(s), Printers, Advertising Agency and Bankers to the Issue	KMCC, UBS, ABN AMRO, DB, Enam, I-SEC, JMF, JPM, Macquarie and SBI Caps	UBS
6. Preparation of Road show presentation	KMCC, UBS, ABN AMRO, DB, Enam, I-SEC, JMF, JPM, Macquarie and SBI Caps	UBS
7. International Institutional Marketing strategy <ul style="list-style-type: none"> Finalise the list and division of investors for one to one meetings, in consultation with the Company, and Finalizing the International road show schedule and investor meeting schedules 	KMCC, UBS, ABN AMRO, DB, Enam, I-SEC, JMF, JPM, Macquarie and SBI Caps	UBS
8. Domestic institutions / banks / mutual funds marketing strategy <ul style="list-style-type: none"> Finalise the list and division of investors for one to one meetings, institutional allocation in consultation with the Company Finalizing the list and division of investors for one to one meetings, and Finalizing investor meeting schedules 	KMCC, UBS, ABN AMRO, DB, Enam, I-SEC, JMF, JPM, Macquarie and SBI Caps	KMCC
9. Non-Institutional and Retail Marketing of the Issue, which will cover, <i>inter alia</i> , <ul style="list-style-type: none"> Formulating marketing strategies, preparation of publicity budget Finalise Media & PR strategy Finalising centers for holding conferences for press and brokers Follow-up on distribution of publicity and Issuer material including form, prospectus and deciding on the quantum of the Issue material Finalize collection centers 	KMCC, UBS, ABN AMRO, DB, Enam, I-SEC, JMF, JPM, Macquarie and SBI Caps	ENAM
9. Co-ordination with Stock Exchanges for Book Building Software, bidding terminals and mock trading	KMCC, UBS, ABN AMRO, DB, Enam, I-SEC, JMF, JPM, Macquarie and SBI Caps	KMCC
10. Finalisation of Pricing, in consultation with the Company	KMCC, UBS, ABN AMRO, DB, Enam, I-SEC, JMF, JPM, Macquarie and SBI Caps	JMF

Activity	Responsibility	Co-ordination
11. The post bidding activities including management of escrow accounts, co-ordination of non-institutional allocation, intimation of allocation and dispatch of refunds to bidders etc. The post Offer activities for the Offer involving essential follow up steps, which include the finalisation of trading and dealing of instruments and demat of delivery of shares, with the various agencies connected with the work such as the Registrar(s) to the Issue and Bankers to the Issue and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company	KMCC, UBS, ABN AMRO, DB, Enam, I-SEC, JMF, JPM, Macquarie and SBI Caps	KMCC

Credit Rating

As this is an Issue of Equity Shares, there is no credit rating for this Issue.

Trustees

As the Issue is of equity shares, the appointment of trustees is not required.

IPO Grading

This Issue has been graded by CRISIL Limited as CRISIL IPO GRADE 4/5, indicating that the fundamentals of the issue are above average, in relation to other listed equity securities in India and by ICRA Limited as ICRA IPO Grade 4, indicating above average fundamentals. For details in relation to the Report of the Grading Agencies, refer to “Annexures” beginning on page 318 of this Prospectus. Attention is drawn to the disclaimer appearing on page 6 of the report of CRISIL Limited and on page 1 of the report of ICRA Limited.

Book Building Process

Book building, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is finalized after the Bid/ Issue Closing Date. The principal parties involved in the Book Building Process are:

- Our Company;
- BRLMs;
- CBRLMs;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the BRLMs and the CBRLMs;
- Registrar to the Issue; and
- Escrow Collection Banks.

In accordance with Rule 19 (2) (b) of the SCRR, this being an Issue for less than 25% of the post–Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue will be allocated on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, at least 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

In accordance with the SEBI Guidelines, QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. For further details, see “Terms of the Issue” beginning on page 253 of this Prospectus.

We will comply with the SEBI Guidelines and any other ancillary directions issued by SEBI for this Issue. In this regard, we have appointed the BRLMs and the CBRLMs to manage the Issue and procure subscriptions to the Issue.

The process of Book Building under the SEBI Guidelines is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

Illustration of Book Building and Price Discovery Process (*Investors should note that this example is solely for illustrative purposes and is not specific to the Issue*)

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book below shows the demand for the shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The Issuer, in consultation with the BRLMs and the CBRLMs, will finalise the issue price at or below such cut-off price, i.e., at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (see “Issue Procedure - Who Can Bid?” on page 259 of this Prospectus);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. Ensure that you have mentioned your PAN in the Bid cum Application Form (see “Issue Procedure –PAN” on page 277 of this Prospectus):
 - Ensure that the Bid cum Application Form is duly completed as per instructions given in this Prospectus and in the Bid cum Application Form; and
 - Bids by QIBs will only have to be submitted to the BRLMs and the CBRLMs.

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs and the CBRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. The Underwriting Agreement is dated January 19, 2008.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. In Million)
Kotak Mahindra Capital Company Limited 3 rd floor, Bakhtawar 229 Nariman Point Mumbai 400 021	21,339,960	9,474.9
UBS Securities India Private Limited 2/F, Hoechst House Nariman Point Mumbai 400 021	21,339,960	9,474.9
ABN AMRO Securities (India) Private Limited 81 Sakhar Bhavan, Nariman Point, Mumbai 400 021	21,339,960	9,474.9
Deutsche Equities India Private Limited DB House, Hazarimal Somani Marg, Fort, Mumbai 400 001	21,339,960	9,474.9
Enam Securities Private Limited 801/ 802, Dalamal Towers, Nariman Point, Mumbai 400 021	21,339,960	9,474.9
ICICI Securities Limited ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020	21,339,960	9,474.9
JM Financial Consultants Private Limited 141 Maker Chamber III, Nariman Point, Mumbai 400 021	21,339,960	9,474.9
J.P. Morgan India Private Limited 9th Floor, Mafatlal Centre, Nariman Point, Mumbai 400 021	21,339,960	9,474.9
Macquarie India Advisory Services Private Limited Level 3, Mafatlal Center Nariman Point Mumbai 400 021	14,600,000	6,482.4
SBI Capital Markets Limited 202, Maker Towers 'E', Cuffe Parade, Mumbai 400 005	21,339,960	9,474.9
Reliance Securities Limited 570, Rectifier House, Naigaum Cross Road, Next to Royal Industrial Estate, Wadala (W), Mumbai 400 031	-	-
Kotak Securities Limited 1st Floor, Bakhtawar 229, Nariman Point Mumbai 400 021	100	0.0
ABN AMRO Asia Equities (India) Limited 83/84, Sakhar Bhavan 230, Nariman Point Mumbai 400 021	100	0.0
JM Financial Services Private Limited Apeejay House 3, Dinshaw Vaccha Road Churchgate, Mumbai 400 020	100	0.0
Karvy Stock Broking Limited 46, Avenue 4, Street No 1, Banjara Hills, Hyderabad 500 034	21,339,960	9,474.9
SBICAP Securities Limited 191, Maker Tower 'F', Cuffe Parade, Mumbai 400 005	100	0.0

The abovementioned is indicative underwriting and this would be finalized after the pricing and actual allocation.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in

full. The abovementioned Underwriters are registered with SEBI under Section 12 (1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors / Committee of Directors, at its meeting held on January 19, 2008, has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Notwithstanding the above table, the BRLMs, the CBRLMs and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the underwriting agreement, will also be required to procure/subscribe to Equity Shares to the extent of the defaulted amount.

CAPITAL STRUCTURE

Our share capital as of the date of this Prospectus is set forth below:

		(Rs. in million, except share data)	
		Aggregate Nominal Value	Aggregate Value at Issue Price
A)	AUTHORISED SHARE CAPITAL		
	11,000,000,000 Equity Shares of Rs. 10 each	110,000.0	
	5,000,000,000 Preference Shares of Rs. 10 each	50,000.0	
	Total	160,000.0	
B)	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE ISSUE		
	2,000,000,000 Equity Shares of Rs. 10 each	20,000.0	
C)	PRESENT ISSUE IN TERMS OF THIS PROSPECTUS		
	Issue of 260,000,000 Equity Shares of Rs. 10 each	2,600.0	115,632.0 [#]
	<i>Of Which:</i>		
(i)	PROMOTER'S CONTRIBUTION		
	Issue of 32,000,000 Equity Shares of Rs. 10 each as Promoter's Contribution in the Issue	320.0	14,400.0
	<i>Therefore:</i>		
(ii)	NET ISSUE TO THE PUBLIC		
	Issue of 228,000,000 Equity Shares of Rs. 10 each	2,280.0	101,232.0 [#]
D)	EQUITY CAPITAL AFTER THE ISSUE		
	2,260,000,000 Equity Shares of Rs. 10 each	22,600.0	1,015,632.0 [#]
E)	SHARE PREMIUM ACCOUNT		
	Before the Issue	-	-
	After the Issue		113,032.0 [#]
#	(net of Retail Discount)		

Note:

1. 1,000,000,000 Equity Shares of Rs. 10 each aggregating Rs. 10,000,000,000 were issued as fully paid up equity shares in terms of the Scheme of Amalgamation of RPUPL with Reliance Power, as sanctioned by the High Court of Judicature at Bombay vide order dated September 27, 2007.

Changes in Authorised Share Capital

1. The initial authorised share capital of Rs. 500,000 divided into 50,000 Equity Shares of Rs. 10 each was increased to Rs. 2,500,000 divided into 250,000 equity shares of Rs. 10 each pursuant to resolution of shareholders passed at an EGM held on December 20, 2004.
2. The authorised share capital of Rs. 2,500,000 divided into 250,000 Equity Shares of Rs. 10 each was increased to Rs. 10,000,000,000 divided into 1,000,000,000 equity shares of Rs. 10 each pursuant to resolution of shareholders passed at an EGM held on May 24, 2006.
3. The authorised share capital of Rs. 10,000,000,000 divided into 1,000,000,000 Equity Shares of Rs. 10 each increased to Rs. 150,000,000,000 divided into 10,000,000,000 Equity Shares of Rs. 10 each and 5,000,000,000 preference shares of Rs. 10 each, pursuant to resolution of shareholders passed at an EGM held on September 1, 2007.
4. The authorised share capital of Rs. 150,000,000,000 divided into 10,000,000,000 Equity Shares of Rs. 10 each and 5,000,000,000 preference shares of Rs. 10 each increased to Rs. 160,000,000,000 divided into 11,000,000,000 Equity Shares of Rs. 10 each and 5,000,000,000 preference shares of Rs. 10 each, pursuant scheme of amalgamation of RPUPL with the Company which became effective on September 29, 2007.
5. The authorised share capital of Rs. 160,000,000,000 divided into 11,000,000,000 Equity Shares of Rs. 10 each and 5,000,000,000 preference shares of Rs. 10 each was changed to Rs. 160,000,000,000 divided into 55,000,000,000 equity shares of Rs. 2 each and 5,000,000,000 preference shares of Rs. 10 each, pursuant to resolution of shareholders passed at an EGM held on September 30, 2007.
6. The authorised share capital of Rs. 160,000,000,000 divided into 55,000,000,000 equity shares of Rs. 2 each and 5,000,000,000 preference shares of Rs. 10 each was changed to Rs. 160,000,000,000 divided into 11,000,000,000 Equity Shares of Rs. 10 each and 5,000,000,000 preference shares of Rs. 10 each, pursuant to resolution of shareholders passed at an EGM held on November 29, 2007.

Notes to Capital Structure

1. Share Capital History of the Company

The following is the history of the equity share capital of our Company:

Date of allotment	No. of equity shares Allotted	Face Value (Rs.)	Issue Price (Rs.)	Nature of Allotment (Cash, bonus, other than cash etc.)	Cumulative No. of equity shares	Cumulative Paid-up equity share capital (Rs.)	Cumulative Share Premium (Rs.)
January 18, 1995	200 equity shares Allotted to i. Mr. Rohit C Shah – 100 equity shares ii. Mr. S C Gupta – 100 equity shares on subscription to Memorandum of Association	10	10	Cash	200	2,000	Nil
December 10, 2002	Further Allotment of 9,800 equity shares to i. Reliance Bhavnagar Power Private Limited – 1,600 equity shares ii. Reliance Thermal Energy Limited – 1,600 equity shares iii. Reliance Jamnagar Power Private Limited – 1,600 equity shares iv. Reliance Patalganga Power Limited – 1,700 equity shares v. Western Alliance Power Limited – 1,700 equity shares vi. Jayamkondam Power Limited – 1,600 equity shares	10	10	Cash	10,000	100,000	Nil
March 18, 2004	Further allotment of 40,000 equity shares to i. REL– 6,800 equity shares ii. Reliance Energy Management Private Limited – 6,800 equity shares iii. Reliance Energy Global Private Limited – 6,800 equity shares iv. Sonata Investments Limited – 6,800 equity shares v. Reliance Infrastructure Limited – 6,400 equity shares vi. Powersurfer Interactive (India) Private Limited – 6,400 equity shares	10	10	Cash	50,000	500,000	Nil

Date of allotment	No. of equity shares Allotted	Face Value (Rs.)	Issue Price (Rs.)	Nature of Allotment (Cash, bonus, other than cash etc.)	Cumulative No. of equity shares	Cumulative Paid-up equity share capital (Rs.)	Cumulative Share Premium (Rs.)
June 13, 2006	Further Allotment of 999,750,000 equity shares to i. REL– 499,750,000 ii. AAA Project – 500,000,000, as partly paid equity shares with Rs. 2 paid up per Equity Share on application & allotment which was made fully paid on September 14, 2007 and September 17, 2007 respectively	10	10	Cash	999,800,000	2,000,000,000	Nil
January 12, 2007	200,000 equity shares allotted to REL as partly paid equity shares with Rs. 2 paid up per Equity Share on application & allotment which was made fully paid on September 14, 2007.	10	10	Cash	1,000,000,000	2,000,400,000	Nil
September 14, 2007	499,975,000 equity shares held by REL paid up to the extent of Rs. 2 per Equity Share made fully paid up	-	-	Cash	1,000,000,000	6,000,200,000	Nil
September 17, 2007	499,975,000 equity shares held by AAA Project paid up to the extent of Rs. 2 per Equity Share made fully paid up	-	-	Cash	1,000,000,000	10,000,000,000	Nil
September 30, 2007	1,000,000,000 equity shares allotted to (i) REL– 500,000,000 (ii) AAA Project – 500,000,000	10	10	Pursuant to Scheme of Amalgamation with RPUPL*	2,000,000,000	20,000,000,000	Nil
September 30, 2007	Equity Shares of Rs. 10 each were sub-divided into equity shares of Rs. 2 each				10,000,000,000	20,000,000,000	Nil
November 29, 2007	Equity shares of Rs. 2 each were consolidated into Equity Shares of Rs. 10 each				2,000,000,000	20,000,000,000	Nil

* For more details, see “History and Certain Corporate Matters” on page 127 of this Prospectus.

Except for the equity shares issued pursuant to the scheme as explained above, the Company has not issued any shares for consideration other than cash.

History of Equity Shares held by the Promoters

The Equity Shares held by the Promoters were acquired/ allotted in the following manner:

Sr. No	Date of Allotment / Transfer	Consideration (Cash, bonus, kind, etc.)	No. of shares	Face Value (Rs.)	Issue / Acquisition Price (Rs.)	% of Post Issue Paid Up Capital
Mr. Anil Dhirubhai Ambani (A)						
1.	September 17, 2007	Cash	1,000 [#]	10	10	Transfer by AAA Project -
Total (A)			1,000	10		-
Reliance Innoventures Private Limited (B)						
1.	September 17, 2007	Cash	1,000 [#]	10	10	Transfer by AAA Project -
Total (B)			1,000	10		-
Reliance Energy Limited						
1.	January 19, 2004	Cash	1,690*	10	10	Transfer by Western Alliance Power Limited -
2.	March 18, 2004	Cash	6,800	10	10	Allotment -
3.	October 26, 2004	Cash	4,500	10	10	Transfer by Reliance Energy Global Private Limited -
4.	April 29, 2006	Cash	10 ^{##}	10	10	Transfer by Ramesh Shenoy -
5.	June 12, 2006	Cash	12,000**	10	10	Transfer by Reliance Energy Management Services Private Limited, Reliance Energy Global Private Limited, Sonata Investments Limited, Reliance Infrastructure Limited and Powersurfer Interactive (India) Private Limited -
6.	June 13, 2006	Cash	499,750,000 partly paid equity shares with Rs. 2 paid up which were made fully paid up on September 14, 2007	10	10	Allotment 22.1
7.	January 12, 2007	Cash	200,000 partly paid equity shares with Rs. 2 paid up allotted which were made fully paid up on September 14, 2007	10	10	Allotment -

Sr. No	Date of Allotment / Transfer	Consideration (Cash, bonus, kind, etc.)	No. of shares	Face Value (Rs.)	Issue / Acquisition Price (Rs.)	% of Post Issue Paid Up Capital
8	January 12, 2007	Cash	25,000 partly paid equity shares with Rs. 2 paid up***	10	10	Transfer by AAA Project -
9.	September 30, 2007	Pursuant to Scheme of Amalgamation with RPUPL	500,000,000	10	10	Allotment 22.1
Total (C)			1,000,000,000	10		44.2
AAA Project Ventures Private Limited						
1	June 13, 2006	Cash	499,973,000 partly paid equity shares with Rs. 2 paid up which were made fully paid up on September 17, 2007***	10	10	Allotment 22.1
2	March 30, 2007	Cash	25,000**	10	10	Transfer by REL 0.0
3.	September 30, 2007	Pursuant to Scheme of Amalgamation with RPUPL	500,000,000	10	10	Allotment 22.1
Total (D)			999,998,000	10		44.2
Grand Total (A+B+C+D)			2000,000,000			88.4

Held jointly with AAA Project.

* 1,700 Equity Shares were transferred to REL at a price of Rs. 10 on January 19, 2004, out of which 10 Equity Shares were transferred to Mr. Ramesh Shenoy on March 18, 2004. These 10 Equity Shares held by Mr. Ramesh Shenoy were transferred at a price of Rs. 10 each to Mr. Ramesh Shenoy jointly with REL. Subsequently, out of these four Equity Shares were re-transferred to REL at a price of Rs. 10 on April 29, 2006. The balance six Equity Shares were also transferred to REL to be held jointly with six individuals as nominees with effect from April 29, 2006. Hence, only 1,690 Equity Shares are shown in the name of REL in the entry for January 19, 2004.

Four Equity Shares were transferred by Mr. Ramesh Shenoy and the balance six Equity Shares were also transferred to REL to be held jointly with six other individuals as nominees with effect from April 29, 2006.

** 37,000 Equity Shares were transferred to REL at a price of Rs. 10 on June 12, 2006 out of which 25,000 Equity Shares were transferred to AAA Project on March 30, 2007. Hence, only 12,000 Equity Shares are shown in the name of REL in the entry for June 12, 2006.

*** 500,000,000 partly paid Equity Shares were allotted to AAA Project on June 13, 2006 out of which 25,000 partly paid Equity Shares were transferred to REL on January 12, 2007. In addition, 1,000 Equity Shares each were transferred to Mr. Anil Dhirubhai Ambani and RINL on September 17, 2007 respectively and are held jointly with AAA Project. Hence, only 499,973,000 equity shares are shown in the name of AAA Project in the entry for June 13, 2006.

Promoters contribution and Lock - in

The details of the Equity Shares forming part of the promoter's contribution have been provided below:

Sr. No	Date of Allotment / Transfer	Date when made fully paid up	Consideration (Cash, bonus, kind, etc.)	No. of shares	Face Value (Rs.)	Issue / Acquisition Price (Rs.)		% of Post Issue Paid Up Capital
Reliance Energy Limited (A)								
1.	September 30, 2007	September 30, 2007	Pursuant to Scheme of Amalgamation with RPUPL**	210,000,000	10	10	Allotment	9.3
2.	Date of Allotment under the Issue***	Date of Allotment under the Issue	Cash	16,000,000	10	Issue Price	Allotment (Promoters' Contribution)	0.7
Total (A)				226,000,000	10			10.0
AAA Project Ventures Private Limited (B)								
1.	September 30, 2007	September 30, 2007	Pursuant to Scheme of Amalgamation with RPUPL**	210,000,000	10	10	Allotment	9.3
2.	Date of Allotment under the Issue***	Date of Allotment under the Issue	Cash	16,000,000	10	Issue Price	Allotment (Promoters' Contribution)	0.7
Total (B)				226,000,000	2			10.0
Grand Total (A+B)				452,000,000	2			20.0

** For more details, see "History and Certain Corporate Matters" on page 127 of this Prospectus.

*** Pursuant to Clause 4.9.1 of the SEBI Guidelines, REL and AAA Project would bring in the full amount of the Promoter's Contribution computed as 32,000,000 Equity Shares multiplied by the Cap Price at least one day prior to the Bid/Issue Opening Date. This amount shall be kept in an Escrow Account with the Escrow Collection Bank(s) and shall be released to the Public Issue Account together with the remaining Issue Proceeds. In case of upward revision of the Price Band, the difference will be brought in by REL and AAA Project immediately on the day of revision. The Promoter's Contribution will be brought in to the extent of not less than the specified minimum lot and from REL and AAA Project.

452,000,000 Equity Shares constituting 20% of the post Issue equity share capital representing the minimum Promoters Contribution pursuant to clause 4.1.1 and 4.11.1 of the SEBI Guidelines are required to be locked in for a period of three years from the date of allotment in this Issue. However, pursuant to the SEBI Order dated December 27, 2007, these 452,000,000 Equity Shares which constitute 20% of the post Issue equity share capital and represent the minimum Promoters Contribution will be locked in for a period of five years from the date of allotment under the Issue. All Equity Shares being included for computation of Promoters contribution are not ineligible for such purposes under clause 4.6 of the SEBI Guidelines. Further, in accordance with clause 4.13 of the SEBI Guidelines, the Equity Shares issued last to the Promoters shall be locked in first. The Company has not issued any bonus shares.

1,548,000,000 Equity Shares, the entire pre-Issue capital (excluding the minimum Promoters contribution which would be locked in for a period of five years) would be locked-in for a period of one year from the date of allotment in the Issue.

As per clause 4.15.1 of the SEBI Guidelines, the locked in Equity Shares held by the Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided that such pledge of the Equity Shares is one of the terms of the loan. Further, Equity Shares locked in as minimum promoters' contribution may be pledged only in respect of a financial facility which has been granted for the purpose of financing one or more of the objects of the Issue.

As per clause 4.16.1(a) of the SEBI Guidelines, the Equity Shares held by persons other than Promoters prior to the issue may be transferred to any other person holding Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with SEBI Takeovers Regulations.

In accordance with Clause 4.16.1 (b) of the SEBI Guidelines, the Equity Shares held by the Promoters may be transferred to and amongst the Promoter Group or to new promoters or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeovers Regulations.

The Promoter's contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as promoters under the SEBI Guidelines.

3. Shareholders of our Company

The table below presents our shareholding pattern before the proposed Issue and as adjusted for the Issue.

Shareholders	Pre-Issue		Post-Issue	
	No. of Equity Shares	Percentage	No. of Equity Shares	Percentage
Promoters				
Mr. Anil Dhirubhai Ambani	1,000 [#]	-	1,000 [#]	-
RINL	1,000 [#]	-	1,000 [#]	-
REL	1,000,000,000*	50.00	1,016,000,000 ^{##}	45.0
AAA Project	999,998,000	50.00	1,015,998,000 ^{##}	45.0
Total Pre-Issue Share Capital	2,000,000,000	100.00		
Net Issue to the Public	-	-	228,000,000	10.1
Total Post-Issue Share Capital =	-	-	2,260,000,000	100.0

Held jointly with AAA Project.

16,000,000 Equity Shares each to be allotted to AAA Project and REL respectively as Promoters Contribution in the Issue.

* Includes 6 Equity Shares jointly held by REL along with six other individuals.

4. The list of our top ten shareholders and the number of Equity Shares held by them is as under:

(a) Our top ten shareholders as of the date of filing this Prospectus are as follows:

S. No.	Shareholder	No. of Equity Shares held	Percentage
1.	Mr. Anil Dhirubhai Ambani	1,000 [#]	-
2.	RINL	1,000 [#]	-
3.	REL	1,000,000,000*	50
4.	AAA Project	999,998,000	50
	Total	2,000,000,000	100

Held jointly with AAA Project.

* Includes 6 Equity Shares held by REL jointly along with six individuals.

(b) Our top ten shareholders ten days prior to filing of this Prospectus are as follows:

S. No.	Shareholder	No. of equity shares (of Rs. 10 each) held	Percentage
1.	Mr. Anil Dhirubhai Ambani	1,000 [#]	-
2.	RINL	1,000 [#]	-
3.	REL*	1,000,000,000	50
4.	AAA Project	999,998,000	50
	Total	2,000,000,000	100

[#] Held jointly with AAA Project.

* Includes six Equity Shares of Rs. 10 each jointly held by REL along with the six individuals.

(c) Our top ten shareholders as of two years prior to filing this Prospectus were as follows:

S. No.	Shareholder	No. of equity shares (of Rs. 10 each) held	Percentage
1.	REL	12,990	25.98
2.	Reliance Energy Management Private Limited	8,500	17.00
3.	Reliance Energy Global Private Limited	4,000	8.00
4.	Sonata Investments Limited	8,500	17.00
5.	Reliance Infrastructure Limited	8,000	16.00
6.	Powersurfer Interactive (India) Private Limited	8,000	16.00
7.	Ramesh Shenoy jointly with REL	10	0.02
	Total	50,000	100.00

5. Our Company, our Promoters, our Directors, the BRLMs and the CBRLMs have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares from any person.
6. Except for details as set out under the table titled “History of Equity Shares held by the Promoters”, none of our Directors or Key Managerial Personnel holds any Equity Shares in our Company. Our shareholders by way of their resolution dated September 30, 2007 have approved an employee stock option scheme for the benefit of the employees of the Company and its subsidiaries. The said resolution limits the aggregate grant of options amounting to 5% of the equity share capital of the Company. The shareholders authorized a formation of a Remuneration/ Compensation Committee of directors and granted it all the powers in relation to the formation and the administration of such employee stock option scheme. As of the date of this Prospectus, no options have been granted to employees.
7. Except for details as set out under the table titled “History of Equity Shares held by the Promoters” above, none of our Promoters, Directors and Promoter Group has purchased or sold any Equity Shares within the six months preceding the date of filing of this Prospectus with SEBI.
8. At least 60% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers, at least 10% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and at least 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. From the existing QIB Portion, 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

Under-subscription, if any, in the Retail or Non Institutional Portion would be met with spill over from

other categories or combination of categories at the discretion of the Company in consultation with the BRLMs and the CBRLMs.

9. There are no outstanding financial instruments or any other rights which would entitle the existing promoters or shareholders or any other person any option to acquire our Equity Shares after the IPO.
10. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Net Issue and Bidders are subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder.
11. We have not raised any bridge loan against the Issue Proceeds.
12. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest integer while finalizing the Basis of Allotment.
13. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Prospectus to SEBI until the Equity Shares issued/ to be issued pursuant to the Issue have been listed.
14. We presently do not intend or propose to alter our capital structure for a period of six months from the date of filing of this Prospectus, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, or if we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares for participation in such acquisitions or joint ventures.
15. We have not issued any equity shares out of revaluation reserves or for consideration other than cash other than the equity shares issued to the AAA Project and REL, the shareholders of RPUPL in terms of the Scheme of Amalgamation of RPUPL with Reliance Power, as sanctioned by the High Court of Judicature at Bombay vide Order dated September 27, 2007. This amalgamation became effective from September 29, 2007.
16. There shall be only one denomination of Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
17. As of the date of filing of this Prospectus, the total number of holders of Equity Shares is 10.
18. Except for Equity Shares allotted to Bidders opting for Payment Method-1, all Equity Shares will be fully paid up at the time of allotment failing which no allotment shall be made.
19. The Company, Directors, Promoters or Promoter Group shall not make any payments direct or indirect, discounts, commissions, allowances or otherwise under this Issue except as disclosed in this Prospectus.
20. The Equity Shares held by the Promoters are not subject to any pledge.

OBJECTS OF THE ISSUE

We intend to utilise the Issue Proceeds, after deducting the underwriting and issue management fees, selling commissions and other expenses associated with the Issue (the “**Net Proceeds**”) for the following objects:

- (a) *Funding Subsidiaries to part-finance the construction and development costs of certain of our projects (identified below);*

We are pursuing the development of 13 power generation projects which are currently under various stages of development. Out of these projects, one is being executed by us and 11 projects are being developed by nine subsidiaries which have been set up to develop these projects. One project is expected to be executed through a subsidiary that remains to be transferred to us. For more details of the projects under development, see “Business – Overview” on page 65 of this Prospectus.

We intend to use a portion of the Net Proceeds to partially fund five subsidiaries which are developing the following six projects, collectively referred to as “**Identified Projects**”:

S. No.	Name of Subsidiary	Our percentage shareholding in the subsidiary	Identified Projects	Location
1.	RPSCL	100%	600 MW Rosa Phase I	Uttar Pradesh
2.	RPSCL	100%	600 MW Rosa Phase II	Uttar Pradesh
3.	VIPL	100%	300 MW Butibori	Maharashtra
4.	SPL	100%	3,960 MW Sasan	Madhya Pradesh
5.	MEGL	100%	1,200 MW Shahapur Coal	Maharashtra
6.	USHPPL	80%	400 MW Urthing Sobla	Uttarakhand

- (b) *General corporate purposes; and*
- (c) *Achieve benefits from listing of the Equity Shares*

The main objects clause of our Memorandum of Association and the objects incidental and ancillary to the main objects enable us to undertake the activities for which the funds are being raised by us in the Issue. Further, we confirm that the activities we have been carrying out until now are in accordance with the objects clause of our Memorandum of Association.

Utilization of the Issue Proceeds

The Issue Proceeds shall be utilized in the following manner:

Objects	(Rs. in million) Amount
Funding Subsidiaries to part finance the construction and development costs of certain Identified Projects	86,424.3
600 MW Rosa Phase I	3,931.5
600 MW Rosa Phase II	6,149.5
300 MW Butibori	4,114.2
3,960 MW Sasan	54,613.5
1,200 MW Shahapur Coal	11,458.0
400 MW Urthing Sobla	6,157.6
General Corporate Purposes	28,017.2
Issue Expenses	1,190.5
Total	115,632.0

Means of Finance

The details of the Issue Proceeds are summarized in the table below:

(Rs. in million)

Objects	Amount
Proceeds from the Issue	115,632.0
Issue related expenses	1,190.5
Net Proceeds from the Issue	114,441.5

Funding Subsidiaries to part-finance the construction and development costs of the Identified Projects

We intend to fund an aggregate amount of Rs. 86,424.3million from the Net Proceeds in our subsidiaries to partially finance the development of the Identified Projects. The same shall be funded either by way of share capital or shareholder loan or a combination of the two. The particular composition and schedule of deployment of the investment will be determined by our Board based on the progress of the development of the Identified Projects.

The details of the estimated projects costs and investment schedule as set out below is based on the Project Cost Estimation Report dated September 28, 2007 prepared by Development Consultants Private Limited in respect of all the Identified Projects except Rosa Phase I. The cost estimates (except for the investment schedule) for Rosa Phase I is based on the information memorandum dated January 2007 prepared by IDBI.

(Rs. in million)

Sr. No.	Name of Subsidiaries	Name of Project	Estimated Cost	Annual break up of the utilization of Estimated Cost					Amount deployed as of December 28, 2007***	Amount proposed to be financed from Net Proceeds	Amount proposed to be financed through third party debt
				Fiscal 2008*	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012 onwards			
1.	RPSCL	Rosa Phase I	27,020.0	5,457.3**	8,229.1	13,333.6	-	-	1,970.6	3,931.5	21,117.9
2.	RPSCL	Rosa Phase II	24,600.0	2,340.0	4,517.0	8,098.0	9,645.0	-	0.5	6,149.5	18,450.0
3.	VIPL	Butibori	14,050.0	1,690.0**	2,850.0	7,620.0	1,890.0	-	100.8	4,114.2	9,835.0
4.	SPL	Sasan	183,420.0	10,382.8**	27,607.2	30,550.0	72,180.0	42,700.0	412.5	54,613.5	128,394.0
5.	MEGL	Shahapur Coal	48,000.0	4,033.4**	566.6	8,800.0	15,800.0	18,800.0	542.0#	11,458.0	36,000.0
6.	USHPPL	Urthing Sobla	20,800.0	105.6	150.0	1,644.4	3,700.0	15,200.0	82.4	6,157.6	14,560.0
Total			317,890.0	24,009.1	43,919.9	70,046.0	103,215.0	76,700.0	3,108.8	86,424.3	228,356.9

* Includes amount already deployed in the Identified Projects as December 28, 2007.

** Includes amount spent prior to Fiscal 2008.

*** As certified by Chaturvedi & Shah, Chartered Accountants in their certificate dated December 29, 2007.

Rs. 436.0 million has been paid as deposit to the Government for acquisition of land.

In respect of the third party debt requirements, as of December 28, 2007, we had undrawn rupee debt facilities of Rs. 18,616 million and foreign currency denominated debt facilities of US\$ 50 million. These arrangements were made by our subsidiary, RPSCL which is developing Rosa Phase I project.

In addition, we have mandated the following banks and financial institutions to arrange for syndicated loans subject to certain terms and conditions:

Sl. No.	Name of the Bank/ Financial Institution	Amount proposed to be arranged
1.	Macquarie India Advisory Services Private Limited	USD 2.0 billion
2.	ABN AMRO Bank N.V.	USD 2.0 billion
3.	Deutsche Bank A.G.	USD 2.0 billion

Our subsidiaries have also received in-principle sanction letters totalling Rs. 179,440 million from the following financial institutions to part finance five of the identified Projects.

Sl. No.	Subsidiary	Project	Name of the Bank/ Financial Institution	In-Principle sanctions received
1.	RSPCL	Rosa II	Axis Bank	Rs. 19,680 million
2.	MEGL	Shahapur Coal	ICICI Bank	Rs. 28,800 million
3.	SPL	Sasan	ICICI Bank	Rs. 110,050 million
4.	VIPL	Butibori	ICICI Bank	Rs. 8,430 million
5.	USHPPL	Urthing Sobla	ICICI Bank	Rs. 12,480 million

RINL, a Promoter of the Company has given a guarantee dated December 31, 2007 that it shall arrange or provide up to Rs. 228,855.0 million in financing for the Identified Projects in the event the Company is unable to arrange debt financing for that amount. Each of RCL and Reliance ADA Group Private Limited, two Promoter Group Companies, have also adopted resolutions dated October 18, 2007 that they shall arrange or provide up to Rs. 254,312 million in financing for the Identified Projects in the event the Company is unable to arrange debt financing for that amount. Also, see “Material Contracts and Documents for Inspection” on page 314 of this Prospectus.

Accordingly, the Company has made firm arrangements (as envisaged by clause 2.8 of the SEBI DIP Guidelines) for financing at least 75% of the financing requirements for the Identified Projects, after taking into account the financing proposed to be made out of the Net Proceeds of the Issue. For details of these arrangements, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Indebtedness” on page 215 of this Prospectus.

We have commenced the construction of Rosa Phase I whilst the other Identified Projects are under development. We may have to revise our Estimated Costs and fund requirements owing to factors such as geological assessments, exchange or interest rate fluctuations, changes in design or configuration of the project, incremental rehabilitation, other preoperative expenses and other external factors which may not be within the control of our management. This may entail revising the planned expenditure and deployment schedule for the Identified Projects. See “Risk Factors – A large portion of the Net Proceeds from the Issue will be invested in the Subsidiaries which may not be wholly owned by us” on page xxvii of this Prospectus. In the event of a shortfall in raising the requisite capital from the Net Proceeds of the Issue towards meeting the objects of the Issue, the shortfall will be satisfied by way of such means available to our Company and at the discretion of the management, including by way of incremental debt or cash available with us. In case of any surplus after utilization of the Net Proceeds for the stated objects, we may use such surplus towards general corporate purposes.

Also see, “Risk Factors – 4. We may not be able to raise additional capital to fund the balance of costs for Identified Projects” on page xv of this Prospectus.

Details of the Identified Projects

As set out in the information memorandum dated January 2007 prepared by IDBI, the break up of the project cost for Rosa Phase I are set out below:

Item	(Rs. in Million)
	Rosa Phase I
Land ¹	261.0
Building and civil works ²	351.2
Plant and machinery ²	20,971.0
Financing cost and interest during construction ³	2,751.0
Preoperative and preliminary expenses ⁴	1,172.0
Margin money for working capital ⁵	605.0
Contingency ⁷	909.0
Total	27,020.0

1. Land

See “Business – Description of Projects under Development – Rosa Phase I – Property” on page 75 of this Prospectus.

2. Building and Civil Work and Plant Machinery

This head includes cost of civil works, plant equipments, coal handling system and storage within the plant, ash handling system within the plant, switchyard and external water supply system. EPC cost has been estimated based on EPC Contract entered into with SEC and UEEPL.

Non-EPC items include an ash disposal system (Rs. 469.3 million), external fuel transportation system (Rs. 373.4 million), permanent township cost (Rs. 311.9 million), temporary construction (Rs. 39.3 million) and special tools and plants (Rs. 93.6 million).

3. Financing cost and Interest during construction (IDC) period

IDC has been computed based on the capital expenditure phasing schedule estimated by the Company with an estimated 20% contribution from Reliance Power and an estimated 80% in third party debt financing. The contribution from Reliance Power is expected to be made over the next three fiscal years from the Net Proceeds.

4. Preliminary and Pre-operative expenses

Pre-operative expenses include establishment expenses (Rs. 387.5 million - Pre-operative expenses), start-up fuel & power (Rs. 283.8 million - Pre-operative expenses), construction insurance (Rs. 150.0 million - Pre-operative expenses), design & engineering (Rs. 126.0 million - Pre-operative expenses), development expenses (Rs. 150.0 million - Pre-operative expenses), consultant/audit/ legal expenses (Rs. 40.0 million - Pre-operative expenses) and operator's training (Rs. 35.0 million - Pre-operative expenses).

5. Margin Money for Working Capital

Provision for margin money for working capital has been made at Rs. 605.0 million based on RPSCCL's projected current assets requirements. For the purpose of estimates, the current assets comprise receivables of 2 months, fuel stock of 2 months, O&M expenses of 1 month and spares requirement equal to 1% of the capital cost have been considered.

6. Contingency

Though EPC contract is a fixed price contract, it includes a financial currency component, a cost contingency of 4% has been provided of the project cost, (excluding financing cost, IDC and margin money for working capital). The contingency provision is expected to cover any increase in project cost, including increase in township cost and establishment cost due to increase in cost of raw materials like cement, steel, iron, etc.

As set out in the Project Cost Estimate Report of DCPL, the break up of the project cost for Identified Projects other than Rosa Phase I are set out below:

(Rs. in million)

Item	Rosa Phase II	Butibori	Sasan	Shahapur Coal	Urthing Sobla
Land ⁽ⁱ⁾	Nil ^a	100.0 ^b	6,130.0 ^c	480.0 ^d	100.0 ^f
Building and civil works ⁽ⁱⁱ⁾	1,300.0	1150.0	10,900.0	3,020.0	10,950.0
Plant and machinery ⁽ⁱⁱⁱ⁾	19,000.0	10,600.0	118,050.0	35,200.0	5,900.0
Financing cost and interest during construction ^(iv)	1,900.0	1,050.0	17,900.0	4,400.0	2,600.0
Preoperative and preliminary expenses ^(v)	900.0	550.0	2,100.0	2,000.0	300.0
Margin money for working capital ^(vi)	700.0	150.0	220.0	1,000.0	150.0
Contingency ^(vii)	800.0	450.0	5,650.0	1,900.0	800.0
Captive Coal Mining	N.A.	N.A.	22,470.0	N.A.	N.A.
Total	24,600.0	14,050.0	183,420.0	48,000.0	20,800.0

(i) Land

- a. No additional land requirement as the land procured for Rosa Phase I is estimated to be sufficient for Rosa Phase II.
- b. Estimated land requirement – 225 acres
- c. Estimated land requirement for the power plant– 3,990 acres
- d. Estimated land requirement – 1,198 acres (485 hectares)
- f. Estimated land requirement – 618 acres

The land cost for each of the projects has been ascertained by DCPL on the basis of the estimated land requirement and the location of the project. For details of the arrangements being made for the each of the projects, see “Business – Description of Projects under Development” on page 72 of this Prospectus.

(ii) Building and Civil Works

This head includes the following categories of expenditure across projects:

- (i) Site grading for all plant area including cooling tower area, crushed coal stockpile area, other service area and construction yard;
- (ii) Station building and all other plant structures including raw water intake systems, flood protection bunds, roads and drainages; and
- (iii) Non-plant buildings / structures such as compound wall, guest house, administration building, service building, canteen, warehouse, fire station, residential colony and associated buildings like a community center and trainees hostel.

(iii) Plant and Machinery

In respect of projects other than the Urthing Sobla project, this head comprises the following categories of expenditure:

- a. Boiler, steam turbine steam generator and its accessories;

- b. Coal handling system including proposed facilities for receipt of coal by rail and coal unloading systems, crushing and conveying of coal upto steam generator bunker, stacking in the plant area and reclaiming from stock pile;
- c. Ash handling system including bottom ash hopper, scraper chain conveyor, belt conveyer, conveying air compressors, ESP hopper, silo fluidizing blowers, slurry pumps and piping;
- d. Water systems including raw water system, cooling tower, condenser cooling water system, make up water system, auxiliary cooling water, water treatment, service water system, potable water system and effluent treatment systems;
- e. Electrical system including generators, generator bus duct, transformers, station transformers and evacuation of power through switchyard; and
- f. Instrumentation and control system based on microprocessor based distributed control systems with the man-machine interface; and
- g. Other miscellaneous expenditures such as chimney civil works.

In respect of the Urthing Sobla, this head comprises the following:

- a. Turbines, main inlet valves, governors, power house EOT cranes, valve house cranes and GIS cranes;
- b. Electrical system including 100 MW generators, static excitation system, generator bus duct, generator step up transformers, station transformers and evacuation of power through 400 KV switchyard.

(iv) *Financing cost and interest during construction*

Financing cost and interest during construction has been arrived at using the capital expenditure phasing schedule as detailed above on page 39.

(v) *Pre-operative and Preliminary expenses*

This head includes the following categories of expenditure across projects:

Preliminary expenses

- a. Enabling works such as temporary site office, storage sheds, construction water and power supply;
- b. Soil /geo-tech investigation at important areas as required based on final layout;
- c. Implementation of raw water supply and storage scheme; and
- d. Basic design, specification, tender evaluation and purchase/technical recommendation for major contracts/equipments.

Pre – Operative expenses:

Pre operative expenditure include establishment expenses, start up fuel and power, construction insurance, design & engineering, development expenses, audit and legal expenses and operator training.

(vi) ***Margin money for working capital***

Provision for margin money for working capital has been made based on the projected current assets requirements. For the purpose of estimates, the current assets comprise receivables of 1 months (except for Sasan, where this period has been taken to be 1 day), fuel stock of 2 months, O&M expenses of 1 month and spares requirement equal to 1% of the capital cost has been considered. In the case of the Urthing Sobla, fuel stock cost has not been considered.

(vii) ***Contingency***

The contingency provision is expected to cover any increase in project cost including increases in township cost and establishment cost owing to increases in the cost of raw materials such as cement, steel, iron, etc.

Government and Environmental Clearances

We have obtained certain of the required government and environmental clearances for the Identified Projects. We are in the process of the obtaining the balance or we may apply for the same based the stage of development. For more details, see “Government Approvals” on page 236 of this Prospectus.

For further details, status and schedule of implementation of the Identified Projects see “Business” on page 65 of this Prospectus.

The Net Proceeds are currently expected to be deployed in the Identified Projects in accordance with the following schedule:

Sr. No.	Identified Projects	Subsidiaries	Annual funding schedule					Total	Generating Plant (MW)	Estimated date of commissioning
			Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012 onwards			
1.	Rosa Phase I	RPSCL	36.9	1,645.8	2,248.8			3,931.5	300 x 2 = 600	Unit 1: December 2009 Unit 2: March 2010
2.	Rosa Phase II	RPSCL	584.4	1,129.3	2,024.5	2,411.3		6,149.5	300 x 2 = 600	Unit 1: June 2010 Unit 2: September 2010
3.	Butibori	VIPL	375.3	855.0	2,286.0	597.9		4,114.2	150 x 2 = 300	Unit 1: March 2010 Unit 2: June 2010
4.	Sasan	SPL	15,000.0	7,072.8	5,415.0	17,904.0	9,221.7	54,613.5	660 x 6 = 3960	Unit 1: May 2013 Project Completion: April 2016*
5.	Shahapur Coal	MEGL	4,375.0	480.8	742.5	2,492.5	3,367.3	11,458.0	600 x 2 = 1200	Unit 1: September 2011 Unit 2: December 2011
6.	Urthing Sobla	USHPPL	75.0	225.0	426.6	1,050.0	4,381.0	6,157.6	100 x 4 = 400	March 2014
Total			20,446.6	11,408.6	13,143.4	24,455.8	16,970.0	86,424.3		

* As required under the PPA for this project. We will endeavour to commission the project ahead of the specified schedule, as permitted under the PPA. For more details see "About the Company – Description of Certain Key Contracts" on page 97 of this Prospectus.

General Corporate Purposes

We intend to deploy the balance Net Proceeds aggregating Rs. 28,017.2 million for General Corporate Purposes, including but not restricted to, meeting working capital requirements, initial development costs for projects other than the Identified Projects, fund project cost overruns (if any), strategic initiatives, partnerships, joint ventures and acquisitions, meeting exigencies, which our Company in the ordinary course of business may face, or any other purposes as approved by our Board.

Issue expenses

The expenses for this Issue include lead management fees, underwriting and selling commissions, printing and distribution expenses, legal fees, advertisement expenses, registrar fees, depository charges and listing fees to the Stock Exchanges, among others. The total expenses for this Issue are estimated to be approximately Rs. 1,190.5 million as per the following break up:

	In Rs. million
Lead management, underwriting and selling commission	506.0
Advertising and marketing expenses	300.0
Printing and stationery (including courier and transportation charges)	200.0
Others (Registrar fees, legal fees, listing costs, etc.)	180.0
Fees paid to rating agency	4.5
Total	1,190.5

Interim Use of Net Proceeds

Our management, in accordance with the policies established by the Board, will have flexibility in deploying the Net Proceeds received by us from the Issue. Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Issue in interest bearing liquid instruments including deposits with banks and investments in mutual funds. These investments may include investments in mutual funds managed or financial products sold by one of our affiliates, RCL.

Monitoring of Utilisation of Funds

We have appointed IDBI as the monitoring agency in relation to the Issue. Our Board and IDBI will monitor the utilization of the proceeds of the Issue. We will disclose the utilization of the proceeds of the Issue under a separate head along with details, for all such proceeds of the Issue that have not been utilized. We will indicate investments, if any, of unutilized proceeds of the Issue in our Balance Sheet for the relevant Financial Years commencing from Financial Year 2008.

Pursuant to clause 49 of the Listing Agreement, the Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, the Company shall prepare a statement of funds utilised for purposes other than those stated in this Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilised in full. The statement will be certified by the statutory auditors of the Company. In addition, the report submitted by the monitoring agency will be placed before the Audit Committee of the Company, so as to enable the Audit Committee to make appropriate recommendations to the Board of the Company.

The Company shall be required to inform material deviations in the utilisation of Issue proceeds to the stock exchanges and shall also be required to simultaneously make the material deviations / adverse comments of the Audit committee / monitoring agency public through advertisement in newspapers.

BASIS FOR ISSUE PRICE

The Price Band for the Issue shall be decided prior to the filing of the Prospectus with the RoC. The Issue Price will be determined by our Company, in consultation with the BRLMs and the CBRLMs, on the basis of the assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of our Equity Shares is Rs. 10 each and the Issue Price is 45 times the face value.

Qualitative Factors

For some of the qualitative factors which form the basis for computing the price, please see, “Business” and “Risk Factors” beginning on page 65 and page xiii respectively of this Prospectus.

Quantitative Factors

The information presented below relating to the Company is based on the restated standalone financial statements of the Company for Fiscal 2006, 2007 and for the period ended on September 30, 2007 and restated consolidated financial statements of the Company for fiscal 2007 and for the period ended on September 30, 2007 prepared in accordance with Indian GAAP. As at September 30, 2007, the face value of the equity shares of the Company was Rs. 2 per share (fully paid-up). However, the Board of Directors at its meeting held on November 29, 2007, have approved the consolidation of five equity shares of Rs. 2 each into one equity share of Rs. 10 each fully paid-up and at the Extraordinary General meeting held on November 29, 2007, the shareholders have also approved the consolidation of the equity shares. In view of the above, the financial information along with the annexures have been adjusted on a retrospective basis to facilitate comparison, wherever applicable, to reflect the face value of Rs. 10 per share (fully paid-up) instead of Rs. 2 per share (fully paid-up) as at September 30, 2007.

The information relating to the Company’s share capital in this chapter is based on a face value of Rs. 10 per equity share.

1. Basic and Diluted Earning Per Share (EPS)

Basic and Diluted earnings per equity share (“EPS”) of face value of Rs. 10 on a Standalone basis

Year / Period	EPS (Rs.)	Weight
Fiscal 2006	(25.57)	1
Fiscal 2007	0.08	2
Period ended September 30, 2007*	0.04	3
WEIGHTED AVERAGE	(4.22)	

* Not annualised

Basic and Diluted earnings per equity share (“EPS”) of face value of Rs. 10 on a consolidated basis:

Year / Period	EPS (Rs.)	Weight
Fiscal 2007	0.08	1
Period ended September 30, 2007*	0.04	2
WEIGHTED AVERAGE	0.05	

* Not annualised

The basic earnings per share has been computed by dividing net profit attributable to equity shareholders, as restated, by the weighted average number of equity shares outstanding during the year, in accordance

with Accounting Standard -20 on 'Earnings per share' issued by the Institute of Chartered Accountants of India.

The diluted earnings per share has been computed by dividing net profit attributable to equity shareholders, as restated, by the sum of the weighted average number of equity shares outstanding during the year considered for deriving basic earnings per share and the weighted average number of equity shares, which could have been issued on the conversion of dilutive potential equity shares such as dilutive options and dilutive convertible preference share, in accordance with Accounting Standard -20 on 'Earnings per share' issued by the Institute of Chartered Accountants of India.

2. (a) Price/Earnings (P/E) ratio in relation to Price Band

(i) On a Standalone basis:

Particulars	P/E at the lower end of Price Band (no. of times)	P/E at the higher end of Price Band (no. of times)
Based on the EPS of Rs. 0.08 for FY 2007	5,062.5	5,625.0
Based on the EPS of Rs. 0.04 for the period ended September 30, 2007	10,125.0	11,250.0
Based on the weighted average EPS of Rs. (4.22)	Not Applicable	Not Applicable

(ii) On a Consolidated basis:

Particulars	P/E at the lower end of Price Band (no. of times)	P/E at the higher end of Price Band (no. of times)
Based on the EPS of Rs. 0.08 for FY 2007	5,062.5	5,625.0
Based on the EPS of Rs. 0.04 for the period ended September 30, 2007	10,125.0	11,250.0
Based on the weighted average EPS of Rs. 0.05	8,100.0	9,000.0

(b) P/E ratio for the industry is as follows:

Industry P/E	
a) Highest	180.4
b) Lowest	6.2
c) Industry Composite	18.0

(Source: Capital Market - Aug 27-Sep 09, 2007)

3. Return on Net Worth

Return on Net Worth ("RoNW") as per restated standalone financial statements:

Year / Period	RoNW (%)	Weight
Fiscal 2006	(133.06)	1
Fiscal 2007	0.63	2
Period ended September 30, 2007*	0.06	3
WEIGHTED AVERAGE	(21.94)	

Return on Net Worth ("RoNW") as per restated consolidated financial statements:

Year / Period	RoNW (%)	Weight
Fiscal 2007	0.63	1
Period ended September 30, 2007*	0.06	2
WEIGHTED AVERAGE	0.25	

* Not annualised

The return on net worth computed by dividing net profit after tax, as restated, by the net worth excluding share application money at the end of the year.

4. Minimum Return on Increased Net Worth Required to Maintain Pre-Issue EPS:

Minimum Return on post-Issue Net Worth required to maintain pre-Issue EPS (as per restated consolidated financial statements as of September 30, 2007) is 0.07%.

5. Net Asset Value per Equity Share

Particulars	Amt. (Rs.)
Net Asset Value per Equity Share (standalone) as of September 30, 2007	10.03
Net Asset Value per Equity Share (consolidated) as of September 30, 2007	10.03
Net Asset Value per Equity Share after the Issue	60.04

The net asset value per equity share has been computed by dividing net worth excluding share application money and preference share capital at the end of the period by number of equity shares outstanding at the end of the period.

6. Peer Group Comparisons (Industry Peers)

Name of the Company	Face Value (Rs.)	EPS (Rs.)	P/E Ratio (times) based on market price on Aug 20, 2007	Return on Net Worth (%)	NAV per share (Rs.)
Reliance Power Limited*	10	0.04	11,250.0**	0.1	10.03
REL [@]	10	34.5	19.4	10.2	378.1
NTPC Limited [@]	10	7.9	17.6	14.5	59.7
Tata Power Limited [@]	10	30.4	19.7	12.0	290.8
Gujarat Industries Power Company Limited [@]	10	12.1	6.2	15.4	71.3

(Source: Capital Market Aug 27-Sep 09, 2007)

* For the period ended September 30, 2007 on the basis of consolidated financial statements

@ For the year ended March 31, 2007

** Based on the Issue Price of Rs. 450. Reliance Power is developing projects, which are yet to commence operations. Hence, the operations of the Company are not comparable with other companies.

The Issue Price of Rs. 450 per Equity Share has been determined by us, in consultation with the BRLMs and the CBRLMs, on the basis of assessment of market demand for the offered securities by way of Book building process and is justified as above. For further details, see "Risk Factors" on page xiii and the financials of our Company including profitability and return ratios, as set out in the auditors report on page 169 for a more informed view.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors
Reliance Power Limited
Floor, H Block
Dhirubhai Ambani Knowledge City
Koparkhairne
Navi Mumbai 400 710.

Dear Sirs,

We hereby report that the enclosed annexure states “General Tax Benefits” available to Reliance Power Limited (the “Company”) and its shareholders under the current tax laws in force in India as amended by the Finance Act, 2007. The benefits as stated are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions.

The benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional advice. In view of the individual nature of the tax consequences and the changing tax laws each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Partha Ghosh
Partner
Membership Number F-55913

For and on behalf of
Price Waterhouse
Chartered Accountants

Place: Mumbai
Date: December 28, 2007

For and on behalf of
Chaturvedi & Shah
Chartered Accountants
C.D. Lala
Partner
Membership Number F-35671

Place : Mumbai
Date: December 28, 2007

Annexure to Statement of “General Tax Benefits” available to Reliance Power Limited and its shareholders:

A. To the Company

1. Under the Income Tax Act, 1961

- Energy saving devices being Electrical equipments such as Shunt capacitors, automatic power cut off devices mounted on individual motors, automatic voltage controller, power factor controller for AC motors, series compensation equipments, etc are entitled for higher depreciation at the rate of 80% on W.D.V. as per Appendix I of Income Tax Rules, 1962 under Section 32 of the Income Tax Act., 1961.
- Air and water Pollution Control equipments such as Ash Handling system and evacuation system, Mechanical screen system, Aerated detritus chambers (including air compressor), etc. are entitled for higher depreciation at the rate of 100% as per Appendix I of Income Tax Rules under Section 32 of the Income Tax Act., 1961.
- In accordance with and subject to the condition specified in Section 80 IA of the Income Tax Act, 1961, the Company would be entitled to deduction of 100% of profits derived from Industrial Undertaking engaged in generation and/or distribution or transmission of power for any 10 consecutive assessment years out of fifteen years beginning from the year in which the undertaking generated power or commences transmission or distribution of power before 31.03.2010.
- In accordance with and subject to the provisions of Section 35(i) and (iv), the Company would be entitled to deduction in respect of revenue or capital expenditure incurred, other than expenditure on the acquisition of land, laid out or expended on scientific research related to the business. Subject to conditions as specified, the company is also entitled to a weighted deduction to the extent of one and one-fourth times of the sum paid to a scientific research association which has as its objects the undertaking of scientific research or to any approved university, college or other institution to be used for scientific research or for research in social science or statistical research, in accordance with Section 35(1)(ii) and (iii).
- By virtue of Section 10(34) of the IT Act, income earned by way of dividend income from another domestic company referred to in Section 115(0) of the IT Act, is exempt from tax in the hands of the company.
- By virtue of Section 115JAA of the IT Act, Tax Credit shall be allowed in a future year in which tax becomes payable on the total income computed in accordance with the provisions other than section 115JB. Credit eligible for carry forward is the difference between tax paid under section 115JB and the tax computed as per the normal provisions of the Act. Carried forward shall not be allowed beyond the seven assessment year immediately succeeding the assessment year in which tax credit becomes allowable.

B. To the Members of the Company

B1. Under the Income Tax Act, 1961

1. All Members

- By virtue of Section 10(38) of the Income Tax Act, 1961, income arising from transfer of a long-term capital asset, being an equity share in the Company is exempt from tax, if the transaction of such sale has been entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 comes into force and such transaction is chargeable to the Securities Transaction Tax under that Chapter. However, the long-term capital gain of a share holder being a company shall be subject to income tax computed on book profit under section 115JB of the Income Tax Act, 1961.

- By virtue of Section 111A inserted by Finance (No.2) Act, 2004, short term capital gain on transfer of equity share of the Company shall be chargeable to tax @ 10%, if the transaction of such sale has been entered into on or after the date on which Chapter VII of the Finance (No. 2) Act, 2004 comes into force and such transaction is chargeable to Securities Transaction Tax under that Chapter.
- By virtue of Section 88E of the Income Tax Act, 1961 and subject to certain conditions rebate of tax paid on securities transaction is allowable as deduction from the amount of income tax.

2. Resident Members

- By virtue of Section 10(34) of the IT Act, income earned by way of dividend income from a domestic company referred to in Section 115-0 of the IT Act, is exempt from tax in the hands of the shareholders.
- Under Section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gains are invested upto Rs. 50 lakhs within a period of 6 months from the date of transfer in the bonds redeemable after 3 years and issued on or after April 1, 2007, by
 - National Highways Authority of India constituted under section 3 of National Highways Authority of India Act, 1988;
 - Rural Electrification Corporation Limited, a Company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

- Under Section 54F of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gain tax, if the net consideration from such shares are used for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- Under Section 112 of the Income Tax Act, 1961 and other relevant provisions of the Act, long term capital gains arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and education cess) (without indexation), at the option of the Shareholders.

3. Non Resident Indians/Members (other than FIIs and Foreign Venture Capital Investors)

- By virtue of Section 10(34) of the IT Act, income earned by way of dividend income from another domestic company referred to in Section 115-0 of the IT Act, is exempt from tax in the hands of the recipients.

Tax on Investment Income and Long Term Capital Gain

- A non resident Indian (i.e. an individual being a citizen of India or person of Indian Origin) has an option to be governed by the provisions of Chapter XIIA of the Income Tax Act, 1961 viz. "Special Provisions Relating to Incomes of Non-Residents".

- Under Section 115E of the Income Tax Act, 1961, where shares in the Company are subscribed for in convertible Foreign Exchange by a Non Resident Indian, capital gains arising to the non resident on transfer of shares held for period exceeding 12 months shall be concessionaly taxed at the flat rate of 10% (plus applicable surcharge and education cess) without indexation benefit but with protection against foreign exchange fluctuation. Capital gain on transfer of Foreign Exchange Assets, not to be charged in certain cases
- Under provisions of Section 115F of the Income Tax Act, 1961, long term capital gains arising to a non resident Indian from the transfer of-shares of the Company subscribed to in convertible Foreign Exchange shall be exempt from Income Tax if the net consideration is reinvested in specified assets or in any savings certificates referred to in clause 4B of Section 10 within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets or any such savings certificates are transferred or converted within three years from the date of their acquisition.

Return of Income not to be filed in certain cases

- Under provisions of Section 115G of the Income Tax Act, 1961, it shall not be necessary for a Non-Resident Indian to furnish his return of Income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible has been deducted at source there from.

Other Provisions

- Under Section 115-I of the Income Tax Act, 1961, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any Assessment Year by furnishing his Return of Income under Section 139 of the Income Tax Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so, the provisions of this Chapter shall not apply to him instead the other provisions of the Act shall apply.
- Under the first proviso to Section 48 of the Income Tax Act, 1961, in case of a non-resident, in computing the capital gains arising from transfer of shares of the Company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.
- Under Section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gains are invested upto Rs. 50 lakhs within a period of 6 months from the date of transfer in the bonds redeemable after 3 years and issued on or after April 1, 2007 by:
 - National Highways Authority of India constituted under section 3 of National Highways Authority of India Act, 1988;
 - Rural Electrification Corporation Limited, a Company formed and registered under the Companies Act, 1956; If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

- Under Section 54F of the Income Tax Act, 1961 and subject to the condition and to the extent specified therein, long term capital gains arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from Capital gains tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- Under Section 112 of the Income Tax Act, 1961 and other relevant provisions of the Act, long term capital gains arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge and Education Cess) after indexation as provided in the second proviso to Section 48; indexation not available if investments made in foreign currency as per the first proviso to section 48 stated above) or at 10% (plus applicable surcharge and Education Cess) (without indexation), at the option of assessee.

4. Mutual Funds

- In terms of Section 10 (23D) of the Income Tax Act, 1961, mutual funds registered under the Securities and Exchange Board of India Act 1992 and such other mutual funds set up by public sector banks or public financial institutions authorized by the Reserve Bank of India and subject to the conditions specified therein, are eligible for exemption from income tax on their entire income, including income from investment in the shares of the company.

5. Foreign Institutional Investors (FIIs)

- By virtue of Section 10(34) of the IT Act, income earned by way of dividend from another domestic company referred to in Section 115-0 of the IT Act, is exempt from tax in the hands of the institutional investor.
- The income by way of short term or long term capital gains realized by FIIs on sale of shares in the Company would be taxed at the following rates as per Section 115AD of the Income Tax Act, 1961.
 - Short term capital gains - 30% (plus applicable surcharge and Education Cess)
 - Short term capital gains covered U/s 111A- 10% (plus applicable surcharge and Education Cess)
 - Long term capital gains - 10% (without cost indexation) plus applicable surcharge and Education Cess (shares held in a company would be considered as a long term capital asset provided they are held for a period exceeding 12 months).
- Under Section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of 3 years in the bonds redeemable after 3 years and issued on or after April 1, 2007 by
 - National Highways Authority of India constituted under section 3 of National Highways Authority of India Act, 1988;
 - Rural Electrification Corporation Limited, registered under the Companies Act, 1956;

6. Venture Capital Companies / Funds

- In terms of Section 10 (23FB) of the Income Tax Act, 1961, all Venture Capital Companies Funds set up to raise funds for investment in a venture capital undertaking and registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including income from dividend.

B2. Under the Wealth Tax Act, 1957

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of Section 2 (ea) of Wealth Tax Act, 1957, hence Wealth Tax Act will not be applicable.

B3. Under the Gift Tax Act, 1957

Gift of shares of the Company made on or after October 1, 1998 are not liable to Gift Tax

Notes:

At present, the Company does not enjoy any special tax benefits. All the above benefits are as per the current tax law as amended by the Finance Act, 2007 and will be available only to the sole/ first named holder in case the shares are held by joint holders.

In respect of non residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.

In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor, with respect to specific tax consequences of his/her participation in the issue.

The above statement of possible direct and indirect taxes benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

The information in this section has been extracted from the websites of and publicly available documents from various sources, including the Ministry of Power, CEA and the Planning Commission of India. The data may have been re-classified by us for the purpose of presentation.

Overview

India has emerged as one of the fastest growing economies in the world. Its current economic performance reflects a healthy trend based on increased consumption, investment and exports. Over the next five years, this growth is expected to continue.

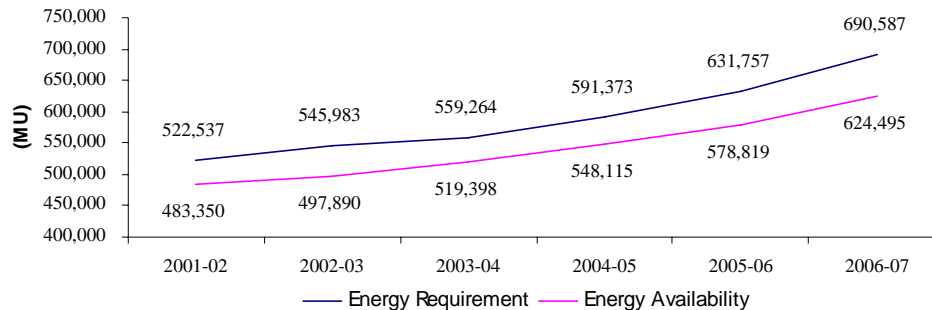
A key risk to the continued growth of the Indian economy is inadequate infrastructure. Infrastructure investment in India is on the rise, but growth may be constrained without further improvements. The Government of India has identified the power sector as a key sector of focus to promote sustained industrial growth. It has embarked on an aggressive mission –“Power for All by 2012”– and has undertaken multiple reforms to make the power sector more attractive to private sector investment.

Indian Power Sector

Demand Supply Scenario

The power industry in India has historically been characterized by energy shortages which have been increasing over the years.

The following graph presents the gap between requirement and supply of electricity in India from fiscal year 2001-02 (April 1, 2001 – March 31, 2002) to fiscal year 2006-07 (April 1, 2006 – March 31, 2007):



Source: CEA, Power Scenario at a Glance, October 2007

The gap between demand and supply has been increasing, leading to increased power shortages. The following table highlights the peak deficit over the years:

Fiscal Year	Peak Deficit (MW)
2001-02	10,293
2002-03	9,945
2003-04	9,508
2004-05	10,254
2005-06	11,463
2006-07	13,897
April-September 2007	12,409

Source: CEA, Power Scenario at a Glance, October 2007

The peak deficit for the period between April – September 2007 was 12,409MW. The peak deficit varies across India, ranging from 5.8% of peak demand requirements in the Southern Region to 26.5% of peak demand requirements in the Western Region. The following table depicts the peak deficit scenario for the period between April – September 2007 across different regions in India.

Figures in Net Mw unless otherwise noted

Region	Peak Demand	Peak Supply	Deficit	Deficit (%)
North	32,308	29,495	2,813	8.7
West	36,371	26,732	9,639	26.5
South	25,682	24,194	1,488	5.8
East	11,284	10,562	722	6.4
North-East	1,589	1,347	242	15.2
All India	102,428	90,019	12,409	12.1

Lakshadweep and Andaman & Nicobar Islands are standalone systems, power supply position of these, do not form part of regional requirements and availability

Source: CEA, "Power Scenario at a Glance", October 2007

According to the 17th EPS, India's peak demand will reach 152,746 MW with an energy requirement of 968 billion units ("BUs") by fiscal year 2011-12. By the fiscal year 2016-17, peak demand will reach 218,209 MW with an energy requirement of 1,392 BUs.

Based on the snapshot daily schedule data (drawn on a trail basis) available with the Maharashtra State Load Dispatch Center (<http://mahasldc.in>), the peak demand schedule for Mumbai was around 2,273 MW as on Dec 31, 2007.

Projected Energy Requirement and Peak Load

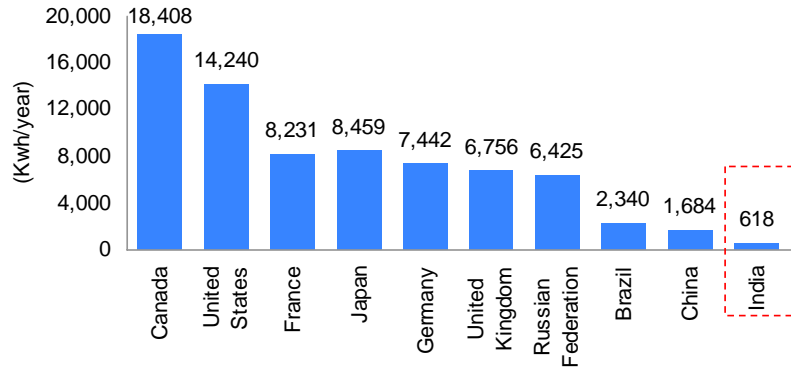
	Energy Requirement (MU)			Peak Load (MW)		
	2006-07	2011-12	2016-17	2006-07	2011-12	2016-17
Northern	209,137	294,841	411,513	32,487	48,137	66,583
Western	233,486	294,860	409,805	35,143	47,108	64,349
Southern	176,037	253,443	380,068	27,441	40,367	60,433
Eastern	70,547	111,802	168,942	11,436	19,088	28,401
NE Region	8,534	13,329	21,143	1,549	2,537	3,760
Islands ⁽¹⁾	219	384	595	51	88	136
All India	697,961	968,659	1,392,066	104,867	152,746	218,209

⁽¹⁾ "Islands" includes Lakshadweep and Andaman & Nicobar.

Source 17th EPS Report, CEA

Consumption Levels

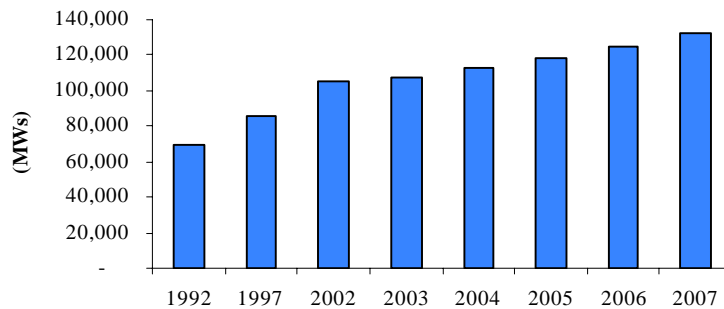
The per capita consumption of energy in India is extremely low in comparison to most other parts of the world, in part due to unreliable supply and inadequate distribution networks. According to World Energy Outlook, 2006, over 400 million of the population in India did not have access to electricity. The following chart prepared by the UNDP compares per capita electricity consumption of energy in various developed and developing countries.



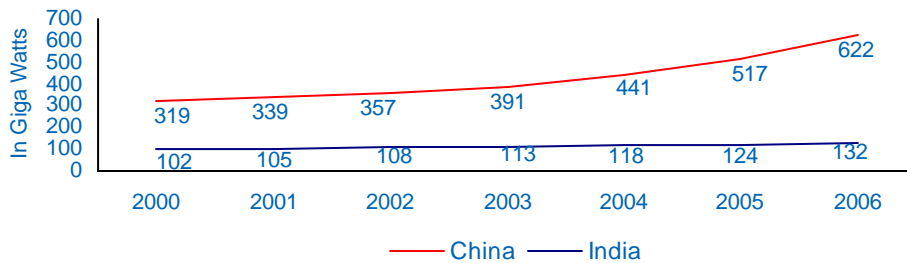
Source: World Energy Outlook, 2006; Human Development Report 2007-08

Installed Generation Capacity

According to the Ministry of Power, as of September 30, 2007, India has an installed generation capacity of approximately 135,782 MW. Despite the fact that the economic liberalization policies of the government, which began in 1992, were designed to fuel growth across all sectors, the power industry has not grown sufficiently to meet demand. The economy still faces an acute shortage of power. The following graph depicts installed capacity levels over the years:



Source: Ministry of Power

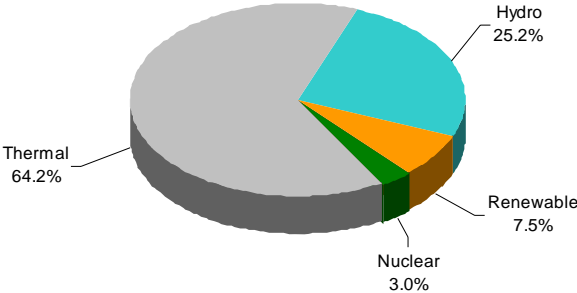


Source: China Electricity Council, China Power Year Book
 Government of India, Ministry of Statistics & Programme Implementation
Note: Capacity for India is as of year ending March of the next year

The chart above shows the capacity addition in India as compared to China. In the year 2006, China added a capacity of 105 GW while India added a mere 6 GW in the same period.

Currently, India pursues all available fuel options and conventional, non-conventional and emerging power generation technologies. Thermal power plants powered by coal, gas, naphtha or oil accounted for approximately 64.42%, hydroelectric stations accounted for approximately 25.2%, nuclear stations accounted for approximately 3.0% and renewable energy sources accounted for approximately 7.5% of total power capacity.

The following graph presents installed generation capacity in India by sources of energy.



Source: Ministry of Power, as of September 30, 2007

Installed Generation Capacity by Sector

Public entities such as the National Thermal Power Corporation and state generation companies have been prominent players in capacity addition in the power sector. The participation of private sector, however, has increased over time owing to power sector reform.

As of September 30, 2007, the state government sector led installed capacity levels with 70,947 MW, or 52.3% of the total installed capacity in India, followed by the central sector at 46,166 MW, or 34.0% of the total installed capacity in India, and by the private sector at 18,669 MW, or 13.7% of total installed capacity in India. (*Source: Ministry of Power*)

Fuel Resources

In order to meet the growing demand for power, India is expected to continue to exploit all available energy sources. There is a priority for developing cleaner sources of energy like hydro electric power and other renewable and non-conventional sources, but coal based thermal generation is likely to continue to dominate power generation in India.

Thermal

Thermal plants can be based on coal, lignite, gas, LNG or liquid fuel. Based on the installed power generation capacity as of September 30, 2007, coal based thermal plants comprised 82.8% of the total available thermal capacity. The Geological Survey of India estimates that coal reserves stood at 253 billion tonnes as of January 2006, with more than 87% of these being of non-coking grade, which is primarily used for power generation. In addition, the geological reserves of lignite are approximately 35.6 billion tonnes, according to the 17th EPS.

Natural gas is increasingly used in Combined Cycle Gas Turbine power stations in view of the very high efficiencies resulting from the use of advanced technology gas turbines. CEA expects natural gas to gain significance in power generation also because it is more environmentally friendly and is easier to use than oil.

Under its New Exploration Licensing Policy, the Government of India allocated blocks for the exploration of gas which has resulted in the discovery of gas reserves.

Hydro

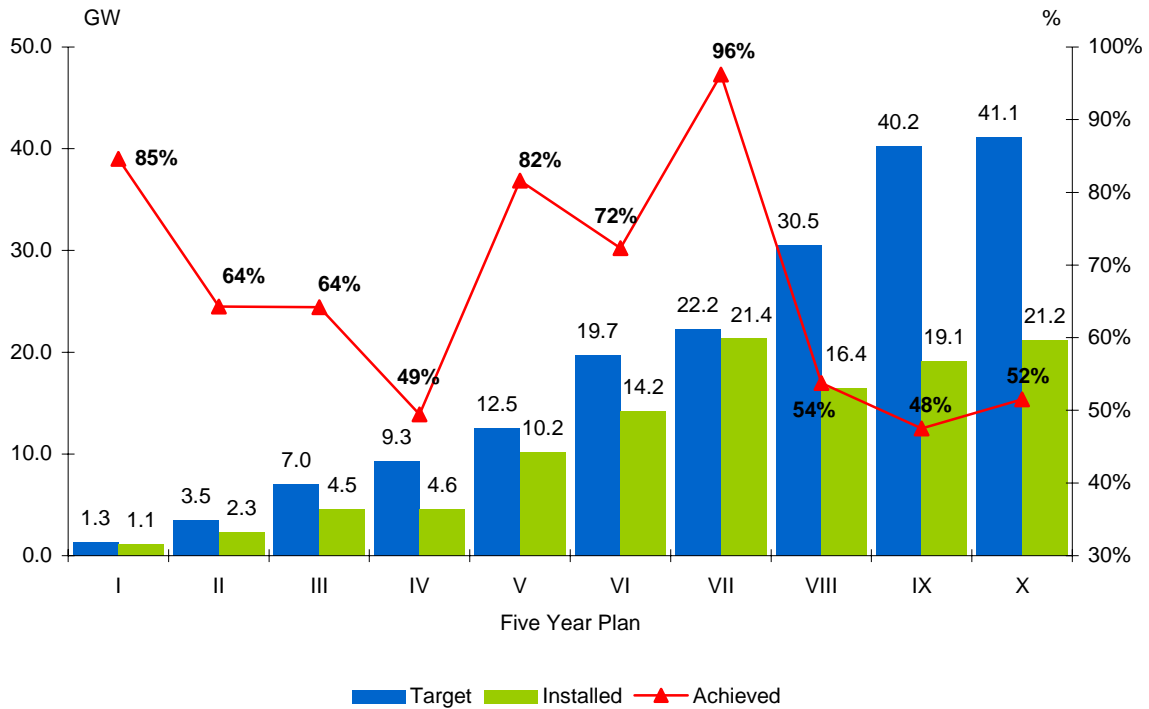
According to National Electricity Plan (April, 2007), it is estimated that the total theoretical potential of hydroelectric power generation is about 300,000 MW and economic power potential as about 50,000 MW.

Nuclear

Nuclear power is a clean, environment friendly and economically viable source of power generation. It will have an increasingly important role in power generation and providing energy security given the finite resources of fossil fuel. Future programmes have been laid out in the 17th EPS for the development of 20,000 MW of nuclear power by 2020.

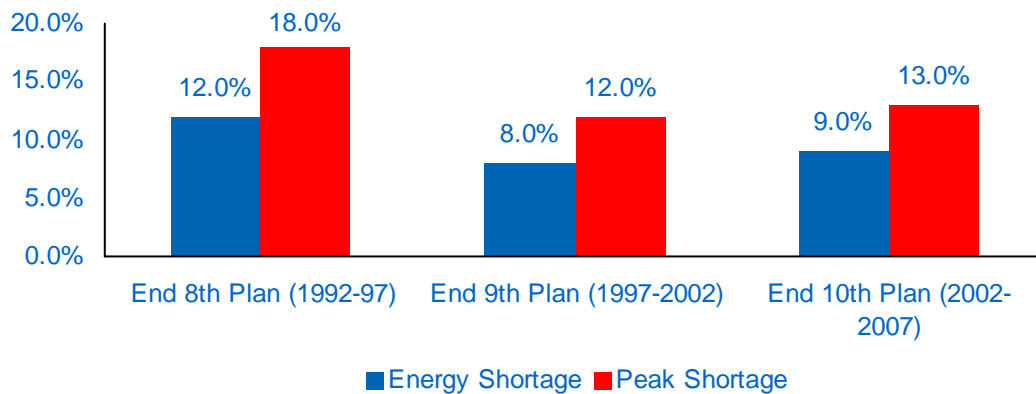
Capacity Additions

The Government of India adopts a system of successive Five-Year Plans that set out targets for economic development in various sectors, including the power sector. Each successive Five-Year Plan has increased targets for additional capacity based on different fuel sources. The Tenth Five-Year Plan for 2002 to 2007 targeted a capacity addition of 41,110 MW. However, the actual capacity addition in the 10th Five-Year Plan was just 21,180 MW.



Source: "White Paper on Strategy for 11th Plan", CEA & CII

As depicted in the graph above, the actual capacity additions have significantly lagged the targeted additions since the 7th Five-Year Plan. The failure to meet capacity addition targets has aggravated the demand and supply gap.



Source: CEA

The chart above summarizes the energy shortages faced in India in the last fifteen years. As can be seen, there has been a consistent energy shortage and a large unmet demand for power.

Proposed Capacity Additions during 11th Five-Year Plan (2007-12):

The 11th Five-Year Plan recommends generation planning based on an estimated 9.5% growth in required energy each year. As a result, a capacity addition of 78,577 MW is recommended in the 11th Five-Year Plan as given below:

Sector	Hydro	Thermal	Nuclear	Total (%)
Central	9,685	26,800	3,380	39,865 (50.7%)
State	3,605	24,347	-	27,952 (35.6%)
Private	3,263	7,497	-	10,760 (13.7%)
All-India	16,553	58,644	3,380	78,577 (100%)

Source: Working Group on Power-11th Plan (2007-12)

Required capacity additions foreseen by the 12th Five-Year Plan

The requirement of installed capacity and capacity addition to meet the generation requirement during the 12th Five-Year Plan period is given in table below:

Capacity addition required during 12th Five-Year Plan (2012-17):

GDP Growth	GDP / Electricity Elasticity	Electricity Generation Required (BU)	Peak Demand (MW)	Installed Capacity (MW)	Capacity Addition Required During 12 th Plan (MW)
8%	0.8	1,415	215,700	280,300	70,800
	0.9	1,470	224,600	291,700	82,200
9%	0.8	1,470	224,600	291,700	82,200
	0.9	1,532	233,300	303,800	94,300
10%	0.8	1,525	232,300	302,300	92,800
	0.9	1,597	244,000	317,000	107,500

Source: Working Group on Power-11th Plan (2007-12)

Under various growth scenarios, the capacity addition required during 12th Five-Year Plan would be in the range of 70,800 - 107,500 MW, based on normative parameters. The 11th Plan Working Group recommends a capacity addition of 82,200 MW for the 12th Five-Year Plan based on the scenario of 9% GDP growth rate and an elasticity of 0.8%.

Large investments will be required to achieve the target of per capita consumption of 1000 KWh by 2012 as set by the Government of India.

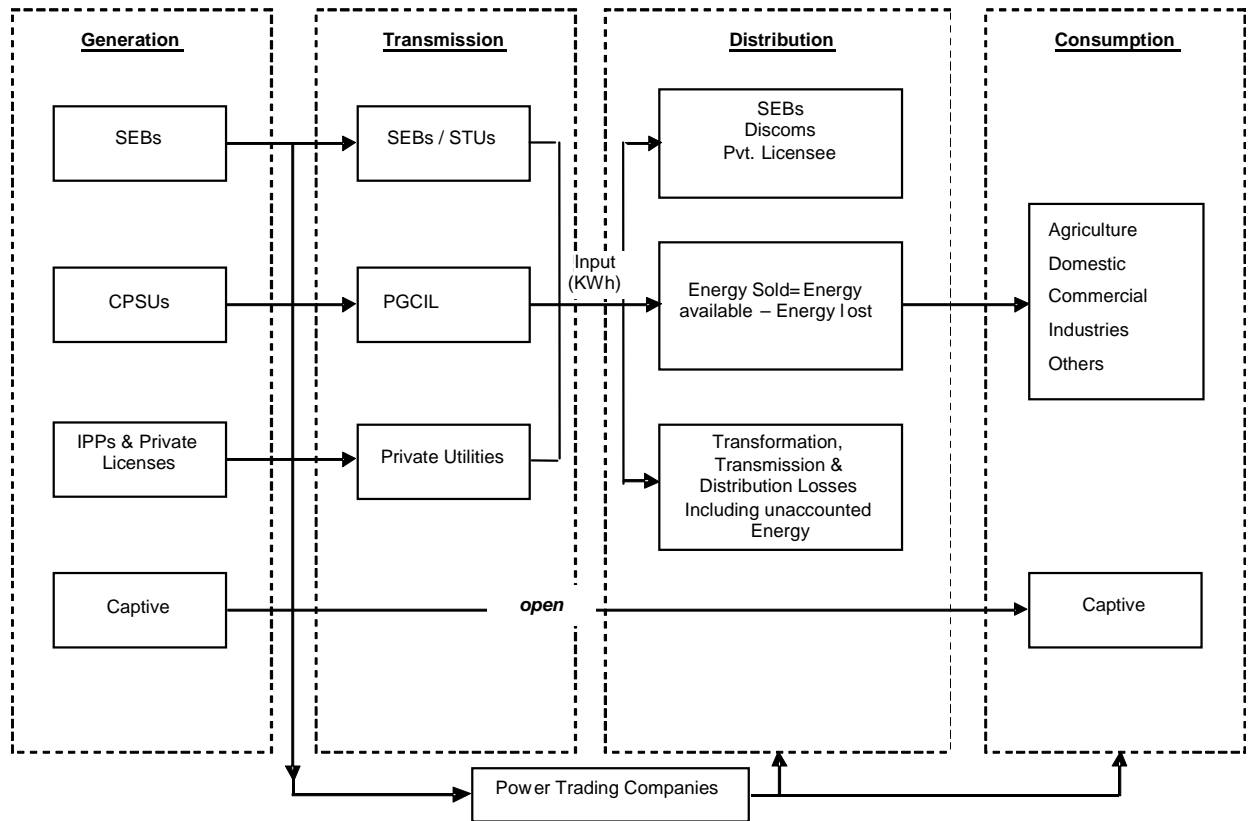
(Source: Report of the Eleventh Plan (2007-12), The Working Group on Power Ministry of Power, February 2007)

Captive Power Generation in India

Another segment of power in India is the captive power segment. Captive power refers to power generation from a project set up for industrial consumption. According to CEA Report, July 2007, captive power capacity, at 14,636 MW, accounted for 10.8% of total installed capacity in India. The dependence on captive power has been increasing, due to the continuing shortage of power and India's economic growth.

The Electricity Act 2003 provided additional incentives to captive power generation companies to grow by exempting them from licensing requirements. This has resulted in an increase in captive power capacity. Reliability of power supply and better economics are other factors driving industries to develop captive generation plants.

Structure of the Power Industry



State Gencos: State Generation Companies
 CPSUs: Central Public Sector Units
 IPPs: Independent Power Producers
 STUs: State Transmission Unit
 Discoms: Distribution Companies
 PGCIL: Power Grid Corporation of India Limited

Power Generation

Thermal Power Generation

Thermal power can be generated in steam-cycle power plants, combined-cycle power plants and integrated gasification combined-cycle power plants.

1) Steam-cycle power plants

In a steam-cycle power plant, pulverized coal or lignite is burnt to boil water in a boiler and generates steam at high temperature and pressure. This steam is used to run a steam turbine, coupled with an electric generator. Some of the heat generated is lost through radiation from pipelines, leakage from equipment and heat carried by the exhaust from the turbine. The ratio of the heat converted into electricity to the total heat generated by burning the fuel is referred to as the thermal efficiency of the plant. Typically, the thermal efficiency of conventional steam-cycle power plants ranges between 33% and 37%.

Recent developments in technology have helped increase the thermal efficiency of steam-cycle power plants to nearly 45%. These developments include the use of fluidised bed combustion boilers, which also reduce the emission of sulphur oxides, the use of supercritical steam boilers (with respect to temperature and pressure parameters), and the use of coal gasification technology in combination with cycle technology.

2) *Combined-cycle power plants*

In a combined-cycle power plant, high temperature and high-pressure gases, produced by burning natural gas or naphtha, are used to run a gas turbine in the open-cycle mode. The exhaust gases from the gas turbine also carry significant amounts of heat which is utilised to generate steam in a heat-recovery steam generator in the combined-cycle mode. The steam is used to run a steam turbine. Although the thermal efficiency of a gas-based power plant (about 20% to 30%) is lower than that of a coal-based plant, the total thermal efficiency of the plant in the combined-cycle mode is significantly higher (45% or more).

Technological developments have enabled combined-cycle power plants to achieve thermal efficiency of up to 60%. The most important development that has helped increase efficiency is the use of higher temperature gases at the turbine inlet.

3) *Integrated gasification combined-cycle power plants*

Integrated gasification combined cycle (“IGCC”) technology is used to increase the thermal efficiency of coal-based power plants and reduce emissions. In IGCC plants, coal is gasified using a gasifier. The gaseous coal is purified to remove pollutants such as sulphur. The purified coal is subsequently burned to generate hot gases, which are used to run a gas turbine. The exhaust gases, containing waste heat, are used to boil water and generate steam; this steam is used to run a steam turbine. IGCC technology can deliver thermal efficiency of up to 50%. In addition, it can also be used with other heavy fuels such as refinery residues and petroleum coke.

Hydroelectric Power Generation

Hydroelectric energy is a clean, renewable and sustainable energy source. In a hydroelectric power station, energy is harnessed from water by running it from a higher height to a lower height and in the process driving a hydro-turbine, which rotates an alternator to produce electricity. Developing hydroelectric power enhances energy security and there is no fuel cost during the life of the project. Its generation is unaffected by issues concerning fuel supply, particularly the volatile prices fluctuations which affect imported fuels. Hydroelectric power stations are capable of instantaneous starting and stopping and are able to accommodate various loading alternatives. They help in improving the reliability of power systems and are ideal for meeting demand during peak times.

The principal classification for the various types of hydroelectric power developments are:

- 1) ***Run-of-the-river scheme.*** In this type of scheme electricity is generated from the water flow of a river or other moving water source. This type of project generally has no reservoir to store water inflow from the catchment area. Storage ponds can be constructed to divert water in a run-of-the river scheme; however, these storage ponds do not have an impact on the flow of the water source. Storage ponds on run-of-the-river schemes (“pondage schemes”) are used to mitigate the impact of short-term variations in the water flow.
- 2) ***Storage schemes.*** These schemes include a reservoir which a seasonal surplus of water in excess of demand is stored for use of generating electricity in seasons of lower flows when demand exceeds inflow. In a storage scheme there is much greater flexibility for modulation of inflows. It can have annual or even carry-over capacity from one year to the next.
- 3) ***Tidal plant schemes.*** In a tidal plant scheme, electric power is generated by virtue of the daily differences in tidal levels. The tidal range, or amplitude, is given by the difference between the high tide level and the subsequent low tide level. The tidal range is not constant but fluctuates to a smaller or larger extent around a local mean value depending on geographical position.
- 4) ***Pumped storage schemes.*** In these schemes water is used to generate power during peak demand, while the same water is pumped back in the reservoir during periods of lean demand. A pumped storage plant operates on the principle that the same machines are used for generation of power during peak hours when power is given to the network and for pumping back water into the reservoir during off-peak hours,

utilising power from the system. The provision is based on economics of operation and the availability of enough spare capacity in the grid to operate the machines as pumps in the low load period.

Transmission and Distribution

In India, the transmission and distribution system is a three-tier structure comprising regional grids, state grids and distribution networks. Most interstate transmission links are owned and operated by the PGCIL though some are jointly owned by the SEBs. In addition, PGCIL owns and operates many inter-regional transmission lines (which are a part of the national grid) to facilitate transfer of power from a region of surplus to one with deficit. State grids and distribution networks are primarily owned and operated by the respective SEBs or state governments (through state electricity departments).

Because peak demand does not occur simultaneously in all states, situations may arise in which there is surplus of power in one state while another state faces a deficit. The regional grids facilitate transfers of power from a power surplus state to a power deficit state. The grids also facilitate the optimal scheduling of maintenance outages and better co-ordination between the power plants. The regional grids are to be gradually integrated to form a national grid, whereby surplus power from a region could be transferred to a region facing power deficits, thereby facilitating a more optimal utilisation of the national generating capacity.

In addition, the Electricity Act 2003 provides for open access, whereby any generator has non-discriminatory access to transmission lines or distribution systems, and permits the creation of alternative or parallel distribution networks. Private sector investments have been allowed in the transmission sector and foreign direct investment in this sector is being encouraged by the Government.

Power Trading

The Electricity Act 2003 recognized power trading as a distinct activity from generation, transmission and distribution. Power trading involves the exchange of power from suppliers with surpluses to suppliers with deficits. Seasonal diversity in generation and demand, as well as the concentration of power generation facilities in the fuel-rich eastern region of India, have created ample opportunities for the trading of power. Recent regulatory developments include the announcement of rules and provisions for open access and licensing related to interstate trading in electricity. Under the rules notified, the regulatory intention is the promotion of competition. Several entities have started trading operations or have applied for trading licenses.

Tariffs

Tariffs for IPPs are governed by agreements between power generation companies and processors known as PPAs. Tariffs for state sector generators are regulated by the SERCs. The Electricity Act 2003 empowers the Central Electricity Regulatory Commission (“CERC”) to set the tariff of generating companies owned or controlled by the Government and other entities with interstate generation or transmission operations.

The Government has notified the National Tariff Policy (“NTP”) on January 6, 2006. This NTP has aided the power reforms by outlining guidelines for multi-year tariffs, rate of returns for generation and transmission projects, tariff modalities for utilities, subsidy to consumers and cross subsidy calculations. These guidelines are not applicable however, if the tariff is fixed through a transparent bidding process.

Provisions of Electricity Tariff Policy

One of the main objectives of the tariff policy is to promote competition, efficiency in operations and improvement in quality of supply and ensure availability of electricity to consumers at reasonable and competitive rates. The Tariff Policy reiterates the importance of implementing competition in different segments of the electricity industry as highlighted in the Electricity Act, 2003 and that competition will lead to significant benefits to consumers through reduction in capital costs and also efficiency of operations. It will also facilitate competitive pricing.

The policy stipulates that all future power equipment needs should be procured competitively by distribution licensees except in cases of expansion of existing projects or where there is a state controlled or state-owned

developer involved, in which case, regulators will need to resort to tariff determination based on norms. Even PSUs will have to bid for projects to determine tariffs after a certain period of time.

Guidelines for tariff based competitive bidding

The Guidelines for competitive bidding for determining tariffs for the procurement of power by distribution licensees were issued on January 19, 2005 with the main objectives of promoting competitive procurement, facilitating transparency and fairness, reducing information asymmetry, protecting and finally providing flexibility to suppliers on availability of power while ensuring certainty on tariffs for buyers. These initiatives are causing a change in the bidding process from the traditional cost plus-fixed price bidding norms to an international competitive bidding process.

Ultra Mega Power Projects

Recognizing the fact that large power projects bring economies of scale and lead to cheaper power, the Ministry of Power, CEA, and PFC are working together to develop nine UMPPs through tariff-based competitive bidding. In order to meet the growing divide between power demand and supply, these large scale projects are seen as a step to help reduce the power deficit and facilitate competitive involvement of various power generating agencies. In order to ensure the smooth progress of these projects, the Ministry of Power has taken steps to coordinate with various ministries and agencies of both the Central and State governments to assist developers. These projects are awarded to developers on a Build- Own-Operate (BOO) basis and generally have a capacity of 4,000 MW. These projects are expected to add approximately 36,000 MW at nine locations within 7-8 years and help achieve targets for capacity addition. In order to enhance investors' confidence, reduce risk perception and receive a healthy response to competitive bidding, nine shell companies were set up as subsidiaries of PFC to facilitate the tie-up of inputs, linkages and clearances for these projects. These companies will undertake preliminary studies and obtain necessary clearances and tie-ups, including water, land and off-take arrangements prior to award of these projects by way of selection through a tariff-based International Competitive bidding process. The shell companies also facilitate obtaining environmental clearances. To date, projects have been awarded for three UMPPs, Sasan in Madhya Pradesh, Mundra in Gujarat and Krishnapatnam in Andhra Pradesh. The Sasan and Krishnapatnam projects have been awarded to us while Tata Power was awarded the Mundra project.

National Electricity Plan

The Electricity Act 2003, requires CEA to publish the National Electricity Plan once in every 5 years and revise the same from time to time in accordance with the National Electricity Policy. This plan serves as a roadmap for optimum growth of the power sector. Under this plan, CEA formulates short term and prospective plans for the development of electricity systems and coordinates the activities of the various planning agencies for the optimal utilisation of resources to serve the interests of the national economy.

The National Electricity Policy aims to achieve the following objectives:

- Availability of electricity for all households in the next five years;
- Power demand to be fully met by 2012. Energy and peaking shortages to be overcome and adequate reserves to be available;
- Supply of reliable and quality power of specified standards in an efficient manner and at reasonable rates;
- Per capita availability of electricity to be increased to over 1000 kWh by 2012;
- Minimum lifeline consumption of 1 unit/household/day as a merit good by year 2012;
- Financial Turnaround and Commercial Viability of Electricity Sector; and
- Protection of consumers' interests.

Clean Development Mechanism

The concept of reduced carbon emissions came into existence as a result of increasing awareness about global warming and the need to control the greenhouse gas ("GHG") emissions. The Kyoto Protocol is an international

agreement under United Nations Framework Convention on Climatic Change, adopted to reduce GHG omissions. 156 countries which emit 61.6% of global GHG have ratified the Kyoto Protocol.

Clean Development Mechanism (“CDM”) is a mechanism under the Kyoto Protocol aimed at reducing GHG emissions. Certified Emission Reductions (“CERs”) are issued for projects, which reduce emission of six identified GHG, in the developing nations. Each CER is equivalent to one ton of Carbon dioxide equivalent reduction that has been achieved. Developed countries that have exceeded their permitted GHG levels can reduce emissions either through domestic actions within their national boundaries or through purchase of CERs. Trading of CERs is similar to other financial instruments such as stocks in certain designated exchanges. The most prominent of these exchanges are Chicago Climate Exchange and European Climate Exchange.

All renewable energy generation projects, gas-based generation facilities and coal-based generation facilities with generation efficiency meeting certain criteria are eligible for CERs.

Future Outlook

The Ministry of Power has set a goal—Mission 2012: Power for All. Based on the 17th EPS, the total energy requirement in India will increase to 968,659 GWh by fiscal year 2012, 1,392,066 GWh by fiscal year 2017 and to 1,914,508 GWh by fiscal year 2022. This would lead to an annual electric peak load of 152,746 MW in fiscal year 2012, 218,209 MW in fiscal year 2017 and 298,253 MW in fiscal year 2022. The northern region is expected to contribute 30.1% and the western region is expected to contribute 28.4% of the overall annual electric peak load in fiscal year 2022. The Government has estimated the total investment potential of the sector at Rs. 9,000 billion for a specified period up to fiscal year 2011. This represents a significant opportunity for capacity expansion and growth for power generation companies, both in the public and the private sector

In line with the aggressive targets set by the government, a comprehensive Blueprint for Power Sector development has been prepared encompassing an integrated strategy with the following objectives:-

- Sufficient power to achieve a GDP growth rate of 8%;
- Reliability of power;
- Improved quality of power;
- Optimal power cost to ensure availability at affordable prices; and
- Commercial viability of power industry to make it attractive for private sector participation.

The Government, through the Ministry of Power, has laid out the following broad strategies to achieve these objectives:

- Power Generation Strategy—focusing on low cost generation, optimization of capacity utilization, controlling input costs, optimisation of fuel mix, technology upgrades and utilization of non conventional energy sources;
- Transmission Strategy—focusing on developing the National Grid, including interstate connections, technology upgrades and optimization of transmission cost;
- Distribution Strategy—achieving distribution reforms by focusing on system upgrades, loss reduction, theft control, consumer service orientation, quality power supply commercialization, decentralized distribution and supply for rural areas;
- Regulation Strategy—protecting consumer interests and making the sector commercially viable;
- Financing Strategy—to generate resources for required growth of the power sector;
- Conservation Strategy—to optimise the utilization of electricity with a focus on demand-side management, load management and technology upgrades to provide energy efficient equipment; and
- Communication Strategy—forming political consensus with media support to enhance public awareness.

OUR BUSINESS

I. Overview

Reliance Power Limited

We are a company that is part of the Reliance ADA group and were established to develop, construct and operate power projects domestically and internationally. The prevailing and expected electricity demand and supply imbalance in India presents significant opportunities in the power generation sector. The Government of India's vision of "Power for All" by 2012 will require aggressive growth and increased private sector participation. To capitalize on this opportunity, we are currently developing 13 medium and large sized power projects with a combined planned installed capacity of 28,200 MW, one of the largest portfolios of power generation assets under development in India.

Our 13 power projects are planned to be diverse in geographic location, fuel type, fuel source and off-take, and each project is planned to be strategically located near an available fuel supply or load center. The identified project sites are located in western India (12,220 MW), northern India (9,080 MW) northeastern India (2,900 MW) and southern India (4,000 MW). They include seven coal-fired projects (14,620 MW) to be fueled by reserves from captive mines and supplies from India and abroad, two gas-fired projects (10,280 MW) to be fueled primarily by reserves from the Krishna Godavari Basin (the "KG Basin") off the east coast of India, and four hydroelectric projects (3,300 MW), three of them in Arunachal Pradesh and one in Uttarakhand. We intend to sell the power generated by these projects under a combination of long-term and short-term PPAs to state-owned and private distribution companies and industrial consumers.

Our projects include:

- Rosa Phase I, a 600 MW coal-fired project in Uttar Pradesh which is currently under construction and scheduled to be commissioned in March 2010.
- Rosa Phase II, a 600 MW expansion of Rosa Phase I which is scheduled to be commissioned in September 2010.
- Butibori, a 300 MW coal-fired project which will supply power to a group of industrial consumers in Maharashtra and is scheduled to be commissioned in June 2010.
- Sasan, one of the first UMPPs promoted and awarded by the Government of India. This 3,960 MW supercritical coal-fired power project is expected to be the largest pithead coal-fired power project at a single location in India and is scheduled to be commissioned in April 2016 as stated in the PPA. We will endeavour to commission the project ahead of the specified schedule, as permitted under the PPA.
- Shahapur, a 4,000 MW coal-fired (1,200 MW) and combined cycle gas-fired (2,800 MW) project in Shahapur, Maharashtra, which we intend to develop in two phases: Shahapur Coal, a supercritical coal-fired project, is scheduled to be commissioned in December 2011, and Shahapur Gas, a combined cycle gas-fired project, is scheduled to be commissioned in March 2011.
- Urthing Sobla, a 400 MW, run-of-the-river hydroelectric project, will be located on the Daulinganga River in Uttarakhand and is scheduled to be commissioned in March 2014.

Six other projects—the gas-fired Dadri (7,480 MW), the coal-fired MP Power (3,960 MW) and Krishnapatnam (4,000 MW) projects and three run-of-the-river hydroelectric projects, Siyom (1,000 MW), Tato II (700 MW) and Kalai II (1,200 MW)—are in various stages of development. Dadri, a 7,480 MW project to be located in Uttar Pradesh, is expected to be the largest gas-fired power project at a single location in the world. Krishnapatnam, a 4,000 MW coal-fired power project, will be located in Andhra Pradesh and is the most recently awarded UMPP.

According to projections made in the National Electricity Plan, demand for power is expected to grow at an average annual rate of 9% during the 11th Plan period (2007-12) and at an average annual rate of 7% during the 12th Plan

period (2012-17). In addition to the 28,200 MW of power projects that we are currently developing, we intend to develop additional power projects to help meet this demand. We are considering the development of coal-bed methane (“CBM”) power generation projects based on fuel from CBM blocks being explored by a consortium that includes our affiliates. We also intend to invest in overseas opportunities that are a strategic fit with our business. We intend to explore the possibility of registering certain of our projects with the Clean Development Mechanism executive board for the issuance of carbon emission reduction certificates that we may sell.

Reliance Power and the Reliance Anil Dhirubhai Ambani group

We are a part of the Reliance ADA group, one of India’s largest business houses by market capitalization (approximately Rs. 2,825 billion as of December 20, 2007 as per NSE website). The Reliance ADA group comprises companies in the telecommunications, financial services, media and entertainment, infrastructure, energy and other sectors. The Reliance ADA group includes RCOM, one of the largest wireless carriers in India in terms of coverage and capacity, RCL, one of the largest private sector financial services companies in India with over Rs. 777,650 million in assets under management as of November 30, 2007, and Adlabs Films Limited, one of the leading movie and entertainment companies in India. Its energy sector companies include REL, RNRL, Reliance Energy Transmission and Reliance Energy Trading.

The Reliance ADA group intends Reliance Power to be its primary vehicle for investments in the power generation sector in the future. However, there is no non-compete agreement in place between REL and us. We have entered and intend to enter into various arrangements with companies of the Reliance ADA group, including REL, RNRL and Reliance Energy Transmission, so that we may draw upon the considerable expertise and resources these affiliates have in the Indian energy sector. We expect they will provide, among other services, EPC services, fuel sourcing and transmission services for certain of our projects. We also expect to enter into off-take arrangements with certain of our affiliates, including REL and Reliance Energy Trading.

REL is now one of the largest private sector power distributors and power generation companies in India. It has power generation projects in Andhra Pradesh, Karnataka, Maharashtra and Goa with a combined installed capacity of 941 MW. One of these projects, the 500 MW Dahanu project in Maharashtra, was the best performing Indian power project in terms of PLF for the fiscal year ending March 31, 2007 (*Source: Operation Performance Monitoring Division Report, CEA*). During the fiscal year ending March 31, 2007, REL distributed over 7.5 billion units of electricity to over 2.6 million customers in Maharashtra. REL is also one of the leading participants in the Engineering, EPC segment of the Indian power sector and had an order book of Rs. 55,247.5 million as of March 31, 2007. REL’s EPC division has been associated with the development of 44 power sector projects in the last ten years. In the power generation sector, it has significant experience in EPC contracting (including turnkey EPC and Balance of Plant projects) and is associated with the development of 25 power generation projects of various sizes that have been completed or are in progress. REL is also involved in the transmission and trading of power through its affiliates, Reliance Energy Transmission and Reliance Energy Trading, respectively. Reliance Energy Trading traded over one billion units of power during the fiscal year ended March 31, 2007.

RNRL recently commenced the business of sourcing, supply and transporting gas, coal and liquid fuels and has represented to us that it has rights to 28 mmscmd of gas in the KG Basin plus additional option volume as described below under “Description of Projects Under Development—8. Dadri—7,480 MW Gas-Fired Power Project, Uttar Pradesh—Fuel Supply.” RNRL also leads a consortium (including REL) that owns the rights to four blocks over a 3,251 km² area for the exploration and production of CBM, making it the second largest CBM exploration company in India in terms of acreage as of September 13, 2007. During the fiscal year ended March 31, 2007, RNRL supplied over 500,000 metric tonnes of imported coal to REL’s Dahanu power station.

II. Our Competitive Strengths

We believe that we are well positioned to tap the growth opportunity in the Indian power sector and become one of the leading IPPs in India because we have:

- *One of the Largest Portfolios of Power Generation Projects Under Development in India.* The 13 projects that we are developing have a combined planned installed capacity of 28,200 MW and comprise one of the largest power generation portfolios under development in India. Our portfolio includes some of the most

significant power projects in the industry. Sasan, a 3,960 MW coal-fired UMPP to be located in Madhya Pradesh, is expected to be the largest pithead coal-fired power project at a single location in India. Dadri, a 7,480 MW gas-fired project to be located in Uttar Pradesh, is expected to be the largest gas-fired power project at a single location in the world. Krishnapatnam, a 4,000 MW coal-fired project, is the third and most recently awarded UMPP. Given the size of the portfolio and these projects, we expect to benefit from economies of scale in our dealings, including in sourcing fuel and equipment supplies.

- *A Diversified Portfolio of Power Projects.* We have planned projects that are diverse in geographic location, fuel type, fuel source and off-take. The identified project sites are located in western India, northern India, north-eastern India and southern India. They include seven coal-fired projects (14,620 MW) employing supercritical (13,120 MW) and subcritical (1,500 MW) PCC technology, two gas-fired projects (10,280 MW) employing CCGT technology and four run-of-the-river hydroelectric projects (3,300 MW). We plan to source coal from captive mines and supplies from India and abroad, and we plan to source gas from the KG Basin through RNRL and from other sources. Our hydroelectric projects will be run-of-the-river projects, three of them to be located in Arunachal Pradesh and one to be located in Uttarakhand. We intend to maintain a judicious mix of off-take arrangements, including long-term PPAs to provide a level of committed revenues and short-term PPAs to maximize revenues. We plan to sell our power to state-owned and private distribution companies and industrial consumers. We also intend to invest in overseas opportunities that are a strategic fit with our business.
- *Strategically Located Power Projects.* We have located the majority of our projects in the northern, western and north-eastern regions of India to cater to the significant unmet demand in the northern and western regions of India. According to the CEA, the peak deficit was 9,639 MW in western India and 2,813 MW in northern India for the period between April and September 2007. As the peak demand for the fiscal year ended March 31, 2007 was 104,867 MW and CEA expects it to grow to 152,746 MW and 218,209 MW by the fiscal years ending March 31, 2012 and March 31, 2017, respectively, we believe that our projects are well positioned to serve expected demand. In addition, we have planned for each project to be situated either close to its fuel source or load center. For example, fuel for our 3,960 MW coal-fired power project in Sasan will be supplied by captive pithead coalmines, approximately 25 km from the project site. In the case of Rosa Phase I, the entire 600 MW of power will be sold to UPPCL and transmitted to a UPPCL substation approximately 20 km from the project site.
- *Reliance ADA group's Experience and Position in the Indian Power Sector.* REL and its affiliates have expertise in the development and operation of power projects and the distribution, transmission and trading of power in India. RNRL is a company in the business of sourcing, supply and transportation of gas, coal and liquid fuels and has represented to us that it has rights to significant estimated gas reserves in the KG Basin (28 mmscmd). We expect to draw on the expertise of REL in providing EPC services and to benefit from the rights that RNRL has to these fuel reserves. We believe that their involvement in the development of our projects will help us improve our project execution capabilities, achieve economies of scale and exploit new power generation opportunities. We have entered into an MOU with REL under which we may approach REL to negotiate a contract for its EPC services on a project-by-project basis in the future. We have entered into MOUs with RNRL to negotiate a definitive GSTA to supply 28 mmscmd plus additional option volume as described below under “—Description of Project Under Development—Dadri—7,480 MW Gas-Fired Power Project, Uttar Pradesh—Fuel Supply” and to negotiate a definitive Coal Supply Agreement for the supply of imported coal. In addition, we have entered into an MOU with Reliance Energy Transmission under which we may approach Reliance Energy Transmission to negotiate a contract for transmission services on a project-by-project basis in the future. We also expect to enter into off-take arrangements with REL and Reliance Energy Trading. For example, we have entered into an MOU with Reliance Energy Trading under which we have agreed to negotiate a PPA for the supply of 300 MW of power from Rosa Phase II for a price and on terms to be agreed. We also expect to enter into other arrangements with our affiliates for the provision of key power related management and support services. These MOUs are subject to the negotiation of binding definitive agreements between our affiliates and us.
- *The Reliance ADA group Brand.* The Reliance ADA group is a diversified business group with a strong reputation in India and the Indian power sector.

- The Reliance ADA group includes five listed companies in India in the telecommunications, financial services, media and entertainment, energy, infrastructure and other industries. These companies had a combined market capitalization of Rs. 2,825 billion as of December 20, 2007, over 7.03 million registered shareholders as of December 20, 2007, and more than 23,000 employees as of March 31, 2007.
- Mr. Anil Dhirubhai Ambani heads the Reliance ADA group and its group companies REL, RNRL and Reliance Power. In 2006, Mr. Anil Dhirubhai Ambani was voted 'Businessman of the Year' in a poll conducted by The Times of India and in 2004 he was named 'CEO of the Year' in Platts Global Energy Awards.
- REL has received a number of certifications and awards for performance, corporate governance, management training, quality control, environmental excellence and safety. For example, REL's Dahanu power project was ranked by Platts Power Magazine as one of the top twelve power projects in the world in 2004. The Dahanu project was also awarded the Srishti Good Green Governance (G-Cube) Award and the Silver Shield for Meritorious Performance by CEA for its excellent performance amongst Indian thermal power plants in the year 2005-06.

III. Our Strategy

We will endeavour to become a world-class IPP by:

- *Capitalizing on the Growth of the Indian Power Generation Sector.* The power sector in India has historically been characterized by power shortages that have consistently increased over time. According to CEA, the total peak shortage was 13,897 MW as of March 31, 2007. In the 11th Plan (2007-2012), the Government of India recommended a capacity addition of 78,577 MW, assuming a 9.5% growth in the demand for power, and the 11th Plan Working Group recommended a capacity addition in the range of 82,200 MW to 94,300 MW for the 12th Plan (2012-2017), assuming a 9% GDP growth rate. We believe that our power projects will play a significant role in the growth of the Indian power sector and help achieve the Government of India's vision of "Power for All." In addition to the 28,200 MW of power projects that we are currently developing, we intend to develop or acquire additional power projects in the future. For example, we have submitted bids for four hydroelectric projects in the state of Himachal Pradesh.
- *Securing Fuel Supplies.* Securing adequate supplies of fuel is critical to the success of a power project. We intend to secure fuel for our projects by seeking captive fuel sources, procuring long-term contracts with domestic and foreign suppliers and entering into supply arrangements with our affiliates, including RNRL. For example, we will source the coal needed for our 3,960 MW Sasan project from three captive mines in the Singrauli coalfields. We intend to seek supplies of coal for our supercritical coal-fired projects, Shahapur Coal (1,200 MW) and Krishnapatnam (4,000 MW), through RNRL or third parties. In addition, we are planning to seek supplies of natural gas from Reliance Natural Resources for our gas-fired projects at Shahapur (2,800 MW) and Dadri (7,480 MW), primarily from its rights to KG Basin gas reserves. We are also considering opportunities for securing fuel for other power generation projects with the supplies expected to be available from CBM exploration activities led by RNRL.
- *Realizing the Opportunities Presented by Power Sector Reforms.* In 1991, the Indian power sector began a process of deregulation that is continuing today. The Electricity Act of 2003 and subsequent reforms have generated significant opportunities in the power sector. These changes include the following:
 - Power generation has been made a non-licensed activity and techno-economic clearance from CEA has been waived for thermal power projects, which expedites the thermal power project development process.
 - Distribution licensees can now procure power through a process of international competitive bidding; projects are no longer awarded on a cost-plus basis. We believe that competitive bidding presents attractive opportunities for efficient power generation companies.

- Power generation companies can now sell power to any distribution licensees, or where allowed by the state regulatory commissions, directly to consumers, which expands the market.
- The market has evolved for short-term PPAs, which allows for the supply of peak power at premium rates.
- Power generation companies have open access to transmission lines, which will facilitate the direct sale of power to distribution and trading licensees.
- The Government of India is promoting the development of large power projects, including UMPPs. Certain UMPPs allow us to obtain rights to large captive fuel supplies such as the mines for pithead coal based UMPPs. UMPP project companies are transferred to the successful bidder with certain key approvals in place which helps expedite the implementation process.
- Improved payment security mechanisms, which we believe will improve sector stability and enhance our ability to obtain financing for our projects.

Future power sector reforms may present additional opportunities for us and we intend to capitalize upon these opportunities as they arise.

- *Optimizing Operational Efficiency.* Achieving optimal project operating efficiency is the key to maximizing profitability in our business. We plan to invest in supercritical technology (beginning with our Sasan UMPP) to reduce the amount of required coal supplies for our coal-fired projects and combined cycle gas turbine (“CCGT”) technology to increase output for our gas-fired projects. We expect our relationship with REL will permit us to operate efficiently at our projects. We intend to adopt those procedures and practices currently employed at REL’s Dahanu project at our own projects.
- *Focusing on Best Practices.* We plan to incorporate the best practices of the Reliance ADA group with respect to performance, corporate governance, management and employee training, quality control, environmental excellence and safety. Our vision is to generate clean, green, environment friendly and affordable power -for a better tomorrow.

IV. Summary of Projects under Development

The table below provides an overview of our projects under development that are currently expected to be funded in part by Net Proceeds of the Issue:

Project Name	Location	Proposed Installed Capacity	Procurement Status	Fuel Supply Status	Off-take Status	Scheduled Commissioning of First Unit / Project Completion	Estimated Project Cost (Rs. in Millions)
Rosa Phase I	Uttar Pradesh	600 MW 2x300 MW coal-fired (subcritical)	EPC contract signed with Shanghai Electric Group Co. and Utility Energytech and Engineers Pvt. Ltd.	Agreement signed with Central Coalfields Limited	Long-term PPA signed with the UPPCL	Dec. 2009 / Mar. 2010	27,020
Rosa Phase II	Uttar Pradesh	600 MW 2x300 MW coal-fired (subcritical)	EPC contract signed with SEC and UEEPL	Application for coal allocation submitted to Ministry of Coal	300 MW long-term PPA proposed to UPPCL 300 MW MOU to negotiate PPA with Reliance Energy Trading	June 2010 / Sept. 2010	24,600
Butibori ¹	Maharashtra	300 MW 2x150 MW coal-fired (subcritical)	International competitive bidding invited	Application for coal allocation submitted to Ministry of Coal	Long-term PPA to be arranged with group of captive industrial consumers	Mar. 2010 / June 2010	14,050
Sasan	Madhya Pradesh	3,960 MW 6x660 MW coal-fired (supercritical)	In progress	Captive mines allocated	Long-term PPA signed with a group of 14 procurers from seven states	May 2013/ April 2016 ³	183,420
Shahapur Coal	Maharashtra	1200 MW 2x600 MW coal-fired (supercritical)	International competitive bidding invited	MOU with RNRL to negotiate for sourcing of imported coal	Long-term PPA to be arranged; indications of interest received	Sept. 2011 / Dec. 2011	48,000
Urthing Sobla ²	Uttarakhand	400 MW 4x100 MW hydro (run-of-the-river)	To be arranged after submission of DPR	N/A	Long-term or short-term PPAs to be arranged	March 2014	20,800

¹ We currently own 100% of the equity shares of the special purpose vehicle established to develop the Butibori project. In accordance with a notification issued by the Ministry of Power for captive power plants, at least 26% of the equity must be sold to industrial consumers within the State of Maharashtra.

² We own 80% of the equity shares in the special purpose vehicle established to develop the Urthing Sobla project.

³ As required under the PPA for this project. We will endeavour to commission the project ahead of the specified schedule, as permitted under the PPA.

The table below provides an overview of the other seven projects under development:

Project Name	Location	Proposed Installed Capacity	Off-take Arrangement Status	Estimated Project Cost (Rs. in Millions)
Shahapur Gas	Maharashtra	2,800 MW 2 modules of 1400 MW gas-fired (CCGT)	Long-term or short-term PPAs to be arranged	84,000
Dadri	Uttar Pradesh	7,480 MW 5 modules of 1,400 MW plus 480 MW gas-fired (CCGT)	Long-term PPAs to be arranged for 40% of the capacity; long-term or short-term PPAs to be arranged for remainder; indications of interest received	224,400
Siyom ¹	Arunachal Pradesh	1,000 MW 4x250 hydro (run-of-the-river)	Long-term or short-term PPAs to be arranged ³	57,800
Tato II ¹	Arunachal Pradesh	700 MW 4x175 hydro (run-of-the-river)	Long-term or short-term PPAs to be arranged ⁴	40,450
MP Power	Madhya Pradesh	3,960 MW 6x660 MW coal-fired (supercritical)	Long-term or short-term PPAs to be arranged ⁵	158,420
Kalai II ²	Arunachal Pradesh	1,200 MW 8x150 hydro (run-of-the-river)	Long-term or short-term PPAs to be arranged ⁶	72,950
Krishnapatnam ⁷	Andhra Pradesh	4,000 MW 5x800 Coal-fired (supercritical)	Long-term PPAs signed with 11 procurers comprising four states	165,376

¹ 11% of the equity shares of the special purpose vehicle used to develop the project will be transferred to the Government of Arunachal Pradesh (“GOAP”).

² We expect that the project will be awarded to REL and transferred to us. The GOAP would be entitled to 24.99% of the equity.

³ 12% of the energy generated for the first 10 years and 15% of the energy generated after the 10th year must be provided free to the GOAP.

⁴ 12% of the energy generated for the first 10 years and 15.5% of the energy generated after the 10th year must be provided free to the GOAP.

⁵ 5% of the net power generated on an annualized basis will be provided to the GOMP at the variable charge as determined by the relevant electricity regulatory commission. If a captive coal block is obtained in the State of Madhya Pradesh for the project, then 7.5% of the net power generated on an annualized basis will be provided to the GOMP at the variable charge

⁶ 18% of the energy generated at the project would be provided free to the GOAP.

⁷ The SPV developing this project is to be transferred to us by January 29, 2008.

V. Description of Projects under Development

1. Rosa Phase I - 600 MW Power Project, Uttar Pradesh

Introduction

RPSCL, our wholly owned subsidiary, is developing a 600 MW coal-fired power project at Rosa village in Shahjahanpur, Uttar Pradesh, Rosa Phase I. We acquired RPSCL in November 2006 from a third party.

Rosa Phase I will be a 2x300 MW coal-fired power project and will employ subcritical PCC technology. RPSCL has arranged debt financing, and Rosa Phase I is now under construction. Rosa Phase I is scheduled to commence power generation operations (or be “on-stream”) in December 2009, when its first 300 MW unit comes on-line. The project is scheduled to be fully commissioned in March 2010. The estimated cost of the Rosa Phase I project is Rs. 27,020 million. As of December 28, 2007, Rs. 1,970.6 million had been incurred in developing and constructing the project.

We intend to expand Rosa Phase I with the development of Rosa Phase II, an additional 600 MW coal-fired plant that is scheduled to be commissioned in September 2010.

Implementation Agreement & Regulatory Approval

In February 1999, the Government of Uttar Pradesh (“GOUP”) and RPSCL entered into an implementation agreement, which was subsequently amended in November 2006. Under the agreement, the GOUP agreed to extend to Rosa Phase I all benefits and support under the Uttar Pradesh Power Policy notified by the GOUP in 2003. It agreed to treat Rosa Phase I as a “priority project”, promptly revalidate all approvals and licenses obtained from it in relation to the project and appoint a government official to provide approval-related assistance. The GOUP also agreed to provide support in relation to the procurement and transportation of raw materials and equipment and lease government owned land for the project. The GOUP agreed to take all necessary steps within its administrative powers to ensure the performance by UPPCL under the PPA.

The Uttar Pradesh Electricity Regulatory Commission (“UPERC”) has approved the terms of the PPA described below. Under the UPERC approval, for purposes of determining the tariff, the project cost is capped at Rs. 26,416.3 million, which does not include working capital margin. The approval also limited the foreign debt component for Rosa Phase I to US\$296.6 million. UPERC also required that operations at Rosa Phase I commence by April 1, 2010 for the first 300 MW unit and by July 1, 2010 for the second 300 MW unit.

Procurement

RPSCL entered into an EPC contract with Shanghai Electric Group Company (“SEC”) and Utility Energytech and Engineers Pvt. Ltd. (“UEEPL”) in March 2007 for the Rosa Phase I and Rosa Phase II projects. The agreement is a fixed price turnkey contract. SEC agreed to supply the BTG units and UEEPL agreed to provide the onshore supply of all equipments and materials to be sourced, onshore services of engineering, civil and structural works and inland transportation, customs clearance, customs duty, service tax and other taxes. The contract price is payable in multiple installments according to the payment schedule provided in the agreement. A ten percent advance has been paid to SEC. For the remaining 90% of the value of the contract, RPSCL has obtained a letter of credit in favour of SEC. RPSCL has also paid Rs. 180 million to UEEPL in accordance with the terms of the EPC contract.

The first BTG unit for Rosa Phase I must be supplied within 19 months from the date RPSCL issued the notice to proceed and the second BTG unit for Rosa Phase I must be supplied within 22 months from the date RPSCL issues the notice to proceed. The notice to proceed was issued in June 2007. If there is a delay in completion, penalties are assessed against SEC in accordance with the terms of the EPC contract.

Fuel Supply

The coal requirement for Rosa Phase I is estimated to be 2.7 mtpa at 80% PLF. RPSCL entered into a coal supply agreement with Central Coalfields Ltd. (“CCL”) in May 2007 to supply 2.7 mtpa. The term of the agreement

continues until March 31, 2026. In January 2007, RPSCL submitted an application to the Ministry of Coal for a long-term coal linkage of 4.7 mtpa in addition to the existing coal linkage for Rosa Phase I. The additional coal linkage, besides operating Rosa Phase II at 80% PLF, would be used to operate Rosa Phase I and Rosa Phase II at a higher PLF.

RPSCL entered into a coal transportation agreement with East Central Railway in January 2007 that provides for the transportation of coal from its source at the Ashoka mines of the North Karanpura block of CCL in Jharkhand to the project site by rail, a distance of approximately 870 km, using the existing Indian Railways system.

Off-take Arrangement

Purchase and Sale

RPSCL agreed to sell and UPPCL agreed to purchase and accept delivery of all power generated by Rosa Phase I, a “take-or-pay” agreement. RPSCL may sell power to third parties subject to certain conditions.

Term

The term of the PPA is 25 years from the commissioning of the project and is renewable by mutual agreement. Upon expiration of the PPA, RPSCL is free to sell the power generated to a third party. If RPSCL decides to sell the power project and related assets upon the expiration of the PPA, UPPCL will have the first right to purchase the same at a mutually agreed price, which shall not be lower than the market price of the power project.

Tariff

The tariff payable by UPPCL consists of a fixed charge, a variable charge and an incentive charge:

- The fixed charge includes the total amount of interest on debt, interest on working capital, depreciation, operation and maintenance expenses, taxes on income (excluding any penalties imposed by reasons of RPSCL’s default) and return on the equity at a rate of 14% on the equity component, which may equal up to 30% of total capital. The fixed charge is fully recoverable at 80% availability (that is, for making the project available 80% of the time on an average annual basis).
- The variable charge includes the cost for coal and oil based on certain normative assumptions as set out in CERC guidelines.
- An incentive charge of Rs. 0.25 per kWh is paid for power generated in excess of 80% PLF and the fixed charge is reduced on a pro rata basis if availability is below 80%.

Under the UPERC approval, for purposes of determining the tariff, the project cost is capped at Rs. 26,416.3 million, which does not include working capital margin.

Payment Security Mechanism

Payments due from UPPCL are secured by a three-tier payment security mechanism:

- An irrevocable revolving letter of credit issued in favour of RPSCL by a scheduled bank with a value equal to one month’s billings based on 85% PLF.
- An escrow account holding funds equal to 1.25 times the monthly tariff amount based on 85% PLF for the purposes of guaranteeing the reinstatement of the Letter of Credit on a monthly basis under this Agreement.
- A state guarantee from GOUP for payments by UPPCL under the PPA.

Termination and Buy-out Mechanism

UPPCL may purchase the project upon termination of the agreement in the event of a default. Events of default include the failure of Rosa Phase I to enter into commercial operation by July 1, 2011 for reasons other than force majeure or delays caused by UPPCL, or if the monthly average daily declared capacity in 12 consecutive operating months falls below 50% availability. If an event of default is not cured within 180 days, UPPCL is entitled to terminate the PPA and to purchase the project at a price equal to the amount of outstanding debt plus an additional termination payment consisting of taxes and duties payable with respect to the transfer of project assets. In the event of default by UPPCL, RPSCL may terminate the PPA and require UPPCL to purchase the project at a price equal to the sum of the outstanding debt, equity, an additional termination payment, and 80% of the net present value of the future return on equity.

If certain force majeure events occur, UPPCL will be entitled to purchase the project at a price equal to the sum of outstanding debt, 40% of the equity and certain additional termination payments. In the event of a political force majeure or certain force majeure events concerning UPPCL, RPSCL may require UPPCL to purchase the project at a price equal to the sum of the outstanding debt, an additional termination payment, equity and 40% of the net present value of the future return on equity.

Financing Arrangements

Rosa Phase I has obtained rupee denominated debt financing consisting of a Rs. 19,450 million loan facility and dollar denominated debt consisting of a US\$50 million facility, each of which was entered into on June 25, 2007. Each of the loans may be drawn in part from time to time upon notice to the lenders except that no drawdown may be made after December 25, 2010. The loans will mature on October 1, 2022. The principal must be repaid in 48 equal quarterly installments commencing from October 1, 2010. Interest is payable on the first day of each calendar month after the first draw down for the rupee denominated debt and on the first day of each calendar quarter for the US dollar denominated debt.

All of the existing and future assets of RPSCL have been provided as security to the lenders. RPSCL is required to procure certain undertakings from the promoters including that: (i) REL, Reliance Power and AAA Project will arrange for the subscription of 100% of the equity of RPSCL, estimated to be Rs. 5,404 million and of which at least Rs. 1,080.8 million must be subscribed to upfront, (ii) REL, Reliance Power and AAA Project will hold, directly or indirectly, a minimum of 51% of the equity of RPSCL, (iii) REL and AAA Project will hold a minimum of 51% of the equity of Reliance Power, and (iv) Reliance Power will not create a lien over 51% of the equity of RPSCL or dilute its shareholding below 51% of the equity in RPSCL, although its shareholding may be reduced to 26% of the equity of RPSCL if 75% of the loan has been repaid so long as there is no default under the facility.

RPSCL must maintain a debt service reserve account or provide a letter of credit or bank guarantee for an amount equal to six months of principal and interest payments. The debt service reserve account must be established within six months of the COD. RPSCL has also agreed not to make certain restricted payments, including the payment of dividends, redemption or repurchase of any class of its shares that will result in a long-term debt to equity ratio higher than 4:1, prepaying any indebtedness prior to its maturity date or making equity investments, unless all of the following conditions are satisfied: (i) no occurrence of default, (ii) repayment of Rupee loan has commenced, (iii) all reserve accounts under the financing documents including the debt service reserve accounts are funded and (iv) the debt service coverage ratio is greater than 1.15 for the preceding 12-month period.

As of December 28, 2007, Rs. 852.7 million was outstanding under the Rupee loan facility and no amounts were outstanding under the US Dollar loan facility. We expect that these facilities will be drawn down over time in accordance with the payment schedule established and the EPC contract for Rosa Phase I.

A more detailed description of the terms of these loan facilities appears under “Financial Indebtedness” on page 218 of this Prospectus.

Other

Water Supply

In November 2006, RPSCL entered into a Water Use Agreement with the GOUP that authorizes RPSCL to draw 183,493 m³/day from the Garrah River, which we expect to be sufficient for both Rosa Phase I and Rosa Phase II. The river is approximately 1.5 km from the project site.

Property

In January 2007, RPSCL entered into a lease agreement with Uttar Pradesh State Industrial Development Corporation (“UPSIDC”) for 1,465 acres, which we expect to be sufficient to meet the land requirements for the Rosa Phase I and Rosa Phase II projects. The term of the lease is ninety years with effect from November 23, 2006. RPSCL is required to pay to UPSIDC yearly rent at a rate which will be revised at the end of each thirty year period. RPSCL has also made an upfront payment of Rs. 225.7 million to UPSIDC for the lease.

Transmission

Power generated from the project will be stepped up to 220 kv and evacuated through seven 220 kv feeders to the UPPCL substation, approximately 20 km from the project site. UPPCL will construct and maintain the transmission lines from the project site to the interconnection point.

2. Rosa Phase II - 600 MW Coal-Fired Power Project, Uttar Pradesh

Introduction

RPSCL is currently developing Rosa Phase II, a 600 MW expansion of Rosa Phase I that will create a coal-fired project with combined generating capacity of 1,200 MW.

The government has granted approval for the Rosa Phase II expansion subject to the condition that Rosa Phase I will be implemented in accordance with the timeframe prescribed by the UPERC. Any additional capacity expansion beyond Rosa Phase II would also require specific approval from the UPERC.

Rosa Phase II will be a 2x300 MW coal-fired power project and employ subcritical technology. Rosa Phase II is scheduled to be on-stream by June 2010, when its first 300 MW unit is scheduled to come on-line. The project is scheduled to be fully commissioned in September 2010. The estimated cost of the Rosa Phase II project is Rs. 24,600 million.

Procurement

The EPC contract with SEC and UEEPL entered into in March 2007 applies to both Rosa Phase I and Rosa Phase II. Under the contract, SEC must proceed with Rosa Phase II upon notice from RPSCL. This notice to proceed must be given by March 18, 2008, nine months after notice to proceed with Rosa Phase I was given. The first BTG unit for Rosa Phase II must be supplied within 19 months from the date RPSCL issues the notice to proceed and the second BTG unit for Rosa Phase II must be supplied within 22 months from the date RPSCL issues the notice to proceed. If there is a delay in completion, penalties are assessed against SEC and UEEPL in accordance with the terms of the EPC contract.

Fuel Supply

The coal requirement for Rosa Phase II is estimated to be 2.7 mtpa at 80% PLF. In January 2007, RPSCL submitted an application to the Ministry of Coal for a long-term coal linkage of 4.7 mtpa in addition to the existing coal linkage for Rosa Phase I. 2.7 mtpa of this linkage would cover the basic coal requirement of Rosa Phase II, while 2.0 mtpa of coal would permit RPSCL to operate Rosa Phase I and Rosa Phase II at a higher PLF.

Off-take Arrangement

RPSCL has proposed a 300 MW long-term PPA to UPPCL on the same terms as the PPA agreed for Rosa Phase I. In September 2007, RPSCL also entered into a non-binding MOU with Reliance Energy Trading for 300 MW. Under the MOU, RPSCL and Reliance Energy Trading have agreed to negotiate a 300 MW PPA for a term of 15 years at a price and on terms to be agreed. Reliance Energy Trading may resell the power procured to any third party including any state distribution company outside the State of Uttar Pradesh. The MOU is terminable upon 90 days notice by either party and expires in September 2008 if the terms of the PPA are not finalized by then.

Financing Arrangements

RPSCL intends to finance approximately 25% of the cost of this project with contributions from Reliance Power and approximately 75% with third-party debt. The final amount of contributions from Reliance Power and of third-party debt will be determined at the time of financing.

Other

Water Supply

RPSCL is authorized to draw 183,493 m³/day from the Garrah River under the Water Use Agreement with the GOUP to supply both Rosa Phase I and Rosa Phase II, which we expect to be sufficient for both Rosa Phase I and Rosa Phase II.

Property

As described above for Rosa Phase I, RPSCL has entered into a lease agreement with UPSIDC for 1,465 acres, which we expect to be sufficient for both Rosa Phase I and Rosa Phase II.

Transmission

RPSCL envisages that 300MW of generated power from the Rosa Phase II project would be stepped-up and evacuated through the UPPCL transmission network and that the remaining 300MW of power would be evacuated using other alternatives, such as the transmission network operated by the Power Grid Corporation of India Limited ("PGCIL").

3. Butibori – 300 MW Coal-Fired Power Project, Maharashtra

Introduction

VIPL, our wholly owned subsidiary, is currently developing a 300 MW coal-fired power project to be located at the Maharashtra Industrial Development Corporation ("MIDC") Butibori Industrial Area in Nagpur, Maharashtra. MIDC awarded the Butibori project to REL in April 2006, which formed VIPL to serve as the special purpose vehicle for development of the project. VIPL became a subsidiary of Reliance Power in August 2007. Reliance Power acquired all its outstanding shares (consisting of 50,000 equity shares) from REL, Reliance Energy Management Private Limited, Powersurfer Interactive (India) Private Limited and certain other individuals holding the equity shares of VIPL at a price of Rs. 10 per share.

In accordance with a notification issued by the Ministry of Power for captive power plants, at least 26% of the equity and at least 51% of the power must be sold to captive users.

The Butibori project will be a 2x150 MW coal-fired power project and employ subcritical technology. The first unit of the Butibori project is scheduled to be on-stream by March 2010. The project is scheduled to be fully commissioned by June 2010.

The estimated cost of the Butibori project is Rs. 14,050 million. As of December 28, 2007, Rs. 100.8 million had been incurred in developing the project.

Memorandum of Understanding and Agreement to Lease

An MOU was signed between MIDC and REL in April 2006. Subsequent to the MOU, an agreement to lease was entered into between MIDC and VIPL in March 2007. Under the agreement, MIDC leased approximately 175 acres of land for a term of 3 years for a one-time payment of Rs. 70 million. Upon VIPL's successful completion of the project, MIDC will grant a 95-year lease to VIPL at a rate of Rs. 1 per year.

The agreement to lease also includes conditions related to the development of the project. VIPL is required to submit specifications, plans, elevations, sections and details of the project to MIDC for approval. MIDC also has the right to retake the land if VIPL fails to complete the project by March 26, 2010, fails to proceed with project development or due diligence or defaults in payment to MIDC. The agreement is valid for three years but can be terminated if approvals for plans, elevations, details and specifications of the project are not obtained from MIDC or if VIPL fails to repair or alter the project or otherwise perform its obligations.

The agreement to lease requires that the project be completed by April 18, 2009. In December 2006, MIDC granted an extension to VIPL to commission the project by October 18, 2009 and stated that no further extension would be granted. The scheduled commissioning date for the Butibori project is in June 2010, which is after the date on which the project is required to be commissioned and after the term of the agreement to lease expires. VIPL has requested that MIDC extend the completion date of the project. VIPL has also requested that MIDC extend the term of the lease. See "Risk Factors—4. We cannot assure you that our power projects will commence operations as expected." on page xiv of this Prospectus.

Procurement

International competitive bidding for the EPC contract has been invited for the project on a fixed-price, turnkey basis.

Fuel Supply

The coal requirement for the project is estimated to be 1.98 mtpa at 100% PLF. In May 2006 and February 2007, VIPL applied to the Ministry of Coal for a long-term coal linkage for an aggregate of 1.98 mtpa with a preference for sourcing the coal from Western Coalfields Limited, Southeastern Coalfields Limited or Mahanadi Coalfields Limited. VIPL may also consider sourcing coal for the Butibori project from private companies on a cost-plus basis.

Off-take Arrangement

In compliance with MoP's notification for captive power plants, VIPL intends to sell at least 51% of the power to captive consumers in the Butibori Industrial Area and Thane-Belapur region. The consumers will also receive a price discount, which will vary from year to year, based on the prevailing MERC approved power tariff for the relevant distribution entity for the specific tariff category to whom the user industry belongs. VIPL is in the process of arranging long-term PPAs with prospective industrial consumers.

Financing Arrangements

VIPL intends to finance approximately 30% of the cost of this project with contributions from Reliance Power and approximately 70% with third-party debt. The final amount of contributions from Reliance Power and of third-party debt will be determined at the time of financing.

Other

Water Supply

The estimated water requirement for Butibori project is 25,500 m³/day. By way of its letter dated January 18, 2008, MIDC has agreed to make available this quantity of water for the project.

Property

VIPL estimates that the Butibori project will require 225 acres of land. VIPL entered into an agreement to lease with MIDC in March 2007 for approximately 175 acres of land for a term of 3 years. Upon VIPL's successful completion of the project, MIDC will grant a 95-year lease to VIPL at a rate of Rs. 1 per year. VIPL has also paid the amount required to lease the remaining 50 acres and is in the process of negotiating the agreement to lease the property. By way of its order in November 2007, MIDC allotted 46.13 acres to VIPL. MIDC will enter into a 95 year lease agreement with VIPL for this land.

Transmission

VIPL envisages that power generated at the Butibori project would be stepped-up to 220 kV and evacuated through two 220kV feeders to the MSETCL substation, approximately one km from the project. VIPL will be responsible for constructing the transmission line from its switchyard to the MSETCL substation.

4. Sasan – 3,960 MW Coal-Fired Power Project, Madhya Pradesh

Introduction

SPL, a wholly owned subsidiary of Reliance Power, is currently developing a 3,960 MW coal-fired UMPP to be located in Sasan, Madhya Pradesh, approximately 25 km from three captive pithead coalmines. The Power Finance Corporation ("PFC") formed SPL and initially developed the Sasan project in order to expedite the process of obtaining approvals and clearances and to secure fuel resources. We were awarded the Sasan project following an international competitive bidding process at a levelized tariff of Rs. 1.196/kWh. SPL was transferred to us in August 2007.

The Sasan project will be a 6x660 MW coal-fired project and employ supercritical technology. As required under the PPA, the Sasan project is scheduled to be on-stream by May 2013, when the first 660 MW unit comes on-line, and the project is scheduled to be fully commissioned by April 2016. We will endeavour to commission the project ahead of the specified schedule, as permitted under the PPA. The estimated cost of the Sasan project is Rs. 183,420 million, which includes the initial capital costs related to the mining of coal. As of December 28, 2007, Rs. 412.5 million had been incurred in developing the project.

Procurement

SPL is in discussions with contractors and equipment suppliers for the award of EPC contracts or equipment supply contracts.

Fuel Supply

The coal requirement for the project is estimated to be 15.65 mtpa at 90% PLF. On October 26, 2006, the Ministry of Coal allotted the Moher, Moher – Amroli extension and Chattrasal coalmines in the Singrauli coalfields to SPL. According to Ministry of Coal, the combined estimated reserve of these three mines is 750 million tonnes. The distance between these captive coalmines and the Sasan project is approximately 25 km. SPL will be responsible for mining the captive coal blocks. In September 2007, we entered into a non-binding MOU with RNRL and the NACC under which we have agreed to enter into a definitive agreement for the provision of certain services and expertise related to the operation of the captive coalmines at Sasan. The term of the MOU is three years from its date of its execution unless terminated by one of the parties on one month's notice.

SPL will need to complete the following activities to commence mining of coal from these coal blocks:

- Preparation of mine plan
- Approval of the mine plan by the MOC
- Grant of mining lease to SPL by the MOC
- Preparation of DPR
- Preparation of EMP / EIA

- Approval of EMP / EIA by the MOEF
- Obtaining forest clearance from the MOEF
- Acquisition of land (Forest & Non-Forest Land)
- Construction

The Chattrasal mine is currently the subject of litigation. See “Legal and Other Information – Outstanding Litigation and Material Developments” on page 221 and “Risk Factors—12. Our operations will have significant fuel requirements, and we may not be able to ensure the availability of fuel at competitive prices.” on page xviii of this Prospectus.

Off-take Arrangement

Purchase and Sale

Under a PPA executed in August 2007, SPL agreed to sell and 14 procurers agreed to purchase all electrical energy generated by SPL. SPL may sell to a third party if there is available capacity that has not been dispatched and the additional capacity has first been offered to the procurers and each procurer has waived their right to the excess power or does not avail itself of the allocated power.

Under the terms of the PPA, SPL must award the EPC contract or main plant contract for the BTG take possession and pay for the project site land, and achieve financial closure by October 1, 2008.

Term

The PPA has a term of 25 years after the project is commissioned.

Tariff

The tariff was established pursuant to international competitive bidding procedures. From the commercial operation date, procurers must pay a monthly tariff that consists of a capacity charge, energy charge and an incentive charge:

- The payment of the capacity charge is based on 80% availability.
- The energy charge is based on actual dispatch of the project.
- If availability exceeds 85%, an incentive equal to 40% of quoted non-escalable capacity charges will be allowed on the additional energy available, subject to maximum of Rs. 0.25/kWh.
- If availability is less than 75%, SPL must pay a penalty of 20% of the simple average capacity charge on the difference between 75% availability and the actual availability during the contract year.

For further details on the nature of the tariff, see “About the Company – Description of Certain Key Contracts” on page 97 of this Prospectus.

Payment Security Mechanism

Payments due from the procurers will be secured by a three-tier mechanism:

- An irrevocable revolving letter of credit issued in favour of SPL for an amount equal to 1.1 times the estimated average monthly billing.
- A collateral arrangement where the revenues of the procurer from energy obtained from the Sasan project are held in an escrow account.
- Third-party sale on default, as described below.

Default and Termination

Under the terms of the PPA, SPL has posted a performance guarantee equal to Rs. 3,000 million that, subject to certain conditions and adjustments and in addition to the rights of the procurers in the event of a default, may be drawn in the event that SPL fails to develop the project in accordance with the terms of the PPA and the agreed timelines established for various project milestones. The terms of the PPA also provide for certain liquidated damages to be paid by SPL to the procurers in the event that the units are not commissioned by their scheduled commercial operation date. The liquidated damages are proportionate to the contracted capacity allocated to each procurer.

Upon default of a procurer, SPL must offer 25% of default power to other non-defaulting procurers first and then to third parties after giving seven-days notice to the defaulting procurer. Thirty days following a default, SPL may offer 100% of the default power after following the same procedures. In addition, SPL is also entitled to payment of capacity charges from the defaulting procurer for a period of three years or termination of the PPA with respect to such procurer.

The PPA requires one of the six BTG units for the Sasan project to be placed on-stream every seven months beginning on May 7, 2013 and ending on April 7, 2016. The PPA permits commissioning of the project earlier than the specified schedule. An event of default includes SPL's failure to commission a particular unit within 12 months after the scheduled commercial operation date.

In case of default by SPL, SPL may cure the default within 90 days. If the default is not cured within seven days after the 90-day period, lenders may exercise or procurers may require the lenders to exercise their right to seek substitution of SPL with another party to secure the obligations of SPL.

Financing Arrangements

SPL intends to finance approximately 30% of the cost of this project with contributions from Reliance Power and approximately 70% with third-party debt. The final amount of contributions from Reliance Power and of third-party debt will be determined at the time of financing.

Other

Water Supply

The estimated water requirement for Sasan project is 360,000 m³/day. The source of water is the Govind Vallabh Pant Sagar (Rihand Reservoir), approximately 12.5 km from the project site. In July, 2006, the GOMP authorized SPL to draw 366,986 m³/day of water from the Rihand Reservoir.

Property

Reliance Power expects that the Sasan project will require 3,990 acres of land, excluding land related to its mining operations. The GOMP is in the process of acquiring the land pursuant to the Land Acquisition Act 1894.

Transmission

Power generated from the project will be stepped up to 765 kV and 400 kV and then evacuated through two 765 kV feeders and four 400 KV feeders to the national grid. Under the PPA, each procurer will be responsible for constructing transmission lines up to the interconnection point of the national power grid operated by PGCIL.

5 & 6. Shahapur Coal & Shahapur Gas – 4,000 MW Combined Gas-Fired and Coal-Fired Power Project, Shahapur, Maharashtra

Introduction

MEGL, a wholly owned subsidiary of Reliance Power, is currently developing a 4,000 MW combined coal-fired and gas-fired power project at Shahapur, Maharashtra. MEGL became our subsidiary in August, 2007. We acquired all of the outstanding shares of MEGL (consisting of 50,000 equity shares) from Reliance Energy Management Private Limited, Reliance Energy Global Private Limited and Powersurfer Interactive (India) Private Limited at the price of Rs. 10 per share.

The Shahapur project will be developed in two phases: Shahapur Coal involves the development of a 2x600 MW coal-fired project employing supercritical PCC technology, and Shahapur Gas involves the development of a gas-fired project consisting of 2 modules of 1,400 MW each employing CCGT technology. For Shahapur Coal, a 600 MW coal-fired unit is scheduled to be placed on-stream by September 2011, and Shahapur Coal is scheduled to be fully commissioned in December 2011, when the second unit comes on-line. For Shahapur Gas, the first module of 1,400 MW is scheduled to be placed on-stream in September 2010, and Shahapur Gas is scheduled to be fully commissioned in March 2011, when the second module of 1,400 MW comes on-line. Shahapur Gas is scheduled to be commissioned prior to Shahapur Coal because the construction of a gas-fired project generally requires less time than the construction of a coal-fired project.

The estimated cost of the Shahapur Coal and Shahapur Gas projects is Rs. 48,000 million and Rs. 84,000 million, respectively. As of December 28, 2007, Rs. 106.0 million had been incurred in developing Shahapur Coal and a deposit of Rs. 436.0 million has been given to the Government for acquisition of land.

Memorandum of Understanding

An MOU was entered into between the Government of Maharashtra (“GOM”) and MEGL in April 2005. The term of the MOU was originally one year, and the GOM extended it to April 2007. An additional MOU extension is currently under consideration by the GOM.

Under the MOU, the GOM has agreed to provide MEGL certain administrative and fiscal support under its Policy for State Support for Investment in Power Sector. The obligations include assistance in obtaining all clearances within 45 to 60 days from the date we seek clearances for the project; facilitating, strengthening and building roads; providing rights of way, water and fuel linkage for the project; granting 100% exemption from stamp duty and registration charges for the project and other exemptions. It will also facilitate the purchase of electricity by Maharashtra State Electricity Board or reconstituted companies with the approval of the Maharashtra Electricity Regulatory Commission. No tax on sale of electricity outside the State of Maharashtra will be levied.

Under the MOU, MEGL is required to construct and operate a coal-based and gas-based combined cycle power project of up to 4,000 MW and to sell power equivalent to 50% of commissioned capacity to customers in the State of Maharashtra. The benefits under the MOU are available to MEGL only if MEGL attains financial closure by March 28, 2006 and the project is fully commissioned by March 28, 2010. If we fail to commission the project by that time, we are responsible for repayment towards costs and benefits obtained by us from the State of Maharashtra.

The term of the MOU expired on April 4, 2007 and the project is not scheduled to be completed until after March 28, 2010, the deadline set out in the MOU. MEGL has notified GOM of the expiration of the MOU and has requested an extension. MEGL intends to request an extension of the project completion date as well. See “Risk Factors —4. We cannot assure you that our power projects will commence operations as expected” on page xiv of this Prospectus.

Procurement

We are currently evaluating bids for the EPC contract for Shahapur Coal on a fixed price, turnkey basis. These bids are valid for a period of one year. International competitive bidding for the EPC contract for Shahapur Gas has been

invited for the project on a fixed-price, turnkey basis.

Fuel Supply

Coal

The coal requirement for Shahapur Coal is estimated to be 4.5 mtpa of imported coal at 80% PLF. MEGL proposes to import coal from private companies. We have entered into a non-binding MOU with Reliance Natural Resources under which we have agreed to enter into negotiations concerning the supply of imported coal to Shahapur Coal that would be sourced through RNRL and third party suppliers. The terms and conditions of the coal supply agreement, including price, will be negotiated on an arms length basis and be competitive and consistent with prevailing market conditions. See “—Arrangements with the Reliance ADA group” and “About the Company – Description of Certain Key Contracts” on page 97 of this prospectus. MEGL may also use indigenous coal to supply a portion of the coal requirement in the event of emergencies.

Natural Gas

The natural gas requirement for the Shahapur Gas project is estimated to be 12.1 mmscmd at 90% PLF. We have entered into a non-binding MOU with RNRL under which we have agreed to negotiate a definitive GSTA pursuant to which RNRL would supply us with all or a significant amount of the gas required for our Shahapur Gas and Dadri projects. We intend to use gas from RNRL for both our Shahapur Gas and Dadri projects. In case there is any shortage in supply by RNRL, we will seek to obtain gas from alternative suppliers. The MOU also contemplates that RNRL would supply us with gas for other projects that we may develop. The terms and conditions of the GSTA, including price, would be negotiated by RNRL and us on an arm’s length basis and be competitive and consistent with prevailing market conditions. We cannot assure you that we will be able to arrange for the supply of gas from RNRL. See “—Arrangements with the Reliance ADA group” below and “About the Company – Description of Certain Key Contracts” on page 97 of this Prospectus.

RNRL has represented to us that it has rights to 28 mmscmd of gas in the KG Basin on a firm basis, plus an additional 40% of the gas production from the KG Basin D6 Block over and above 40 mmscmd, as well as 40% of gas production from other basins / blocks. RNRL has also represented that the expected option volume from KG Basin D6 Block, under the currently approved development plan, is 15 mmscmd (this option volume is after a production of 65 mmscmd of gas from this block, and therefore the availability of the option volume will depend on the extent to which actual production exceeds 65 mmscmd). However, these rights of RNRL are currently the subject matter of litigation. For more information, see “Risk Factors - 14. Our operations will have significant fuel requirements, and we may not be able to ensure the availability of fuel at competitive prices” and “Legal and Other Information - Outstanding Litigation and Other Material Developments.” on pages xviii and 221 of this Prospectus, respectively.

Off-take Arrangement

The MOU with the GOM requires that 50% of the power generated at Shahapur be sold to customers in Maharashtra. MEGL has received a letter from REL expressing its willingness to off-take 1,000 MW from Shahapur Coal. It has also received letters from BSES Yamuna Power Limited and BSES Rajdhani Power Limited expressing their willingness to off-take 100 MW each from Shahapur Coal. Following the completion of Shahapur Gas, we intend to enter into off-take arrangements under short-term PPAs.

Financing Arrangements

MEGL intends to finance approximately 25% of the cost of this project with contributions from Reliance Power and approximately 75% with third-party debt. The final amount of contributions from Reliance Power and of third-party debt will be determined at the time of financing.

Other

Water Supply

The estimated fresh water requirement for the Shahapur project is approximately 200,000 m³/day. The source of the water supply is the Nagothane Weir on the Amba River, approximately 30 km from the site. MEGL has received an in-principle allocation from the GOM for the supply of approximately 200,000 m³/day of water.

Property

MEGL expects that the Shahapur project will require 2,410 acres of land. MEGL has paid Rs. 436 million for the allotment of this land and is in the process of completing the acquisition. MEGL has directly acquired 237 acres of land in the area identified for the project site.

Transmission

MEGL envisages that power generated at the Shahapur project would be stepped up to 400 kV and then evacuated to the nearest substation.

7. Urthing Sobla – 400 MW Hydroelectric Project, Uttarakhand

Introduction

We own 80% of USHPP, a company currently developing a 400 MW (4x100 MW) run-of-the-river hydroelectric power project near the Daulinganga River in Pithorogarth, Uttarakhand. Our affiliate, REL, owns the remaining 20%.

In accordance with the terms of the project development agreement described below, REL must hold, directly or indirectly, 51% of the equity in the special purpose vehicle formed to develop the Urthing Sobla project. REL owns 20% of USHPP, which after adding REL's indirect shareholding in Urthing Sobla through its equity ownership in Reliance Power, exceeds 51% of the equity in USHPP.

The project is scheduled to be commissioned in March 2014. The estimated cost of the Urthing Sobla project is Rs. 20,800 million. As of December 28, 2007, Rs. 82.4 million had been incurred in developing the project. We believe that the Urthing Sobla plant will operate at approximately 55% PLF.

Project Development Agreement

In October 2005, REL entered into a Project Development Agreement ("PDA") with the Government of Uttarakhand. The PDA permits REL to carry out studies and investigations and to prepare the DPR for the project. Under the PDA, 12% of the energy generated is required to be made available free to the state for the life of the project. Each month of delay in completion results in an increase of one-twelfth percent of free power for each month of delay in commercial operation of the project beyond the scheduled commissioning date. In the event of early completion of the project, a discount of one-twelfth percent will be deducted from the 12% free power available for the number of months prior to the scheduled completion date by which the project is completed. The Government may terminate the PDA if REL fails to prepare and submit the DPR and indicate its willingness to undertake the implementation of this project by October 22, 2008 or to sign the implementation agreement with the Government within one month after the submission of the DPR. We are required to complete the DPR for the project by October 2008.

An upfront premium of Rs. 61.2 million has been paid to a subsidiary of the Government of Uttarakhand through a mix of cash and a bank guarantee.

Procurement

In July 2007, we entered into an MOU with SNC Lavalin International Inc. of Canada (“SNCLI”), to obtain technical support for our hydroelectric projects in the State of Arunachal Pradesh. In September 2007, we amended this MOU to cover our Urthing Sobla project. Under the MOU, SNCLI has agreed to carry out feasibility studies, assist us in preparing the DPR and project budget and provide technical support in various aspect of the project, including project engineering, design, inspection, testing and commissioning. SNCLI will be the exclusive provider of these services to USHPP. The price for these services remains to be agreed by SNCLI and us. The MOU will expire if commercial terms and conditions have not been agreed between SNCLI and us by September 29, 2008.

EPC contracts for the project will be solicited in due course after the completion of the DPR.

Off-take Arrangement

USHPP intends to sell power generated at the Urthing Sobla project to customers in the State of Uttarakhand and other states in the northern region of India under long-term or short-term PPAs.

Financing Arrangements

USHPP intends to finance 30% of the cost of this project with contributions from Reliance Power and 70% with third-party debt. The final amount of contributions from Reliance Power and of third-party debt will be determined at the time of financing.

Other

Property

The land requirement for the project is estimated to be 618 acres that are to be acquired.

Transmission

USHPP envisages that the power generated at the Urthing Sobla project would be evacuated to the nearest substation.

8. Dadri – 7,480 MW Gas-Fired Power Project, Uttar Pradesh

Introduction

We are currently developing a 7,480 MW gas-fired power project to be located at the Dhirubhai Ambani Energy City in Dehra village, Uttar Pradesh. The Dadri project will consist of five modules of 1400 MW plus an additional 480 MW module and employ CCGT technology. The first unit of the Dadri project is scheduled to be on-stream by September 2010. The project is scheduled to be fully commissioned by March 2013.

State Support Agreement

In June 2004, we entered into a State Support Agreement with the GOUP to extend support to the Dadri project. The GOUP has agreed to treat the Dadri project as a “priority project” and agreed to provide reasonable assistance and support for our obligations under this project (including financing and financial closure) and assist in all applications made by us or on our behalf for any consents or permits required in respect of this project.

The GOUP has also agreed to make available approximately 2,500 acres of land for 99 years lease at an annual rent of Rs. 100 per acre and not to charge any market price, premium, stamp duty or registration fees for such land. The GOUP will provide all necessary consents and permits for obtaining all necessary property rights and right of access and ensure that all necessary administrative support for creation of evacuation facilities, transmission lines, substations and other associated infrastructure facilities for this project are available to us. The GOUP has also

undertaken to resettle local residents displaced by the acquisition. The GOUP will set up infrastructure, provide construction power and water and help to procure project materials and equipment.

In return, we are required to make 40% of the total net available capacity available for long-term supply of base load power for distribution and consumption in the State of Uttar Pradesh. The levelized fixed cost component of the bid tariff for the sale of this power may not exceed Rs. 1.25 / kWh of power. The fixed cost component will be revised to reflect subsequent changes in the fiscal, financial and other policies as deemed relevant for its computation. The State Support Agreement is effective until 20 years from the commissioning date of the Dadri project and the term may be extended by mutual consent.

Procurement

International competitive bidding for the EPC contract has been invited for the project on a fixed-price, turnkey basis.

Fuel Supply

The natural gas requirement for the Dadri project is estimated to be 32.4 mmcmd at 90% PLF. We have entered into a non-binding MOU with RNRL under which we have agreed to negotiate a definitive GSTA pursuant to which RNRL would supply us with all or a significant amount of the gas required for our Shahapur Gas and Dadri projects. We intend to use gas from RNRL for both our Shahapur Gas and Dadri projects. In case there is any shortage in supply by RNRL, we will seek to obtain gas from alternative suppliers. The MOU also contemplates that RNRL would supply us with gas for other projects that we may develop. The terms and conditions of the GSTA, including price, would be negotiated by RNRL and us on an arm's length basis and be competitive and consistent with prevailing market conditions. We cannot assure you that we will be able to arrange for the supply of gas from RNRL. See “— Arrangements with the Reliance ADA group” below and “About the Company – Description of Certain Key Contracts” on page 97 of this Prospectus.

RNRL has represented to us that it has rights to 28 mmcmd of gas in the KG Basin on a firm basis, plus an additional 40% of the gas production from the KG Basin D6 Block over and above 40 mmcmd, as well as 40% of gas production from other basins / blocks. RNRL has also represented that the expected option volume from KG Basin D6 Block, under the currently approved development plan, is 15 mmcmd (this option volume is after a production of 65 mmcmd of gas from this block, and therefore the availability of the option volume will depend on the extent to which actual production exceeds 65 mmcmd). However, these rights of RNRL are currently the subject matter of litigation. For more information, see “Risk Factors—14. Our operations will have significant fuel requirements, and we may not be able to ensure the availability of fuel at competitive prices” and “Legal and Other Information - Outstanding Litigation and Other Material Development” on pages xviii and 221 of this Prospectus, respectively.

Off-take Arrangements

As required by the State Support Agreement, we intend to enter into long-term PPAs for at least 40% of the total net capacity available for distribution and consumption in Uttar Pradesh. We intend to sell the remaining power generated by the Dadri project under short-term PPAs. We received indications of interest for an aggregate of up to 5,990 MW from the Dadri project from UPPCL, BSES Yamuna Power Limited, PSEB, Rajasthan distribution companies and Haryana Power Generation Co. Ltd. between September 2005 and November 2006.

Financing Arrangements

We intend to finance the cost of this project with contributions from Reliance Power and with third-party debt. The final amount of contributions from Reliance Power and of third-party debt will be determined at the time of financing.

Others

Water Supply

We have received from the GOUP an in principle allocation of 366,986 m³/day of water from the Upper Ganga Canal, which is approximately 3 km from the Dadri site. This amount meets our estimated water requirements for the project.

Property

We estimate that the Dadri project will require 2,500 acres of land. In November 2005, we acquired 2,100 acres of land at the identified site from the GOUP for Rs. 659.1 million. We intend to lease 193 acres of the land needed from the GOUP and we are in the process of acquiring 132 acres from private parties. We need to acquire an additional 76 acres from private parties.

Transmission

Reliance Power envisages that power generated at the Dadri project would be stepped-up to 400 kV and evacuated to the nearest substation.

9. Siyom – 1,000 MW Hydroelectric Project, Arunachal Pradesh

SHPPL, a wholly owned subsidiary of Reliance Power, is developing a 1,000 MW (4x250 MW) run-of-the-river hydroelectric power project on the Siyom River in West Siang, Arunachal Pradesh. The Siyom project was originally awarded to REL. Pursuant to an agreement dated September 14, 2007, all rights and obligations in relation to the project were transferred to us. The project is scheduled to be commissioned in March 2015. The estimated cost of the Siyom project is Rs. 57,800.0 million. We believe that the Siyom plant will operate at approximately 52% PLF.

REL entered into an MOA in February 2006 with the GOAP. Under the terms of the MOA, the project is required to be implemented on a Build-Own-Operate-Transfer basis for a lease period of 40 years from the commissioning date. This project will revert to the State Government after that time, free of cost, in good working condition. No extension of the lease period will be considered on expiry of the lease period of 40 years. The project feasibility report and DPR must be submitted to the GOAP prior to the commencement of implementation of the project.

From the commissioning date, 12% of energy generated for the first 10 years and 15% of the energy generated after the 10th year must be provided free to the GOAP. We are also required to allocate 11% of equity of SHPPL used to develop the project to the GOAP. In addition, the GOAP has the option to purchase all of the power generated from the project on mutually agreed terms and conditions. The State Government must exercise this right within 90 days of the receipt of such offer from us. If SHPPL and the GOAP do not arrive at mutually agreed terms and conditions for a PPA within 90 days of the receipt of the offer, we are entitled to sell the power from the project to any other party in our discretion. If the GOAP does not exercise its right to buy all power generated at the Siyom project, SHPPL intends to sell the power to customers outside the State of Arunachal Pradesh under long-term or short-term PPAs.

Under the MOA, financial closure must be achieved within 12 months from the date of receipt of DPR approval and techno-economic clearance from CEA. If financial closure is not achieved during that period for reasons other than those attributable to the GOAP, the GOAP has the right to terminate the MOA.

A service charge of Rs. 10 million and an upfront payment of Rs. 21 million have been paid to the GOAP. Another installment of the same amount is required to be paid in February 2009.

As described above, under our MOU with SNCLI, SNCLI has agreed to carry out feasibility studies, assist us in preparing the DPR and project budget and provide technical support in various aspect of the project, including project engineering, design, inspection, testing and commissioning. SNCLI will be the exclusive provider of these

services to SHPPL. The price for these services remains to be agreed by SNCLI and us. The MOU will expire if commercial terms and conditions have not been agreed between SNCLI and us by September 29, 2008.

The environmental clearance given for the Siyom project is currently the subject of litigation. See “Legal and Other Information – Outstanding Litigation and Material Developments” on page 221 of this Prospectus.

10. Tato II – 700 MW Hydroelectric Project, Arunachal Pradesh

THPPL, a wholly owned subsidiary of Reliance Power, is currently developing a 700 MW (4x175 MW) run-of-the-river hydroelectric power project near the Siyom River in West Siang, Arunachal Pradesh. The Tato II project was originally awarded to REL. Pursuant to an agreement dated September 14, 2007, all rights and obligations in relation to the project were transferred to us. The project is scheduled to be commissioned in March 2014. The estimated cost of the Tato II project is Rs. 40,450.0 million. We believe that the Tato II project will operate at approximately 66% PLF.

REL entered into an MOA in February 2006 with the GOAP. Under the terms of the MOA, the project is required to be implemented on a Build-Own-Operate-Transfer basis for a lease period of 40 years from the commissioning date. This project will revert to the State Government after that time, free of cost, in good working condition. No extension of the lease period will be considered on expiry of the lease period of 40 years. The project feasibility report and DPR must be submitted to the GOAP prior to the commencement of implementation of the project.

From the commissioning date, 12% of energy generated for the first 10 years and 15.5% of the energy generated after the 10th year must be provided free to the GOAP. We are also required to allocate 11% of equity of THPPL to the GOAP. In addition, the GOAP has the option to purchase all of the power generated from the project on mutually agreed terms and conditions. The State Government must exercise this right within 90 days of the receipt of such offer from us. If THPPL and the GOAP do not arrive at mutually agreed terms and conditions for a PPA within 90 days of the receipt of the offer, we are entitled to sell the power from the project to any other party in our discretion. If the GOAP does not exercise its right to buy all power generated at the Tato II project, we intend to sell the power to customers outside the State of Arunachal Pradesh under long-term or short-term PPAs.

Under the MOA, financial closure must be achieved within a period of 12 months from the date of receipt of DPR approval and techno-economic clearance from CEA. If financial closure is not achieved on or before the expiry of the 12-month period for reasons other than those attributable to the GOAP, the GOAP has the right to terminate the MOA.

REL has paid service charges of Rs. 7 million and an upfront payment of Rs. 15 million to the GOAP. Another installment of the same amount is required in February 2009.

As described above, under our MOU with SNCLI, SNCLI has agreed to carry out feasibility studies, assist us in preparing the DPR and project budget and provide technical support in various aspect of the project, including project engineering, design, inspection, testing and commissioning. SNCLI will be the exclusive provider of these services to THPPL. The price for these services remains to be agreed by SNCLI and us. The MOU will expire if commercial terms and conditions have not been agreed between SNCLI and us by September 29, 2008.

11. MP Power – 3,960 MW Coal-Fired Power Project, Madhya Pradesh

MP Power Generation Private Limited, our wholly owned subsidiary, is currently in the early stages of developing a 3,960 MW coal-fired power project at Chitrangi Tehsil, Sidhi District, Madhya Pradesh. The project is scheduled to be fully commissioned by July 2014.

In September 2007, we entered into an MOU with the GOMP under which we agreed to establish a 4,000 MW coal-fired power project, subject to our completion of feasibility studies and approval of our board. We are required to submit a project implementation schedule to the GOMP by November 19, 2007, and a pre-feasibility study to the GOMP by March 20, 2008. In November 2007, we requested an extension of the deadline for the submission of the project implementation schedule by 3 to 4 months. Following approval of the study by the GOMP, we must proceed with the development of the project and obtain all necessary tie-ups and approvals.

In the MOU, the GOMP agreed to facilitate the development of the project by extending all possible cooperation to us, including expediting approvals and permissions and facilitating available incentives. In return, we will provide, on an annualized basis, 5% of the net power generated (gross power generated minus auxiliary consumption) to the GOMP at the variable charge, as determined by the relevant electricity regulatory commission. If we obtain a captive coal block in the State of Madhya Pradesh for the supply of coal to the MP Power Project, then we will provide, on an annualized basis, 7.5% of the net power generated at the variable charge. In addition, the GOMP will have a one-time right of first refusal to purchase power up to 30% of the installed capacity of the project for a 20-year term, subject to the terms and conditions of a PPA to be agreed.

The term of the MOU is one year and will be replaced by the terms of an implementation agreement to be agreed between the GOMP and us.

In October 2007, we also entered into a State Support Agreement (“SSA”) with GOMP for various project initiatives of the Reliance ADA Group including the MP Power project. Under the agreement, the Company has agreed to build, own and operate the MP Power Project, four cement manufacturing plants with an approximate capacity of 5 mtpa, an airport/airstrip for the benefit of the local industrial area and a technical institute. We expect that the cement manufacturing plants, the airport/airstrip and the technical institute will be developed by our affiliates. The Government of Madhya Pradesh has agreed to treat the MP Power project as a “project of special importance” and to assist us in acquiring land, making applications, and obtaining consents or permits required in respect of these projects. We are required to prepare detailed project reports for the projects by April 26, 2008. For further details, see “About the Company – Description of Certain Key Contracts” on page 97 of this Prospectus.

We intend to arrange a combination of long-term and short-term PPAs for power generated by the MP Power project.

12. Kalai II – 1200 MW Hydroelectric Project, Arunachal Pradesh

In June 2007, REL submitted a bid for the award of the Kalai II project, a 1,200 MW (8x150 MW) run-of-the-river hydroelectric power project on the Lohit River in Kumblung, Arunachal Pradesh. REL’s bid included the following terms: 18% of the energy generated at the project would be provided free to the GOAP, a Rs. 1,116.00 million upfront payment, a 24.99% equity stake for the GOAP in the special purpose vehicle used to develop the project and a contribution of Rs. 0.03/kWh of power generated to the local area development trust. In addition, the GOAP has the option to purchase all of the power generated from the project on mutually agreed terms and conditions. We believe that REL’s bid is the most competitive and beneficial to the State of Arunachal Pradesh and we expect that the project will be awarded to REL. In September 2007, REL confirmed that upon receipt of the award of the project it will transfer all its rights and obligations in the Kalai II project to us, subject to GOAP approval.

The project is scheduled to be commissioned in March 2016. The estimated cost of the Kalai II project is Rs. 72,950 million. We believe that the Kalai II project will operate at approximately 53% PLF. If the GOAP and we do not arrive at mutually agreed terms and conditions for a PPA for all the power generated at the project, we intend to sell the power to customers outside the State of Arunachal Pradesh under long-term or short-term PPAs.

13. Krishnapatnam – 4,000 MW Coal-Fired Power Project, Andhra Pradesh

Introduction

In November 2007, we were awarded the Krishnapatnam UMPP following an international competitive bidding process. Krishnapatnam is planned to be a 4,000 MW coal-fired UMPP located near Krishnapatnam in Andhra Pradesh, approximately 3 km from the nearest port where imported coal will be delivered to supply fuel for the project.

The Power Finance Corporation (“PFC”) formed Coastal Andhra Power Limited (“CAPL”) and initially developed the Krishnapatnam project in order to expedite the process of obtaining approvals and clearances. We expect that CAPL will be transferred to us by January 29, 2008. We were awarded the Krishnapatnam project at a levelized tariff of Rs. 2.33/kWh.

The Krishnapatnam project will be a 5x800 MW coal-fired project and employ supercritical technology. As required under the LOI, the Krishnapatnam project is scheduled to be on-stream in September 2013, 68 months following the date of the transfer of CAPL to us, when the first 800 MW unit comes on-line, and the project is scheduled to be fully commissioned in October 2015, 93 months from the date of the transfer of CAPL to us. We will endeavor to commission the project ahead of the specified schedule, as permitted under the PPA. The estimated cost of the Krishnapatnam project is Rs. 165,376 million.

Procurement

International competitive bidding shall be invited for the EPC contract on a fixed-price, turnkey basis.

Fuel Supply

The coal requirement for the project is estimated to be 14 mtpa at 80% PLF. Our affiliate RNRL is currently negotiating for the provision of coal for this project with suppliers outside India.

Fuel Transportation

The coal is expected to be imported by cargo vessel to the nearest port, Krishnapatnam Port Company Limited, which is approximately 3 km from the project site. The coal will then be transported to the project site by conveyer belts or a merry-go-round rail system.

In March 2007, CAPL entered into a port services agreement with Krishnapatnam Port Company Limited (“KPCL”) to use the facilities at the port established and operated by KPCL. This agreement shall become binding on us upon the transfer of CAPL to us.

Off-take Arrangement

Purchase and Sale

Coastal Andhra Power Limited entered into a Power Purchase Agreement dated March 23, 2007 with 11 procurers from four states. This agreement shall become binding on us upon the transfer of CAPL to us. The PPA has been made publicly available by Power Finance Corporation.

Under the terms of the PPA, CAPL has agreed to sell and 11 procurers comprising four states have agreed to purchase the contracted capacity generated by CAPL. CAPL may sell to a third party if there is available capacity that has not been dispatched and the additional capacity has first been offered to the procurers and each procurer has waived their right to the excess power or does not avail itself of the allocated power.

Under the terms of the PPA, CAPL must award the EPC contract or main plant contract for the BTG, complete a fuel supply agreement, take possession of the project site land, and achieve financial closure of non-recourse based financing (if any) within 14 months from the date of the award of the project, or 12 months from the date of transfer of CAPL to Reliance Power, whichever is later.

Term

The PPA has a term of 25 years after the project is commissioned.

Tariff

From the commercial operation date, procurers must pay a monthly tariff that consists of a capacity charge, energy charge and an incentive charge:

- The payment of the capacity charge is based on 80% availability.

- The energy charge is based on actual dispatch of the project.
- If availability exceeds 85%, an incentive equal to 40% of quoted non-escalable capacity charges will be allowed on the additional energy available, subject to maximum of Rs. 0.25/kWh.
- If availability is less than 75%, CAPL must pay a penalty of 20% of the simple average capacity charge on the difference between 75% availability and the actual availability during the contract year.

In addition, if CAPL has to pay a penalty to the fuel supplier for not purchasing the minimum guaranteed quantity of fuel under the fuel supply agreement (when it is entered into) and if contract year availability of the commissioned units is greater than 65% of the total contracted capacity but the procurers have not scheduled energy purchases corresponding to that amount, then CAPL may impose a penalty on the procurers that have failed to meet the minimum off-take guarantee under the terms of the PPA.

Based on the LOI issued to the Company, the year wise tariff schedule is set out below:

Contract Year	Total Tariff (Rs / kWh)	Contract Year	Total Tariff (Rs / kWh)
1	1.678	14	2.454
2	1.688	15	2.516
3	2.420	16	2.579
4	2.441	17	2.643
5	2.367	18	2.545
6	2.411	19	2.596
7	2.457	20	2.649
8	2.505	21	2.704
9	2.408	22	2.764
10	2.461	23	2.826
11	2.514	24	2.890
12	2.568	25	2.955
13	2.396	26	3.342

The above tariffs are a combination of capacity charges & energy charges.

*A portion of the capacity charges is linked to a combination of the Wholesale Price Index & the Consumer Price Index
Capacity charges are Indian Rupee denominated whereas a portion of energy charges are denominated in US Dollars*

Payment Security Mechanism

Payments due from the procurers will be secured by a three-tier mechanism:

- An irrevocable revolving letter of credit issued in favor of CAPL for an amount equal to 1.1 times the estimated average monthly billing.
- A collateral arrangement where the receivables of the procurer from energy obtained from the Krishnapatnam project are held in escrow.
- Third-party sale on default, as described below.

Default and Termination

Under the terms of the PPA, CAPL is required to post a performance guarantee equal to Rs. 3,000 million that, subject to certain conditions and adjustments and in addition to the rights of the procurers in the event of a default, may be drawn in the event that CAPL fails to develop the project in accordance with the terms of the PPA and the agreed timelines established for various project milestones. The terms of the PPA also provide for certain liquidated damages to be paid by CAPL to the procurers in the event that the units are not commissioned by their scheduled

commercial operation date. The liquidated damages are proportionate to the contracted capacity allocated to each procurer.

Upon default of a procurer, CAPL must offer 25% of default power to other non-defaulting procurers first and then to third parties after giving seven-days notice to the defaulting procurer. Thirty days following a default, CAPL may offer 100% of the default power after following the same procedures. In addition, CAPL is also entitled to payment of capacity charges from the defaulting procurer for a period of three years or termination of the PPA with respect to such procurer.

The scheduled commercial operation date of each BTG is between 68 and 93 months from the date of the transfer of CAPL to us, with the second unit being placed on stream with seven months of the first, and the remaining three units being placed on stream every six months thereafter. The PPA permits commissioning of the project earlier than the specified schedule. An event of default includes CAPL's failure to commission a particular unit within 12 months after the scheduled commercial operation date.

In case of default by CAPL, CAPL may cure the default within 90 days. If the default is not cured within seven days after the 90-day period, lenders may exercise or procurers may require the lenders to exercise their right to seek substitution of SPL with another party to secure the obligations of SPL.

Financing Arrangements

We intend to finance approximately 20% to 30% the cost of this project with contributions from Reliance Power and approximately 70% to 80% with third-party debt. The final amount of contributions from Reliance Power and of third-party debt will be determined at the time of financing.

Other

Water Supply

The estimated water requirement for Krishnapatnam project is 864,000 m³/day. The source of water is seawater from the Bay of Bengal, approximately 3 km from the project site. CAPL will also need to construct a de-salination plant to meet sweet water requirements for the project.

Property

Reliance Power expects that the Krishnapatnam project will require 2,600 acres of land. The Government of Andhra Pradesh is in the process of acquiring the land pursuant to the Land Acquisition Act 1894.

Transmission

CAPL envisages that power generated at the Krishnapatnam project would be stepped-up to 400 kV and evacuated to the nearest substation.

VI. Other Opportunities

Carbon Credits

The Kyoto Protocol paved the way for the Clean Development Mechanism ("CDM"), a program that encourages sustainable development projects that reduce greenhouse gases in the earth's atmosphere by issuing tradable certificates called Certified Emission Reductions ("CERs") and Verified Emission Reductions ("VERs"). We expect to be eligible for the CDM benefits due to the technologies that we intend to employ at certain of our power generation projects. We intend to explore the possibility of registering certain of our projects with the CDM executive board for the issuance of carbon emission reduction certificates that we may sell. In order to realize these benefits, we have entered into MOUs with CDM specialists who have agreed to assist us with the development of our CDM strategies and may purchase CERs from us.

Future Development Projects

According to projections made in the 17th National Electricity Plan, demand for power is expected to grow at an average annual rate of 9% during the 11th Plan period (2007-12) and at an average annual rate of 7% during the 12th Plan period (2012-17). In addition to the 28,200 MW of power projects that we are currently developing, we intend to develop additional power projects to help meet this demand, including nuclear power projects if and when permitted by Indian law. For instance, we have submitted bids for four hydroelectric projects in the state of Himachal Pradesh. We are also considering the development of CBM power generation projects to be sourced from CBM blocks being explored by a consortium led by our affiliate, RNRL. We also intend to invest in overseas opportunities that are a strategic fit with our business.

VII. Arrangements with the Reliance ADA group

We intend to contract the expertise of our affiliates for the provision of certain services that are critical to our business. We have entered into several non-binding MOUs with our affiliates, which will form the basis for negotiations of definitive agreements. These MOUs include:

- An MOU with REL, under which we may negotiate for EPC services on a project-by-project basis.
- An MOU with RNRL, under which we may negotiate a definitive GSTA for the provision of gas to the Shahapur Gas and Dadri projects.
- An MOU with RNRL, under which we may negotiate a definitive Coal Supply Agreement for the provision of imported coal to the Shahapur Coal and other coal-fired projects.
- An MOU with RNRL and North American Coal Company (“NACC”), under which we may negotiate for services relating to our operation of the captive mines for the Sasan project.
- An MOU with Reliance Energy Transmission, under which we may negotiate the provision of transmission services on a project-by-project basis.

In addition, in September 2007, we entered into a shared facilities and support services agreement with REL. In March 2006, we also entered into an MOU with other group companies of the Reliance ADA group for the purpose of sharing the costs of certain advisory services provided to each group company. In addition, in September 2007, we have entered into a Brand License Agreement with Reliance Anil Dhirubhai Ambani Ventures Private Limited for the licensing of the Reliance ADA group and the Reliance ADA group Power brands.

We also intend to enter into off-take arrangements with the distribution arm of REL and with Reliance Energy Trading under the terms of short-term and long-term PPAs. We have entered into a non-binding MOU with Reliance Energy Trading under which we have agreed to negotiate a PPA for the supply of 300 MW of power from Rosa Phase II for a price and on terms to be agreed. REL has also indicated its need for 1,000 MW of power from our Shahapur Coal project to meet demand in Maharashtra.

Each of the MOUs and agreements that have been entered into are more fully described in “About the Company - Description of Certain Key Contracts” beginning on page 97 of this Prospectus. We may enter into additional arrangements with these and other affiliates of the Reliance ADA group in the future.

These relationships are essential to our business model, and we believe that they will operate to the benefit of the shareholders of Reliance Power. These relationships will also create significant conflicts of interest. For a detailed description of these risks, see “Risk Factors — 8. The interests of our controlling shareholders and affiliates will cause significant conflicts of interest in the ordinary course of our business.” on page xiv of this Prospectus.

VIII. Personnel and Project Development, Operation and Maintenance

As of November 30, 2007, we had 36 employees. All of our key management personnel, who were deputed to our Company by the respective Promoter Group companies, were made permanent employees of the Company with effect from November 1, 2007. We are primarily dependent upon the assistance provided to us by our affiliates, although we intend to expand our own operations and staff over time. Our success will depend on our ability to recruit, train and retain high quality professionals. We believe that the support of the Reliance ADA group and our intense focus on performance, quality, training and growth will give us significant advantages in attracting and retaining highly skilled employees. We intend to provide for the operation and maintenance of our projects in-house.

We intend for our O&M personnel at each project to be trained by the relevant EPC contractor and the other equipment suppliers to the project. In addition, during the first three years of project operation, we intend to have engineers from the EPC contractor and the other equipment suppliers available to assist our personnel in project O&M.

We have also entered into a non-binding MOU with Development Consultants Private Limited (“DCPL”) under which we may approach DCPL to act as the engineering and project management consultant, on a project-by-project basis.

We have also retained DCPL to provide project cost estimates for 11 of our projects, including five of the Identified Projects which are being allocated Net Proceeds of the Issue. DCPL will receive a customary fee for its services.

IX. Insurance

We require our contractors for Rosa Phase I to maintain insurance for our benefit during project construction, and we intend to take out third party insurance for our other projects through our contractors or otherwise in respect of risks associated with our assets and infrastructure that are ancillary to our projects during the construction phase. We expect that our financing arrangements (as was the case for Rosa Phase I) will require us to maintain a certain level of insurance coverage. We have and intend to arrange for and maintain the required level of required coverage under these arrangements, and we will consider applying for additional coverage that we believe is sufficient for our operations at the appropriate time.

X. Research and Development

We intend to adopt the best practices of REL in our own research and development activities following the commissioning of our power projects. REL has developed research and development programs at its Dahanu, Goa, Samalkot and BSES Kerala thermal power projects. Each of these programs focus on increasing overall project operating efficiency by improving technologies and processes for ignition, primary and secondary fuel consumption, fuel quality, water storage and supply and heat rate, among other items. We intend to retain and develop the expertise necessary to conduct research and development activities at our hydroelectric projects following their commissioning, as well.

XI. Environmental

Prior to the commencement of any project, we must undertake environmental impact studies to determine the effect of the construction and operation of the project at the selected site. Generally, the major pollutants likely to affect the environment at the projects currently under development include nitrogen oxide emissions, thermal pollution, liquid effluents and noise generated during project operations. All of our power projects will be equipped with devices for the control of pollutants to levels within required norms. At each of the coal-fired power projects currently in development, we also intend to attain a zero-discharge status for the project. In order to achieve this result, the ash waste produced would be utilized for making bricks and other building materials and the water discharge, after treatment, would be utilized within the project premises for various non-critical applications.

XII. Significant Approvals Related to the Power Project Development Process

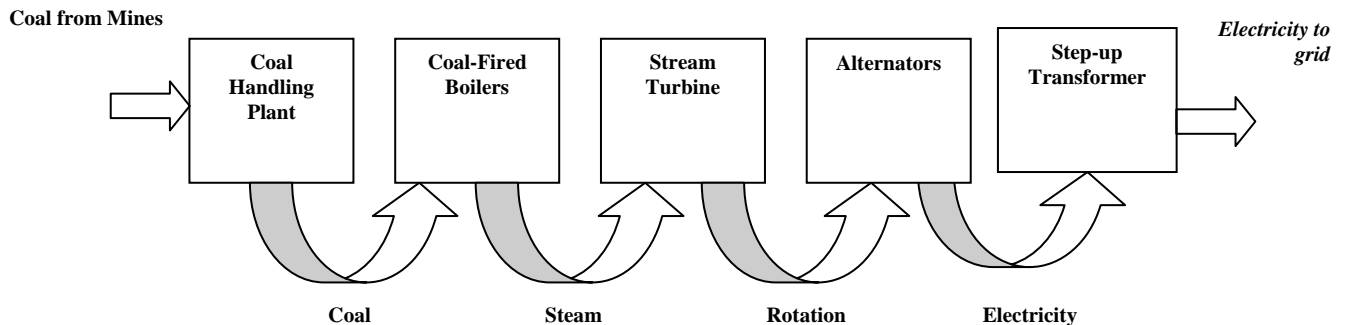
The development and operation of a power project requires various approvals, licenses and registrations from the Central and State governments and other authorities. We apply for approvals, licenses and registrations at the appropriate stage of development of each project. We have listed key approvals that have been obtained or applied for by us along with certain significant approvals that will need to be applied for on a project-by-project basis in the section entitled “Government Approvals.” The failure to obtain these approvals can result in delays or prevent a project from being commissioned. See “Risk Factors— 30. We require certain approvals and licenses in the ordinary course of business and the failure to obtain or retain them in a timely manner may adversely affect our operations.” on page xxi of this Prospectus.

XIII. Power Generation Technology

Coal-Fired Power

Each of the coal-fired power projects currently in development would employ pulverized coal combustion (“PCC”) technology. In the PCC process, coal-handling plants receive coal, crush it to the required size and feed it to the boiler plants. Boiler plants then use coal pulverizers to grind the coal into a finer size before it is fed to the boiler furnace. The boilers are enclosures encased by tubes filled with flowing water. As the boiler furnace heats, the water flowing in the boiler tubes is converted into high pressure and high temperature steam. This steam is conveyed to the turbine through steam pipelines. The steam produced in the boiler drives steam turbines, making the turbines’ rotors rotate at high speeds. Alternators are coupled to the steam turbines and rotate with the turbines’ rotors. The alternators convert the energy generated by the rotation of the turbines’ rotors into electricity. Step-up transformers then step up the voltage of generated electricity before it is fed to the grids for transmission. Transmission of electricity is done at very high voltage to minimize energy losses that occur when it passes through transmission lines.

The coal-fired power process is illustrated below:



PCC technology can be divided into subcritical PCC technology and supercritical PCC technology. The technologies differ principally in the pressure and temperature at which steam is produced in the boiler. The pressure and temperature of steam in a supercritical plant are significantly higher than in a subcritical plant. Supercritical technology necessitates the use of advanced materials for the equipment that processes the steam. However, supercritical plants are more efficient compared to subcritical plants, requiring less coal than subcritical plants to generate the same amount of electricity. In addition, supercritical plants emit fewer pollutants than subcritical plants.

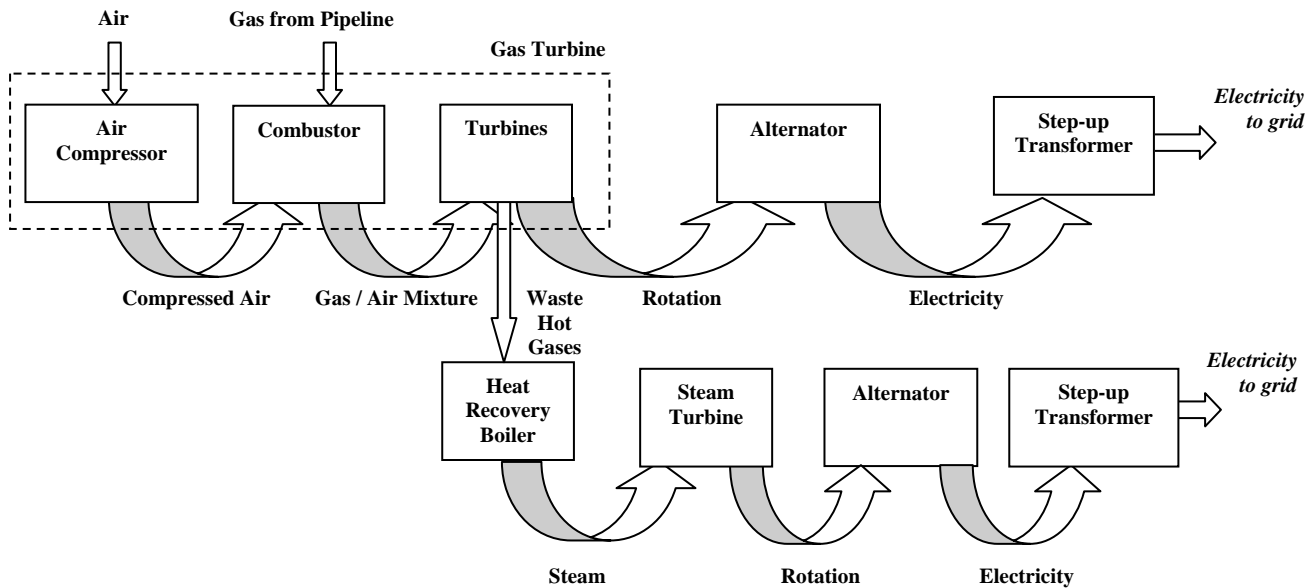
Gas-Fired Power

Each of the gas-fired power projects that we are developing employ CCGT technology, which employs both gas and steam turbines. CCGT technology is well proven and more efficient than PCC technology.

In the CCGT process, a gas turbine is comprised of three sections: an air compressor, a combustor and turbines. Air is drawn in from the atmosphere and compressed before it is fed into the combustor. Gas fuel drawn from gas

pipelines burns in the combustor in the presence of the compressed air from the compressor and creates a mixture of high temperature and high-pressure hot gasses that drive the turbine. The exhaust gas of gas-fired power stations loses all pressure in the gas turbine, but remains very hot. The residual heat is recovered in heat recovery boilers to generate steam. The steam generated in the heat recovery boilers is used to generate additional electricity through steam turbines and separate alternators. Step-up transformers step up the voltage of generated electricity before it is fed to the grids for transmission. Transmission of electricity is done at very high voltage to minimize energy losses during transmission.

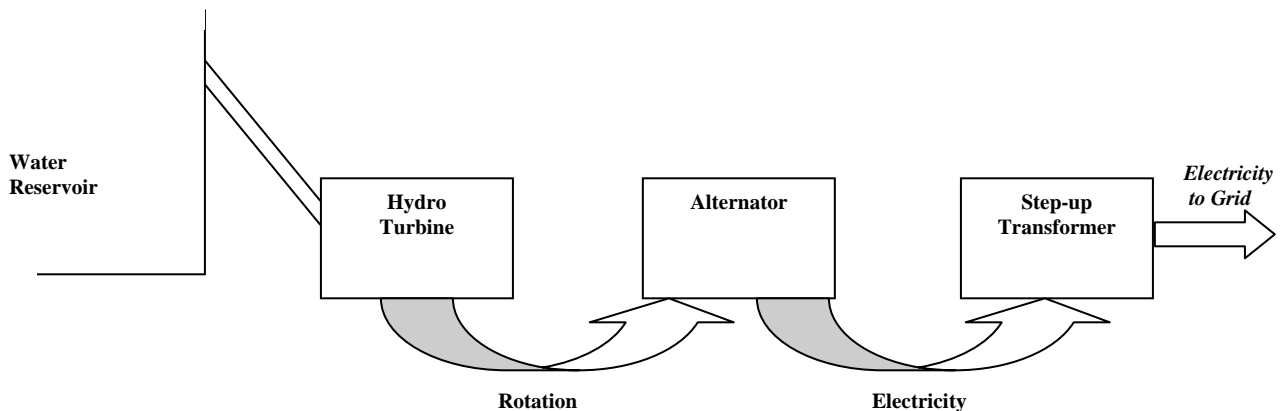
The gas-fired power process is illustrated below:



Hydroelectric Power

Each of the hydroelectric power projects under development would harness energy from water running from a higher height to a lower height and, in the process, drive a hydro-turbine, which rotates an alternator to produce electricity. The process of electricity generation in a hydro electric power plant is substantially the same as that of a coal-fired power plant except that the turbine in hydro plants is driven by water rather than steam from a boiler.

The hydroelectric power process is illustrated below:



XIV. Competition

Due to the historical imbalance between demand and supply in the Indian power sector, there has been consistent market demand for power generation companies in India, which historically has been primarily supplied by the central and state government. Details of the installed capacities of various categories of generators as of September 30, 2007 are as follows:



Category of Generator	Installed Capacity (MW)	% of Total Installed Capacity
State	70,947	52.3%
Central	46,166	34.0%
Private	18,669	13.7%
Total	135,782	100%

(Source: Ministry of Power)

The Electricity Act removed licensing requirements for thermal generators, provided for open access to transmission and distribution networks and removed restrictions on the right to build captive generation projects. These reforms provide opportunities for increased private sector involvement in power generation. Specifically, the open access reforms, by which generators will be able to sell their output directly to distribution and transmission companies and, ultimately, directly to consumers, may increase the financial viability of private investment in power generation. Large Indian business houses, such as the Tata group, which already has a substantial presence in the Indian power generation sector, may seek to expand their operations. The power sector in India could also attract increased investment from international companies. State electricity boards too may also experience improvements in their financial position and may seek to expand their installed capacity.

Thermal power projects may also face increased competition from hydroelectric and nuclear power projects in the future. Increased opportunities for private investment in hydroelectric power, when combined with the low costs of hydroelectric power production and expansive water resources in India, may lead to increased competition for current and future thermal power projects. Additional nuclear power projects, which are not limited by the need for large fuel supplies, may also increase competition for thermal power projects in the future.

XV. Intellectual Property

In September 2007, we entered into a brand licensing agreement with ADAV, a company owned by our chairman, Mr. Anil Dhirubhai Ambani. The agreement allows us to use the  trademark and the  trademark, name and logo (for which ADAV's registration is pending with the Registrar of Trademarks in India) for our services and products on a non-exclusive basis, for a period of 10 years. We will pay to ADAV up to Rs. 800 million for these rights and the timing and amount of the payment (subject to this limit) will be determined in ADAV's sole discretion. A more detailed description of this agreement is provided in the section "Description of Certain Key Contracts" on page 97 of this Prospectus.

DESCRIPTION OF CERTAIN KEY CONTRACTS

Arrangements with Reliance ADA group

MOUs with Reliance ADA group

We intend to contract the expertise of our affiliates for the provision of certain services that are critical to our business. We have entered into several non-binding MOUs with our affiliates, which will form the basis for negotiations of definitive agreements.

Memorandum of Understanding with REL

In September 2007, we entered into a Memorandum of Understanding with REL for the purpose of having the EPC services of REL available to us for our projects under development. Under the MOU, REL and Reliance Power agreed that if Reliance Power approaches REL for the provision of certain EPC services, Reliance Power and REL will negotiate and finalize the terms and conditions of a definitive agreement for the provision of those services requested by us in a timely and cooperative manner. Services that we may request from REL include project management, design, engineering, procurement, supply, transportation of equipment, erection, testing, commissioning and other related services. Each contract would be considered on a fixed price, lump sum, and turnkey basis. The terms would be negotiated on an arms length basis and be competitive and consistent with prevalent market conditions. We are not obligated to retain the services of REL for any of the projects and we are free to consider any third-party proposal that is more favourable and competitive than the proposal from REL. In return, we agreed to consider all the proposals that are received by us from REL in good faith and good industry practices.

As per the MOU, REL shall assist in identification and appointment of contractors and subcontractors for the design, manufacture including erection, commissioning and training assistance in Boiler, Turbine and Generator (BTG) Package for coal based projects, Gas Turbine, Steam Turbines and Generators (Power Block) for gas based project and Hydro turbines and related power equipment for hydro based projects, to one or more reputed companies in the world and in such cases REL may focus on overall, engineering, procurement, supply, erection, construction and commissioning for balance of plant and integration with the main power plant till successful operation and project management for each Project. Neither REL nor we are liable to the other for loss of profit, loss of use, loss of production, loss of contract or for any financial or economic loss or for any indirect, incidental or consequential damages, or breach of statutory duty, in tort or otherwise arising out of or in connection with the MOU except to the extent of project completion related liabilities which will be addressed in definitive agreements entered into between REL and us.

Memorandum of Understanding for Supply of Gas

In September 2007, we entered into a MOU with RNRL under which we agreed to enter into good faith negotiations for a definitive Gas Sale and Transportation Agreement (“GSTA”) for the provision of gas to our Shahapur Gas and Dadri projects, as well as other prospective gas-fired projects that we may develop in the future. The terms and conditions of the GSTA would be negotiated on an arms length basis and be competitive and consistent with prevailing market conditions.

The MOU also outlined principles that would form the basis of the discussions and negotiations between RNRL and us in concluding the terms of a definitive GSTA.

RNRL has represented to us that it has rights to 28 mmscmd of gas in the KG Basin on a firm basis, plus an additional 40% of the gas production from the KG Basin D6 Block over and above 40 mmscmd, as well as 40% of gas production from other basins / blocks. RNRL has also represented that the expected option volume from KG Basin D6 Block, under the currently approved development plan, is 15 mmscmd (this option volume is available after a production of 65 mmscmd of gas from this block, and therefore the availability of the option volume will depend on the extent to which actual production exceeds 65 mmscmd).

Specifically, the contract would be a take-or-pay contract for a term of 17 years. The annual contracted quantity (“ACQ”) of gas would be 28 MMSCMD, plus an additional 15 MMSCMD in option volume from the KG Basin D6 Block as well as option volume from other blocks/ basins. We would have the option to increase the ACQ by 5% up to an aggregate adjustment of 50% ACQ or decrease the ACQ by 5% in any year. RNRL would have the option to reduce the ACQ in any year by 5%. Each of the parties would be responsible for obtaining and expediting all necessary governmental, corporate and other approvals applicable to it with respect to the performance of its obligations under the GSTA or the other definitive documentation diligently and in good faith and agreed to cooperate with one another in obtaining all necessary governmental approvals and permits.

Memorandum of Understanding for Supply of Coal

In September 2007, we entered into a MOU with RNRL to negotiate a definitive agreement for the supply of imported coal by RNRL to us. The projects that may be included under these supply arrangements includes Shahapur Coal and future imported coal-fired projects. Under the MoU, RNRL proposes to offer up to 20 million metric tonnes of imported coal for the projects under one or more definitive long-term coal supply agreements to be entered into between RNRL and us. The terms and conditions of the CSA, including price, would be negotiated on an arms length basis and be competitive and consistent with prevailing market conditions.

This MoU shall to be in force until first occurrence of the following events: execution of the definitive and exclusive CSA by both the Parties for each Project or Termination of this MoU by either Party by giving one month prior notice.

Memorandum of Understanding with Reliance Energy Transmission

In September 2007, we entered into a MOU with Reliance Energy Transmission for services in connection with the evacuation of power and installation of the Associated Transmission System(s) (ATS). We will consider nominating Reliance Energy Transmission as the transmission service provider (“TSP”) for each of our projects on a project-by-project basis. In return, they will assist us and the relevant project EPC contractor in designing and engineering of transmission systems and evacuation facilities, the procurement of equipment and other services for making the ATS available and personnel training. Upon our request for these services, Reliance Transmission and we have agreed to seek to enter into definitive TSP agreements in a timely and cooperative manner. The terms, including price, will be negotiated on an arms length basis and consistent with prevailing market conditions. If the ATS qualifies as a Dedicated Transmission System under the Electricity Act 2003 price would be mutually agreed between the parties. If the ATS is not so qualified, we will pay to RETL the transmission service charges as applicable under the Electricity Act 2003 at that time.

Memorandum of Understanding with Reliance Natural Resources Limited and the North American Coal Corporation for Coal Mining Activities in India

In September 2007, we entered into a MOU with RNRL and the North American Coal Corporation (“NACC”) for coal mining activities in India.

RNRL, NACC and we entered into this MoU for the purpose of developing UMPPs that will use domestic coal, the coalmines allocated to the Sasan project and for the development of other captive coal blocks. Under the MOU, the parties agreed to seek to negotiate definitive agreements regarding the scope of the services to be provided by each one of them under the MoU. The terms of the MOU include that: we will be responsible for securing and maintaining necessary approvals for the Sasan project; acquiring land and water and other utilities for mining; and achieving financial closure of the Sasan project including the captive coal mines. RNRL has agreed to be the mining operator and to be responsible for meeting production targets within the budgets and costs agreed to by all the parties; achieving safety targets and environmental norms at the site; and ensuring the availability of manpower and equipment. NACC has agreed to provide technical assistance to the mining operation and to will be responsible for the evaluation of geological data; mine planning and design; supervision of mining operations; training of RNRL and our personnel; and implementation of international best mining practices at the mining site.

The term of the MOU is three years from its date of its execution unless terminated by one of the parties on one month's notice and can be extended by mutual consent with one month prior notice.

Other arrangements with the Reliance ADA group

In addition to the MOUs mentioned above, we have also entered into the following agreements with our affiliates:

Agreement with Reliance ADA Group Private Limited (earlier known as Anil Dhirubhai Ambani Enterprises Limited)

In March 2006, we entered into an agreement with Reliance ADA Group Private Limited ("RAGPL") for the purpose of sharing the costs of certain activities carried out by each company. Under the agreement, RAGPL will serve as a Trustee and Manager and would obtain, hold and manage the personnel and consultants, permissions, equipment, technology and other resources required by the companies of Reliance ADA group, including us, to carry out their business. RAGPL will make arrangements for these resources required for carrying out activities such as strategic advice, business planning, marketing, human resource management, brand creation and promotion, advice on various corporate actions, among other activities, under this agreement in RAGPL's own name and RAGPL would be solely responsible for the costs and other consequences of the same. In contracting for and allocating these resources, our needs will be considered along with the needs of all other companies that have entered into this agreement with RAGPL.

In return for these services, companies of Reliance ADA group must pay Rs. 10 million per annum and RAGPL's estimated expenses.

The term of this agreement is automatically renewed for successive one-year periods on March 31 of each year unless we give 60-days notice prior March 31 that the Agreement will expire.

Shared Facilities and Support Services Agreement with Reliance Energy Limited



In September 2007, we entered into a shared facility and support services agreement with REL to enable REL to share its expertise and services with respect to installation, commissioning and operation of the power generation projects.

Under this agreement, REL has agreed to help us acquire or lease land for our project sites, obtain all requisite consents and approvals, and provide support in relation to design, project implementation, EPC services, operations and management services and quality control and testing. REL has also agreed to depute its personnel to Reliance Power for these services on terms determined on a cost-sharing basis. These personnel will be responsible for training other our personnel. We will reimburse REL in accordance with the mutually decided terms between the parties and commensurate with the tenure and position of the deputed personnel. REL will also provide certain treasury and tax planning services agreed to by them.

We will reimburse REL and its affiliates for such direct and associated costs that are comparable to those that would be incurred on an arm's length basis while providing services under this agreement to us. The liability of REL to us is limited to an amount equal to the 100% of the aggregate consideration paid by us to REL during the twelve month period ending on the date such claim arises.

The agreement is valid for a period of 2 years unless terminated by either party and is automatically renewed for a further period of two years unless Reliance Power gives REL a notice of 30 days prior to the expiry of the two year term.

Brand License Agreement with Anil Dhirubhai Ambani Ventures Private Limited

In September 2007, we entered into between a brand licensing agreement with ADAV, allowing us to use the  and  trademark, name and logo for our services and products on a non-exclusive and royalty-free basis, for a period of 10 years from the date of execution of this agreement. We are allowed to sublicense the brand to our distributors or other agents and our subsidiaries subject to certain conditions. We will

pay to ADAV up to Rs. 800 million for these rights and the timing and amount the payment (subject to this limit) will be determined in ADAV's sole discretion.

Any breach of the agreement or violation of any applicable law, regulation or industry standard by us, our authorized distributors or agents or our subsidiaries, our insolvency, any attempt by us to claim ownership of the brand and any change of control at Reliance Power will allow the ADAV to terminate the agreement.

Certain key contracts in relation to our projects

Our Company and its Subsidiaries have entered into certain project contracts that are important for our business operations and profitability. With the view to familiarise investors with the key contractual arrangements that bind us, please find below a summary of the important commercial contracts that we have entered into.

I. Rosa Phase I

RPSCL, a wholly owned subsidiary of Reliance Power, is constructing a 600 MW coal-fired power plant at Rosa village in Shahjahanpur, Uttar Pradesh. Reliance Power took over RPSCL from the Aditya Birla group through a share purchase agreement dated November 1, 2006.

a. *Share Purchase Agreement*

Reliance Power entered into a share purchase agreement with Aditya Birla Power Company Limited (ABPCL) on November 1, 2006. Under this agreement, ABPCL agreed to sell and transfer to Reliance Power 50,000 shares representing 97.45% of the total fully paid-up capital of RPSCL held by ABPCL. Reliance Power has agreed to build, own, operate and maintain the Rosa power project in accordance with and on terms and conditions mentioned in the project documents. The remaining 2.55% shares were also acquired from various individual shareholders on the same date.

At the time of execution of this agreement, the lump sum consideration was required to be paid by Reliance Power to ABPCL. The parties had agreed that upon receipt of approval for the change of ownership of this company from the Government of Uttar Pradesh, Reliance Power shall pay RPSCL, a sum agreed to by the parties as advance against share capital and RPSCL shall use the said amount to pay ABPCL towards development fees for expenses incurred on the Rosa Project.

b. *Implementation Agreement and Supplemental Implementation Agreement*

An implementation agreement was entered into between the Government of Uttar Pradesh and RPSCL on February 23, 1999. The GoUP agreed to support the development of the Rosa power project by way of extending the benefits of the Uttar Pradesh Power Policy, 2003, and Industrial Policy while maintaining all the promotional support already provided in terms of the original implementation agreement. Certain provisions of the original implementation agreement were amended, modified and replaced by a Supplemental Implementation Agreement dated November 12, 2006.

Under this agreement the GoUP agreed to promptly revalidate all approvals and licenses obtained from it in relation to this project. It has agreed to appoint a government official who can act as a single window agency for all approvals related assistance. It agreed to treat the project as a priority project. GoUP has agreed to provide support in relation to the procurement and transportation of project material, plant and equipment. It has also agreed to lease Government land for 99 years at lease rental as provided under the agreement.

GoUP represented that it shall take all necessary steps within its administrative powers to ensure that the terms of the PPA between UPPCL and RPSCL are followed by UPPCL or its successors and assigns. It agreed to execute and deliver all consents, permits, assignments, agreements and other documents by way of security that are reasonably required and shall execute a water use agreement to ensure supply of the agreed quantity of water throughout the year and to procure and provide on request of RPSCL all consents and permits by any government instrumentality under it to render support for the same.

c. *Power Purchase Agreement*

RPSCL entered into an Amended and Restated Power Purchase Agreement (PPA) with UPPCL on November 12, 2006 under which UPPCL agreed to purchase and accept delivery into its system all electrical energy to be generated by this project and to pay for the capacity and electrical energy so generated as per the terms of this agreement. The PPA has been approved by Uttar Pradesh Electricity Regulatory Commission.

The term of this PPA commences from the date of its execution and delivery and continues in full force and effect for a period of 25 years from the Unit II commercial operation date (COD). The same may be extended by mutual agreement. If at the expiry of the initial term, the PPA is not extended, then RPSCL is free to sell power, the plant and related assets to a third party. However, if RPSCL exercises its option to sell the power plant and related assets on expiry of this agreement, UPPCL will have the first right to purchase the same at a mutually agreed price, which shall not be lower than the market price of the power plant.

Under the terms of this PPA, RPSCL has the right to sell power to third parties in case of termination of the PPA, default by UPPCL or when UPPCL is unable to or elects not to off-take any capacity or power generated by the power plant. However, UPPCL has to pay the fixed charge even if it elects not to purchase power from RPSCL.

The tariff required to be paid by UPPCL would be the sum of fixed charge, variable charge and incentive charge (if any). It shall be computed for each tariff year, in the manner detailed hereunder.

- Fixed charge would be the aggregate of interest on debt, interest on working capital, depreciation, Operation and Maintenance expenses, taxes on income (excluding any penalties imposed by reasons of RPSCL's default) and return on the equity at a rate of 14% on the equity component, which is up to 30% of the total project cost. The fixed charge is recoverable fully at 80% availability. If the availability requirement of 80% is not met for any tariff year, then the fixed charge payable will be reduced on a pro rata basis.
- Variable charge shall mean the cost of primary and secondary fuel.
- Incentive charge would be payable at a flat rate of Rs. 0.25 per kwh for ex-bus energy generated in excess of ex-bus energy corresponding to the target generation. Incentive charge is required to be paid on a monthly basis and the obligation to pay incentive charge is requested to be supported by a Letter of Credit.

It is provided that RPSCL's failure to commence construction within 180 days of financial closing or failure to enter into commercial operation within twelve months of the scheduled COD for reasons other than force majeure events or delay caused by UPPCL would constitute an event of default and if not rectified within 180 days, would entitle UPPCL to terminate this agreement. An event of default shall also be considered to have occurred if the monthly average daily declared capacity in 12 consecutive operating months falls below 50% availability. On the occurrence of an event of default by RPSCL, UPPCL shall have the right to purchase the power station, at a price equal to the outstanding debt plus an additional termination payment consisting of taxes and duties payable with respect to the transfer of project assets. In the event of default by UPPCL, RPSCL may require UPPCL to purchase the project at a price equal to the sum of the outstanding debt, equity, additional termination payment, and 80% of the net present value of the future return on equity.

If certain force majeure events occur, UPPCL will be entitled to purchase the project at a price equal to the sum of outstanding debt 40% of the equity and certain additional termination payments. In the event of a political force majeure or certain force majeure events in relation to UPPCL, RPSCL may require UPPCL to purchase the project at a price equal to the sum of the outstanding debt, additional termination payment, equity, and 40% of the net present value of the future return on equity.

Except as provided in the PPA, neither party may assign or otherwise transfer any of its rights or obligations under the PPA without the prior written consent of the other party.

Under regulations in force in Uttar Pradesh, the Uttar Pradesh electricity regulatory authority is required to approve the project cost and other terms of PPAs with the UPPCL. The PPA has been approved by the Uttar Pradesh electricity regulatory commission, whose orders form part of the PPA. The electricity tariff for this project is also subject to approval of the Uttar Pradesh electricity regulatory commission. The approved cost of Rs. 26, 416.30 million shall be the ceiling for the purposes of tariff approval of this project. This cost is exclusive of working capital margin. The orders of the Uttar Pradesh electricity regulatory authority further require that operations at the first unit of this project commence within 41 months and for the second unit commence with 44 months after November 1, 2006.

Payment Security Mechanism

The PPA provides that on or before the Scheduled Synchronisation Date of Unit I and at all times thereafter, UPPCL shall provide the following securities:

- An irrevocable revolving letter of credit issued in favour of RPSCL by a scheduled commercial bank mutually agreed to between the parties valid for at least one year and having a face value of one month's billing amount based on 85% PLF. The letter of credit shall continue to revolve for the term of this agreement and shall be reinstated within 5 days of draw-down.
- An escrow account that shall at all relevant times hold funds equivalent to 1.25 times monthly tariff amount based on eighty five per cent of the PLF for the purposes of guaranteeing the reinstatement of the letter of credit on a monthly basis under this Agreement as and when it becomes due and payable.
- A state guarantee from the GoUP for securing the payment of electricity dues from UPPCL.

d. *Escrow and Disbursement Agreement*

RPSCL entered into an Escrow and Disbursement agreement with UPPCL and Central Bank of India (Escrow Agent) on August 12, 2000. The PPA between UPPCL and RPSCL contemplates the establishment of an escrow account into which UPPCL shall deposit or cause to be deposited amounts received in respect of the billings to the consumers, to secure UPPCL's Secured Obligations under the PPA.

UPPCL has agreed to hypothecate and create first charge in favour of RPSCL all its rights, title and interest in and to the escrow account, all amounts deposited and to be deposited in such escrow account pursuant to this agreement and receivables from its consumers. The Escrow Agent (Central Bank of India) is required to hold the monies deposited by UPPCL in trust for RPSCL, under the agreement. Escrow Agent cannot have any lien or be entitled to assert a general claim on the monies in the escrow account. The revenue flow in the escrow account should match the projected revenues for the period prior to the date of commercial operation (COD) and shall be maintained at 1.25 times the Monthly Tariff Payment for the period after the COD.

Breach by UPPCL of any of its obligations under this agreement, the security agreement or the PPA; or failure to irrevocably instruct its consumers to deposit all receivables and all other monies due to UPPCL in the escrow account will constitute an event of default. Upon the occurrence of an event of default by UPPCL and receipt of a written notice regarding the same by RPSCL, the Escrow Agent shall transfer all amounts from the escrow account to RPSCL's account not later than one business day after receipt of such notice. The Escrow Agent shall continue to transfer all amounts deposited in the account until the amount so transferred aggregates the monthly requirement for the month in which such notice is served and the Secured Obligations then due and payable by UPPCL to RPSCL and not paid by UPPCL, for the duration of the event of default.

This agreement and all rights and liabilities under it terminate on the termination or expiry of the PPA except for liabilities that have already accrued.

e. *Security and Hypothecation Agreement*

UPPCL and RPSCL entered into a security and hypothecation agreement on August 12, 2000 and into a supplement security and hypothecation agreement on January 24, 2001.

Pursuant to the PPA and the Escrow Agreement, the parties have entered into a security and hypothecation agreement where UPPCL agreed to create and grant a charge and security interest in favour of RPSCL on UPPCL's right, title and interest on and in the Escrow Account on first priority basis. As security for payment and performance when due of any and all of the Secured Obligation, UPPCL charges and hypothecates to RPSCL and grants and creates in favour of RPSCL a lien on and first priority security interest in all right, title and interest of UPPCL in and to the Escrow Account, and all amounts on deposit therein and all proceeds thereof, and to the Receivables subject to the terms and conditions contained in the Escrow Agreement.

Under this agreement, UPPCL shall not without the prior consent of RPSCL create or suffer any mortgage, charge, lien or encumbrance in or to the Secured property do or allow anything that may prejudice this charge.

The charge is released when the PPA has been terminated and all the secured obligations have been fully performed or otherwise discharged. The security created by this agreement shall be a continuing security for the performance and discharge of the secured obligations. At any time after an event of default occurs and is continuing, RPSCL shall have the authority to act upon and enforce the provisions of this Security Agreement.

f. *Coal Supply Agreement*

RPSCL entered into a coal supply agreement with Central Coalfields Limited (CCL) on May 4, 2007 for an aggregate quantity of 2.7 million tones per annum. This agreement shall continue to remain in force till March 31, 2026, unless terminated earlier. Parties can negotiate a new agreement based on the availability of coal with the seller vis-à-vis the demand of the buyer.

The agreement provides that first delivery date (date notified by buyer on which seller is obliged to commence deliveries of coal) will fall within a four month period that commences, not before 26 months from the date of execution of this agreement and not later than 32 months from such date. RPSCL will indicate the four month period within 30 days of the financial closure.

Under the agreement, CCL has absolute obligation to sell and deliver and RPSCL has absolute obligation to purchase and pay for the coal. In case of its failure to do so, whether due to force majeure or default, CCL is required to source the requisite quantities from alternate sources for RPSCL. If CCL fails to deliver the required quantity then RPSCL can procure the shortfall from other sources, on giving CCL a notice of seven days prior to releasing such procurement order. Any difference in price of landed cost of coal will be borne by CCL for such coal which RPSCL will buy from other sources in case of CCL not able to deliver the required amount.

Further, in case the supply of coal by CCL falls substantially than required and RPSCL lost generation of electricity due to inadequate supply, CCL is liable to pay liquidated damages to RPSCL.

RPSCL is required to deposit with CCL an amount of advance equal to the estimated 'as-delivered' price of the contract quantity for a full operating year within thirty days before the first delivery date. Further, it is also required to furnish four bank guarantees representing, amounts equivalent to the 'as-delivered' price. On presentation of a provisional invoice, RPSCL shall have to make payment in full in accordance with the invoice within three business days. This agreement provides that if payments are not made by RPSCL, it

shall be liable to pay interest at the prevailing cash credit rate. If default continues beyond 30 days then an additional 2% over and above the cash credit rate shall be charged.

The purchase price (as-delivered price) for coal shall be the sum of base price, sizing charges, transportation charges up to delivery point, statutory charges and risk premium charges. The statutory charges comprise royalties, cesses, duties, taxes, levies and without limitation all other payments of a similar nature.

CCL is entitled to terminate the agreement upon purchase of coal by RPSCL from any third party other than as provided under the agreement or upon failure by RPSCL to accept minimum standard tonnes of coal quantity under this agreement. Except as provided in this agreement, neither party may assign or otherwise transfer any of its rights or obligations under the PPA without the prior written consent of the other party.

g. *Coal Transportation Agreement*

RPSCL entered into a coal transportation agreement dated January 23, 2007 with Eastern Central Railway for the placement of rakes, transportation and delivery of coal to the power station. The annual scheduled quantity (amount to be loaded, transported and delivered in an operating year- period starting April 1 to next March 31) to be supplied under this agreement is 2.7 million tonnes. This agreement shall be effective from the date on which all the conditions precedent have either been satisfied or waived by the parties and shall remain in force for a period of twenty five years from the COD unless terminated earlier in accordance with the terms of this agreement.

The company has agreed that not later than ninety days after the financial closing for the project, it shall notify the Eastern Central Railway of the date of commencement of the start-up period which shall not be earlier than 28 months after financial closing and shall not be later than 33 months after financial closing. The start-up period is for a period of eight months following which the start of regular deliveries will commence. At least six months prior to the start-up period the parties have to mutually agree and document a working arrangement for supply of coal from regular as well as alternative sources in consultation with CCL. If parties are not able to arrive at such an agreement then either party can terminate agreement without any termination costs accruing to either.

If RPSCL fails to load or unload coal at the loading or unloading point for a continuous period of six months or fails to load a half of the minimum scheduled supply in each month of a continuous period of eighteen months it would constitute an event of default and the Eastern Central Railways can terminate the agreement if the same is not remedied within ninety days.

h. *Water Supply Agreement*

RPSCL entered into a water supply agreement with the GoUP (Irrigation Department) on November 12, 2006, that authorizes RPSCL to draw 183,493 m³/day from the Garrah river. As per the terms and conditions of the Implementation Agreement between the GoUP and RPSCL, the Government is required to provide and allocate adequate water required for the project and endeavour to maintain allocation of water on terms and conditions of this water use agreement.

The term of this agreement is coincident with the term of the PPA, including any extension or renewal thereof. It is stated that the supply of water shall commence from such date as shall be notified by the GoUP at the request of RPSCL and continue till the term of this agreement. Water supplied under the terms of this agreement shall be used by RPSCL for the purpose of this project only.

RPSCL is required to pay royalty for water actually consumed by it at a rate as prescribed in the document. Consumption will be calculated by subtracting the amount of water returned to the stream from amount of water drawn by RPSCL to meet its requirements relating to power generation in accordance with the provisions of the PPA.

The GoUP is required to raise bills annually and RPSCL shall make payment within one month of the end of each financial year. If RPSCL does not pay any undisputed bills for water royalty for a period of twelve months or more the GoUP shall terminate this agreement.

i. *Engineering, Procurement & Construction (EPC) Agreement*

RPSCL entered into an EPC contract with Shanghai Electric Group Co. (SEC) and Utility Energytech and Engineers Private Limited (UEEPL), (“Consortium Members” or “Contractor”) on March 6, 2007 for Rosa Phase I and Rosa Phase II respectively.

Under this agreement the scope of work is divided into four parts and this agreement will operate as a combination of 4 contracts. The first contract will cover the supply of all equipment and materials for two sets of boilers, turbines and generators, the second contract will cover the supervision of erection, commissioning, and performance guarantee testing of the equipment mentioned in the first contract. SEC is solely responsible for the first and second contract and the detailed scope of its work is outlined in this agreement.

The third contract covers the offshore supply of all equipments and materials for goods to be sourced from outside the state of Uttar Pradesh through sale in transit as well as materials to be sourced within the state of Uttar Pradesh. The fourth contract covers the provision of onshore services (engineering, civil and structural works, etc.) and inland transportation, custom clearance, custom duty, service tax and other taxes. UEEPL is required to carry out the third and fourth contracts.

The contract provides that the BTG units must be supplied to Rosa Phase I within 19 months for the first 300 MW unit and 22 months for second 300 MW units from the date RPSCL issues the notice to proceed for the project. Each Contractor is responsible for the execution of its scope of work. The Contractor has agreed that it shall perform the entire scope of work of the contract for a fixed lump sum consideration as agreed under the terms of the agreement. The breakdown of the contract price for the project is provided in Appendix of the EPC agreement. The consideration is payable in installments in accordance with the payment schedule provided in the agreement.

If the Contractor fails to complete any of the section of the works required to be carried out under the agreement within the stipulated time for completion, it is required to pay as liquidated damages as provided under the agreement. Such liability will in no event exceed 15% of the price of the concerned section. Such liquidated damages are required to be paid within 14 days of the presentation of an invoice by the Employer, on a weekly basis.

As a condition precedent to issue of the notice of proceed, the contractor is required to deliver to RPSCL a performance security issued directly by a first class bank located in the India or abroad acceptable to RPSCL for a value of 15% of the contract price. RPSCL is required to pay 100% of the amount certified within twenty one working days from the date of issue of each certificate of payment to the contractor at his principal place of business. If payment is delayed, the Contractor shall be entitled to receive interest on the amount unpaid during the period of delay, provided the contractor has given notice of such delay to RPSCL and has demanded immediate payment. If RPSCL fails to make any payment the Contractor shall be entitled to stop the construction of the works.

In case of proposed expansion for Rosa Phase II, the notice to proceed for the same shall be given by the employer within 9 months from the notice to proceed for the project under this contract. The Contractor shall not assign the contract or any part of his obligations without the permission of the RPSCL. However, RPSCL can assign the contract in favour of its lenders without the permission of the Contractor.

j. *Land Lease Deed*

RPSCL entered into a lease deed for 1,465 acres of land with Uttar Pradesh State Industrial Development Corporation Limited (UPSIDCL) on January 18, 2007. The term of the lease is 90 years with effect from

November 23, 2006. RPSCL is required to pay to UPSIDCL yearly rent at the rate as prescribed in the agreement. The rent up to March 31, 2008 has already been paid.

RPSCL cannot transfer, sublet, mortgage or assign interest in the premises and buildings without prior written consent of UPSIDCL and if it does, the transferee etc shall be bound by the covenants of this agreement. However, if lessee is mortgaging premises to GoUP/ IFCI Limited/ LIC/ IDBI/ UP Finance Corporation Limited or other lenders who have advanced loans for the setting up of the industrial unit as security, prior permission is not required.

RPSCL cannot make any alterations, whatsoever in the provisions of its MoA and AoA or in its capital structure without the written consent of UPSIDCL. It cannot change its name without prior information to UPSIDCL and effect transfer of shares even in phases resulting in change of management without prior written permission of the UPSIDCL. This deed will be automatically terminated if there is any change in the constitution of RPSCL without the prior permission of UPSIDCL.

Breach of any of the provisions of this lease deed by RPSCL or anyone claiming under it would allow UPSIDCL to terminate this deed and re-enter the premises without taking recourse to a court of law. RPSCL would not be entitled to any compensation and any money payable by it will be paid with a 15% interest on it.

II. Rosa Phase II

RPSCL is currently developing Rosa Phase II, a 600 MW expansion of Rosa Phase I that will create a coal-fired plant with combined generating capacity of 1200 MW. RPSCL has obtained approval from the Chief Secretary, Government of Uttar Pradesh granting permission to expand the capacity of the project from 600 to 1200 MW on December 1, 2006, provided that the project proponent would meet the time line prescribed by the Uttar Pradesh electricity regulatory authority in relation to the earlier approved 600 MW project and would also get requisite approvals for capacity expansion from the Uttar Pradesh Electricity Regulatory Commission.

a. *Memorandum of Understanding with RETL*

The arrangements for the power off-take of 300 MW would be similar to the existing arrangements. Rosa Phase II plans to enter in to a long-term PPA with UPPCL for the same. For the remaining 300 MW capacity RPSCL has entered into a Memorandum of Understanding with RETL on September 2, 2007.

Under the terms of the MoU, RPSCL is willing to sell upto 300 MW of power to RETL for a full term of a PPA of 15 years that may be extended further as mutually agreed between the parties. RETL may sell the power to any third parties including any power utility outside the State of Uttar Pradesh. RETL shall coordinate with the procurer and other agency to obtain open access for transfer of power from the interconnection point to the point of supply to the procurer. This MoU shall remain valid for a period of one year from the date of its execution. However if the PPA and tariff cannot be finalized within twelve months of its execution, to the satisfaction of both parties, then it shall stand terminated.

III. Sasan Power Project

SPL is responsible for development, construction and operation and maintenance of the Sasan 3,960 MW UMPP.

a. *Share Purchase Agreement*

Reliance Power entered into a share purchase agreement with Power Finance Corporation Limited on August 7, 2007. Under this agreement, PFC agreed to sell and transfer to Reliance Power 50,000 Shares representing 100% of the total issued, subscribed and fully paid-up equity share capital of the SPL held by PFC and its nominees. Reliance Power has agreed to build, own, operate and maintain the Sasan UMPP in accordance with and on terms and conditions mentioned in the project documents.

Reliance Power is under an obligation to ensure that PFC shall not be liable in any manner, or assume any responsibility or liability, in respect of the business of the SPL and its operations or activities, arising after the date of transfer of shares.

Upon completion of sale of shares in accordance with the provisions of this agreement and on completion of other activities including transfer of assets and liabilities and adjustment in Acquisition Price, this agreement shall terminate automatically. PFC has the right to terminate the agreement if (i) the Closing does not occur on the closing date for any reason, or (ii) the Letter of Intent is withdrawn or terminated for any reason.

b. Power Purchase Agreement

SPL entered into a Power Purchase Agreement dated August 7, 2007, with Pashchimanchal Vidyut Vitran Nigam Limited, Purvanchal Vidyut Vitran Nigam Limited, Madhyanchal Vidyut Vitran Nigam Limited, Dakshinanchal Vidyut Vitran Nigam Limited, Ajmer Vidyut Vitran Nigam Limited, Jaipur Vidyut Vitran Nigam Limited, Jodhpur Vidyut Vitran Nigam Limited, North Delhi Power Limited, BSES Rajdhani Power Limited, BSES Yamuna Power Limited, Punjab State Electricity Board, Haryana Power Generation Corporation Limited, Madhya Pradesh Power Trading Company Limited and Uttarakhand Power Corporation Limited (“Procurers”) for the sale of power generated by the Sasan Power Plant as per the tariff rate.

As per this PPA, the entire capacity of the power plant and all the units of the power station are at all times for the exclusive benefit of the Procurers, SPL can only sell it to a third party if, there is capacity in excess of the contracted capacity of 3722.4 MW, and such capacity has first been offered to the other Procurers and they have waived it or when a Procurer does not avail the allocated power.

The method of determination of tariff payments for any contract year during the term of agreement shall be in accordance with Tariff Schedule of the PPA. The tariff is required to be paid in two parts comprising of capacity and energy charge. The full capacity charges shall be payable based on the contracted capacity at normative availability (which is 80%) and incentive shall be provided for availability beyond 85%. In case of availability being lower than the normative availability, the capacity charges shall be payable on proportionate basis in addition to the penalty to be paid by seller.

The tariff schedule as contained in the PPA is set out below:

Contract Year	Total Tariff (Rs / kWh)	Contract Year	Total Tariff (Rs / kWh)
1	0.698	14	1.315
2	0.703	15	1.314
3	1.314	16	1.313
4	1.322	17	1.312
5	1.320	18	1.313
6	1.320	19	1.311
7	1.320	20	1.311
8	1.320	21	1.310
9	1.319	22	1.290
10	1.317	23	1.279
11	1.316	24	1.280
12	1.316	25	1.291
13	1.316	26	1.323

The monthly bill for any month in a contract year shall consist of: monthly capacity charge payment, monthly energy charge payment, incentive payment and penalty payment (both of which are applicable on annual basis and included only in the monthly tariff payment for the first month of the next contract year).

The scheduled COD for the (i) first Unit is May 7, 2013, (ii) second Unit is December 7, 2013, (iii) third Unit is July 7, 2013, (iv) fourth Unit is February 7, 2015 (v) fifth Unit is September 7, 2015, and (vi) sixth Unit is April 7, 2016. The PPA permits commissioning of the project earlier than the specified schedule.

If a unit cannot be commissioned by its scheduled commercial operation date due to force majeure events, the commercial operation date and expiry date are required to be deferred, for a reasonable period, to permit SPL to overcome the effects of such Events. If the deadlines are not met for any other reasons, SPL shall pay to each Procurer damages for the delay. The parties are required to notify one another in writing at least once a month on the progress made.

From the commercial operation date, procurers shall pay SPL the monthly tariff payment, on or before the due date. SPL shall issue to the Procurer a signed monthly bill (including deductions and set offs) for the preceding month. The payment mechanism comprises a three tier mechanism: (a) letter of credit, where each Procurer provides to SPL an unconditional, revolving and irrevocable letter of credit, for an amount equal to 1.1 times estimated average monthly billing; (b) collateral arrangement, where a default escrow agreement and a separate agreement to hypothecate cum deed of hypothecation has been executed. Under this agreement, the revenues of the relevant Procurer shall be routed and used as per the terms of the default escrow agreement; (c) third party sales on default, where after giving 7 days notice to defaulting Procurer, SPL has the obligation to offer 25% of default electricity to other non-defaulting Procurers first and then to third parties. If the collateral arrangement is not restored within 30 days of the non-payment by the Procurer of an Invoice by its due date, 100% of the contracted capacity can be sold to other procurer(s) or third party(s) as the case may be. In case of third party sales, the adjustment of the surplus revenue over energy charge attributable to such electricity sold, shall be adjusted according to the following: (i) the surplus upto the tariff shall be used towards the extinguishment of the subsisting payment liability of the defaulting Procurer towards the Seller; and (ii) the surplus above the tariff shall be retained by the Seller.

In case of default by SPL under the terms of this agreement, SPL may cure such default within a consultation period of 90 days thereafter. However if such default is not cured within a period of 7 days after the expiry of this consultation period, lenders may exercise or Procurers may require the lenders to exercise their right to seek substitution of SPL by a selectee for the residual period of PPA to secure the total debt amount from SPL and perform the obligations of SPL.

The PPA is valid for twenty five years from the COD. The Agreement shall also terminate if either all the Procurers or the seller exercise a right to terminate this Agreement, or in such other circumstances as the Parties may agree in writing.

c. Agreement to Hypothecate and Deed of Hypothecation

Agreement to Hypothecate and Deed of Hypothecation between Madhya Pradesh State Electricity Board on behalf of Madhya Pradesh Power Trading Company Limited (Procurer) and SPL (Seller) on August 7, 2007.

This agreement flows from the PPA. Under this agreement, the Procurer has agreed to purchase the electrical output from the Seller and to individually pay the seller the tariff, as set out in the PPA, for such portion of available capacity and dispatched electrical output of the power station as is made available to the procurer.

In terms of the PPA, the Procurer is required to secure the Seller by establishing an arrangement for payments of secured obligations becoming due to the Seller from the procurer under the PPA and the seller and the procurer have agreed on a mechanism through a default escrow agreement for securing the secured obligations. The procurer has agreed to create and grant a charge and security interest in favour of the Seller on the procurer's right, title and interest on and in the incremental receivables in accordance with the

terms hereof. The first priority charge created shall be released and vacated on the date when the PPA has terminated and the secured obligations have been paid in full or the occurrence of all these events- a period of not less than 2 years from COD has elapsed, procurer has achieved a credit rating of 'A' or better from SEBI registered Indian credit rating agency consistently for a period of at least 3 years, immediately prior to the 3 year period for a period of 2 years, no procurer event of default has occurred. The procurer shall inform the seller of the occurrence of such events in writing and its intention to release the first priority pari passu charge created under this agreement.

No further charges shall be created in or to the hypothecated interest or any part thereof or do or allow anything that may prejudice this charge on the hypothecated interest under this agreement.

The security created shall be a continuing security for the performance and discharge of the secured obligations. It shall not be set aside by any immediate payment or satisfaction of any part of the amount secured and shall not be in addition to and shall not in any way be prejudiced by any other security held by the Seller for all or any part of the secured obligations.

Similar agreements have been entered into by SPL with Ajmer Vidyut Vitran Nigam Limited, BSES Rajdhani Power Limited, Dakshinanchal Vidyut Vitran Nigam Limited, Haryana Power Generation Company Limited, Jaipur Vidyut Vitran Nigam Limited, Jodhpur Vidyut Vitran Nigam Limited, Madhyanchal Vidyut Vitran Nigam Limited, Madhya Pradesh Power Trading Company Limited, North Delhi Power Limited, Paschimanchal Vidyut Vitran Nigam Limited, Punjab State Electricity Board, Purvanchal Vidyut Vitran Nigam Limited, Uttarakhand Power Corporation Limited and BSES Yamuna Power Limited.

d. Default Escrow Agreement

Default Escrow Agreement between Madhya Pradesh State Electricity Board on behalf of Madhya Pradesh Power Trading Company Limited and State Bank of India was entered into on August 7, 2007, between Madhya Pradesh State Electricity Board on behalf of Madhya Pradesh Power Trading Company Limited (Procurer) and SPL (Seller) and State Bank of India (Escrow Agent).

In terms of the above mentioned PPA, the Procurer is required to secure the Seller by establishing an arrangement for securing the secured obligations and the Seller and the Procurer have agreed on a default escrow mechanism for the payment of secured obligations under the PPA. The procurer has appointed State Bank of India as the Default Escrow Agent and each of the Promoter's banks as Subsidiary Escrow Agent. The Default Escrow Agent shall hold and safeguard the Default Escrow Account and all the monies deposited therein. The Procurer has to establish the account within 7 days from the date of this agreement. All accounts of the procurer with the procurer's banks shall be deemed to have been designated as subsidiary escrow accounts.

The Procurer, pursuant to the Agreement to Hypothecate cum Deed of Hypothecation, agreed to grant a pari- passu first charge/security interest in favour of the seller and Coastal Gujarat Power Limited on the Incremental Receivables (within 45 days of the original or revised Schedule Commercial Operation Date). Upon an occurrence of an event of default, the Subsidiary Escrow Agents shall ensure that half of all the Incremental Receivables available in their Subsidiaries Escrow Accounts are transferred to the Default Escrow Account. The Default Escrow Agent shall ensure that the Incremental Receivables transferred by the Subsidiary Escrow Agents are transferred to the LC account.

Upon the drawal by the Seller of the letter of credit and the failure on part of the Procurer to reinstate the letter of credit within 7 days thereafter and after the Seller has provided a written notice of the occurrence of such event to the Subsidiary Escrow Agent and Default Escrow Agent, all disbursements, transfers and withdrawals of Incremental Receivables from the subsidiary escrow account shall cease and all transfers and withdrawals of one half of the Incremental Receivables from the Subsidiary escrow Accounts and Default Escrow Accounts shall be governed and carried out by the Default Escrow Agent only. In the event the Seller is unable to draw a letter of credit pursuant to the failure of the Procurer to establish the letter of credit, the Seller shall instruct the Subsidiary Escrow Agents and the Default Escrow Agent by giving a

notice of warning with a copy to the Procurer to transfer one half of the total Incremental Receivables from the Subsidiary Escrow Accounts and thereon from the Default Escrow Account to the Seller Account to the extent of maximum of the amounts due to the Seller.

Similar tripartite agreements have been entered into by SPL with Ajmer Vidyut Vitran Nigam Limited, BSES Rajdhani Power Limited, Dakshinanchal Vidyut Vitran Nigam Limited, Haryana Power Generation Company Limited, Jaipur Vidyut Vitran Nigam Limited, Jodhpur Vidyut Vitran Nigam Limited, Madhyanchal Vidyut Vitran Nigam Limited, Madhya Pradesh Power Trading Company Limited, North Delhi Power Limited, Paschimanchal Vidyut Vitran Nigam Limited, Punjab State Electricity Board, Purvanchal Vidyut Vitran Nigam Limited, Uttarakhand Power Corporation Limited and BSES Yamuna Power Limited with the respective bankers of the procurers..

IV. Shahapur Power Project

Shahapur Power Project is the proposed power project of 4000 MW capacity (1200 MW Coal + 2800 MW Gas) which would be located at Shahapur, Alibag Taluka, Raigad district, Maharashtra. The project is being undertaken by MEGL, which is a subsidiary of Reliance Power.

a. Memorandum of Understanding

The MoU which is valid for a year has been extended by letters from the Government of Maharashtra. (Letter (bearing ref. No. Gen.06/CR-499/NRG-4) dated October 12, 2006, extended the term till April 3, 2007. An application dated July 9, 2007 was made to the GoM requesting for further extension).

A MoU was entered into on April 4, 2005, between the GoM and Reliance Power laying down the conditions which are to be fulfilled by both the parties with respect to the construction, development and operation of the power plant.

In accordance with the MoU, the Government has agreed to provide certain administrative and fiscal support as per its Policy for State Support for Investment in Power Sector to Reliance Power. The obligations include, helping to obtain all clearances within 45 to 60 days from the date of seeking clearances for the project, facilitating strengthening/creating road, providing right of way, water and fuel linkage for the project, grant 100% exemption from stamp duty, registration charges for the project and octroi for machinery and other equipment required for initial setting up of project. It will also facilitate electricity purchased by this project to be purchased through Maharashtra State Electricity Board, or reconstituted companies as per and under approval of the Maharashtra Electricity Regulatory Commission. No tax on sale of electricity outside the State of Maharashtra will be levied.

Reliance Power, under the MoU, is under an obligation to construct and operate Gas Based Combined Cycle Power Plant of up to 4000 MW capacity and sell power to the extent of 50% of commissioned capacity and energy at any time from the project in the State of Maharashtra. Also, the benefits under the MoU are available to Reliance Power only if it submits DPR within six months, attain financial closure within one year and commission the project within five years from the date of declaration of policy decision, March 28, 2005. On failure of Reliance Power to initiate power generation within the stipulated time, it shall be responsible for repayment towards costs and benefits obtained by them from the State of Maharashtra.

V. Butibori Power Project

The Group Captive Power Project at Butibori, Nagpur power project with a proposed capacity of 300 MW (2 units x 150 MW each) is being developed by our subsidiary, VIPL. REL has transferred its entire shareholding in VIPL (SPV executing this project) to the Company in August 2007.

a. Memorandum of Understanding

A MoU was signed between MIDC and REL on April 18, 2006 after the award of the project.

In accordance with the MoU, the MIDC has agreed to allot a suitable plot to REL to undertake this project for a period of 95 years at the Prevailing Industrial Rate of lease premium and lease rental of one rupee per annum per plot.

The obligations of REL under the MoU include making its own sewerage treatment arrangement inside the premises, and treating toxic effluent/ effluent which require treating, if any, as per applicable environmental clearances before discharging into the sewerage system. REL has to pay the water and electricity charges and other levies.

MIDC has agreed to provide bulk water of required quantity at the premises at the rate prescribed and prevailing from time to time for water supply to the industries in the Butibori industrial area for the entire duration of the project as per prevailing MIDC policy.

REL has to adhere to all terms and conditions specified in the RFP, pre-bid meeting and the technical and price bid submitted by it. It has to implement the project as per the RFP and pay MIDC development fees as specified in its price bid. It has to offer the minimum guaranteed discount to the industrial undertaking as per its price bid. The minimum guaranteed discount will be reduced on a pro-rata basis in case MSEB reduces its existing tariffs for HTP I&II customers during the life of the project.

If REL does not undertake any of the project development activities after signing of the MoU or unreasonably delays the financial closure and construction commencement of the project MIDC can invoke the bank guarantee (issued by REL to MIDC for Rs. 1 million pursuant to a condition in the Letter of Intent) and terminate the MoU. Six monthly progress reports are required to be sent to MIDC. The MoU also stipulates that the PPA between the industrial consumers and the developer will be governed by Maharashtra Electricity Regulation Commission or any other regulator from time to time.

The duration granted to REL under this MoU to complete the project is 3 years from date of signing of the MoU unless extended by mutual consent. The MoU is to remain in force for a period of 5 years from date of execution unless such term is extended by the mutual consent of the parties or terminated on mutually agreed basis prior to expiry.

b. *Agreement for Lease*

An Agreement for lease was entered into on March 26, 2007, between Maharashtra Industrial Development Corporation and VIPL, pursuant to a letter dated August 30, 2006, whereby MIDC agreed to grant lease of 700,000 sq.m. land for certain consideration.

In terms of this agreement, VIPL has authority on the land only with respect to the purpose of building, establishing and executing a coal based thermal power plant and connected activities and for no other purpose. VIPL is required to build and complete the power plant within three years after the date of the MoU. It has to submit specifications, plans, elevations, sections and details of the factory building for the approval of the Special Planning Authority, MIDC within three years of entering the Agreement. A NOC is also required to be obtained from MPCB.

As soon as the Special Planning Authority/ Executive Engineer has certified that the factory building has been erected in accordance with the terms and conditions contained in this agreement, MIDC will grant a lease to VIPL for a term of 95 years at a yearly rent of Rupee one.

VIPL is required to plant trees in open space within one year from date of execution. Also, all rates, taxes, charges, claims, fees and out goings chargeable against an owner or occupier in respect of the land are required to be paid. MIDC has to be indemnified against any act and all claims for damages which may be caused to any adjoining buildings or other premises by such building or in the execution of the aforesaid works and also against all payment which may become payable during the progress of the work. All rules, regulations and bye-laws of the local Authority concerned or any other statutory regulations in any way relating to public health and sanitation has to be followed. REL to make its own sewerage treatment

arrangement inside its premises, discharge the non-toxic effluent to the common drainage system and treat the toxic effluent.

VIPL has to insure the power plant building erected on the land in the joint names of MIDC and the VIPL against damage by fire and ensure no nuisance shall be caused in or upon the land. While employing labour, preference is to be given to people who are able-bodied and whose lands are acquired for land.

MIDC, under this agreement, has the right to enter the premises to view the state and progress of the work for all reasonable purposes and resume land in case the licensee fails to complete the said factory building within time, in accordance with the stipulations contained herein, not proceed with the works with due diligence or commit default in payment to MIDC of recurring fees. All structures erected or used contrary to conditions of the grant can be altered or removed.

The agreement is valid for three years. But if the special planning authority does not approve the plans, elevations, details and specifications, or if the same are not submitted on time, it shall by a notice of three months or as mutually agreed in writing allow the licensee to repair, alter, perform its obligation and on non performance or breach may on the expiry of the notice terminate this agreement.

VI. Dadri Power Project

a. State Support Agreement

In order to facilitate private sector participation in generation of power, the Government of Uttar Pradesh formulated the Uttar Pradesh Power Policy, 2003. It also entered into a state support agreement dated June 16, 2004, with the Company (State Support Agreement) to develop and operate the same and the Government has agreed to extend support to this project upto the extent as mentioned in the State Support Agreement.

GoUP has agreed to provide reasonable assistance and support for the Company's obligations under this project (including financing and financial closure) and assist in all applications made by or on behalf of the Company for any consents or permits required in respect of this project Under the terms of this agreement, GoUP has agreed to treat this as a 'priority project'.

GoUP has also agreed to make available around 2,500 acres land for 99 years lease at an annual rent as agreed on the terms of this agreement. It shall provide all necessary consents and permits for obtaining all necessary property, right of way, wayleaves, easement and other property rights and ensure that all necessary administrative support for creation of evacuation facilities, transmission lines, substations and other associated infrastructure facilities for this project are available to the Company.

It has also undertaken to resettle local residents displaced by the acquisition of the land and maintain law and order generally and provide suitable security as and when requested by the Company. Connected infrastructure, construction power and water shall be set up by the GoUP and it shall help to procure all project material, plant and equipment.

Under the terms of this agreement, the Company is required to make available from this project, aggregate of 40% of the total net available site capacity of the project for long term supply of base load power for the purposes of distribution and consumption in the state of Uttar Pradesh. The parties have agreed that this supply shall be in compliance with the terms and conditions of the respective PPA s to be mutually discussed and entered into between the concerned parties and subject to extension of suitable payment security mechanism.

The levelized fixed cost component of the tariff for the sale of power shall not exceed the agreed ceiling at the power station. Such ceiling on fixed cost shall be appropriately revised to reflect any subsequent changes in the fiscal, financial and other policies as deemed relevant for its computation. The Company has to provide training facilities to the personnel of energy sector of GoUP at its training center, forming part of

this project on mutually agreed terms and conditions. This agreement shall be in effect for a period of 20 years from the commissioning date of the power station and the term may be extended by mutual consent.

Pursuant to the State Support Agreement wherein the Government agreed to acquire land for the purpose of the Company, a Deed of Conveyance was entered into between the Government of Uttar Pradesh and Reliance Power on November 23, 2005.

b. *Deed of Conveyance between Government of Uttar Pradesh and REGL*

The Company has paid Government of Uttar Pradesh the consideration on account of the entire cost of acquiring the said land and the Government has in terms of the principle deeds acquired and taken possession of the land under the provisions of the Land Acquisition Act and the same vests in the State Government.

By this Agreement the Government of Uttar Pradesh granted and transferred the land to Reliance Power.

VII. *Urthing Sobla Hydro Power Project*

A Letter of Award dated May 7, 2005, was granted by the Government of Uttarakhand to REL to develop a 280 MW hydro power project in the state of Uttarakhand. The size of the project is now being scaled up to 400 MW based on the hydrology and the DPR which is currently in progress and the same shall be intimated to the Government of Uttarakhand at the appropriate stage.

REL is required to hold at least 51% of the aggregate equity capital of the project company. REL currently, holds 20% directly in the project company and 40% through its shareholding in Reliance Power, which shall directly hold 80% of the project company. Therefore, USHPPL the SPV which is developing this project is 80% owned by Reliance Power.

a. *Project Development Agreement*

By this agreement dated October 22, 2005, the Government granted permission to REL to carry out the requisite studies and investigations and preparation of the DPR in respect of the project to satisfy itself about the techno-economic viability of the project before taking up the implementation of the project.

This agreement allows the sale of power outside the state of Uttarakhand. If any time the state requires additional power, the concerned organisation of the state may purchase electricity from the project on terms and conditions mutually decided by the parties. 12% of the energy is required to be made available at the nearest interconnection point free of cost to the state during the entire life of this project.

The agreement provides that delay in completion shall entail a penalty of one twelfth per cent per month over and above the 12% free power for each month of delay in commercial operation of the project beyond the schedule commercial operation date. Concurrently, in the event of early completion of the project, a discount of one-twelfth percent will be deducted from the 12% free power available for the number of months prior to the scheduled completion date by which the project is completed.

A DPR is to be given to the government within 36 months of the date of signing the agreement. It has to carry out the studies, survey and investigation of this project keeping in view all stipulated quality control requirements as well as safety standards as per prudent utility practices. It shall furnish to the government quarterly reports on the progress of the investigations of this project.

The SPV developing the project is required to intimate to the government that it is ready to undertake the implementation of the project and that they are ready to sign the implementation agreement for implementation of the project, which has to be signed between the government and this SPV within 30 days of submission of DPR.

The agreement may be terminated by: the government in case the DPR is not prepared and submitted and the SPV does not indicate its willingness to undertake the implementation of this project within 36 months from the effective date and sign the implementation agreement with the government within one month or by the SPV in the event of enactment of any law or regulation or any subsequent act of any governmental authority, which makes the performance of this agreement impossible for any party.

VIII. Siyom Hydro Power Project (1000 MW)

a. *Memorandum of Agreement (between REL and Government of Arunachal Pradesh)*

REL entered into a Memorandum of Agreement dated February 22, 2006, with the Government of Arunachal Pradesh following the receipt of the Letter of Allotment from the GoAP in relation to survey, investigation, DPR preparation and subsequent development of the project near the Siyom River in Arunachal Pradesh. By way of a memorandum of agreement among Reliance Power, REL, SHPPL and Government of Arunachal Pradesh dated September 14, 2007, all rights to develop this project were transferred to Reliance Power through its 100% owned subsidiary, SHPPL.

The project is required to be implemented on BOOT basis for a lease period of 40 years from the COD. This project shall revert to the State Government on expiry of 40 years, free of cost, in good working condition. No extension of the lease period will be considered on expiry of the lease period of 40 years.

The Project Feasibility Report and DPR of the project are required to be submitted to the State Government, prior to the commencement of implementation of the project for their consent.

Reliance Power shall not be allowed to sell and transfer the power plant to any other party/ parties without the prior permission of the state government. It shall not be permitted to transfer the project under this agreement to any third party for development without prior concurrence of the state government.

Under the terms of this agreement, from the COD the state government is required to be given free power in lieu of the distress caused. Free power shall be supplied to the state government in the following manner:

- (a) first ten years- 12%
- (b) eleventh year onwards- 15%

Over and above the free power, the state government, has the first right to purchase the power generated from the project if the it so desires on mutually agreed terms and conditions. The state government shall exercise its aforesaid right within 90 days of the receipt of such offer from Reliance Power after the DPR is approved from all angles. A separate PPA will be entered into for such purchase of the power between the state government and Reliance Power on mutually agreed terms and conditions. In case Reliance Power and the state government do not arrive at mutually agreed terms and conditions for the said PPA within 90 days of the receipt of the offer, the company shall be entitled to sell the power from the project to any other party at its discretion.

It is stipulated that financial closure be achieved within a period of 12 months from the date of receipt of techno-economic clearance from the CEA, approval from the Ministry of Environment and Forests and other statutory clearances. If financial closure is not achieved on or before the expiry of twelve months from the aforesaid date, for reasons other than those attributable to the Government of Arunachal Pradesh, it has the right to terminate the agreement.

Reliance Power is required to allocate 11% of the SPV's equity share to the state government by way of execution of an equity subscription agreement between the state government and company. Reliance Power has agreed that it shall arrange funding for equity participation of Government of Arunachal Pradesh in the project upon request. The parties have agreed that the proceeds from sale of free power and the dividends in respect of the government's equity in the project would be utilized for repayment of due amount of the funding arranged by Reliance Power for financing such equity participation of Government of Arunachal Pradesh.

None of the parties can assign their respective rights and obligations hereunder without prior consent in writing of the other party.

b. *Memorandum of Agreement (among Reliance Power, REL, Siyom Hydro Power Private Limited and Government of Arunachal Pradesh)*

This agreement was entered into among the parties on September 14, 2007, to transfer the right to develop the Siyom hydro power project from REL to Reliance Power through a SPV called Siyom Hydro Power Private Limited.

Reliance Power belongs to the Reliance ADA group of companies and is held 50% by REL. In order to consolidate the power generation business, the Reliance ADA group has identified Reliance Power as a holding company for all power generation projects being developed by its group. Accordingly, REL has decided to transfer all its rights, interests, claims, liabilities and obligations under the MoA to Reliance Power with the approval of GoAP. The agreement was entered into to acknowledge and effectuate the transfer of all of REL's rights and obligations under the MoA to Reliance Power.

The parties acknowledge and agree that REL shall be allowed to transfer all its rights, interests, claims, liabilities and obligations under the MoA to Reliance Power. Reliance Power agrees to discharge all the obligations and liabilities of REL and SHPPL under the MoA. The MoA dated February 22, 2006 shall continue to remain in force and effect for all purposes. The term 'company' in that agreement shall be used to mean Reliance Power instead of REL.

IX. *Tato II Hydro Power Project (700 MW)*

a. *Memorandum of Agreement*

REL entered into another Memorandum of Agreement with the state of Arunachal Pradesh similar to that in respect of Siyom hydro power project. This MoA is for another 700 MW Hydro Power Project at Tato, Arunachal Pradesh. By way of a memorandum of agreement among Reliance Power, REL, THPPL and Government of Arunachal Pradesh dated September 14, 2007, all rights to develop this project were transferred to Reliance Power through its 100% owned subsidiary, SHPPL. The terms and conditions of the two agreements are identical except that the free power to be supplied to the state eleventh year onwards will be 15.5% instead of the 15% as in the case of Tato.

Reliance Power shall allocate 11% of the SPV's equity share to the state government by way of execution of an equity subscription agreement between the state government and company. Reliance Power has agreed that it shall arrange funding for equity participation of Government of Arunachal Pradesh in the project upon request. The parties have agreed that the proceeds from sale of free power and the dividends in respect of the government's equity in the project would be utilized for repayment of due amount of the funding arranged by Reliance Power for financing such equity participation of Government of Arunachal Pradesh.

None of the parties hereto shall assign their respective rights and obligations hereunder without prior consent in writing of the other party hereto.

b. *Memorandum of Agreement (among Reliance Power, REL, THPPL and Government of Arunachal Pradesh)*

This agreement was entered into among the parties on September 14, 2007, to transfer the right to develop the Tato II project from REL to Reliance Power through a SPV called THPPL.

Reliance Power belongs to the Reliance ADA group of companies and is held 50% by REL. In order to consolidate the power generation business, the Reliance ADA group has identified Reliance Power as a holding company for all power generation projects being developed by its group. Accordingly, REL has

decided to transfer all its rights, interests, claims, liabilities and obligations under the MoA to Reliance Power with the approval of GoAP. The agreement was entered into to acknowledge and effectuate the transfer of REL's all rights and obligations under the MoA to Reliance Power.

The parties acknowledge and agree that REL shall be allowed to transfer all its rights, interests, claims, liabilities and obligations under the MoA to Reliance Power. Reliance Power agrees to discharge all the obligations and liabilities of REL and THPPL under the MoA. The MoA dated February 22, 2006 shall continue to remain in force and effect for all purposes. The term 'company' in that agreement shall be used to mean Reliance Power instead of REL.

X. MP Power Project (3,960 MW)

a. *State Support Agreement between the State of Madhya Pradesh and Reliance Power Limited*

The Government of Madhya Pradesh entered into a state support agreement dated October 26, 2007 with the Company ("State Support Agreement") to develop, construct, establish, own, finance, operate and maintain and manage the MP Power project and the Government has agreed to extend support to this project up to the extent as mentioned in this State Support Agreement.

Under the agreement, the Company has agreed to build, own and operate the MP Power project, four cement manufacturing plants with an approximate capacity of 5 mtpa, an airport/airstrip for the benefit of the local industrial area and a technical institute. The Company expects that the cement manufacturing plants, the airport/airstrip and the technical institute will be developed by its affiliates, which is permitted under the State Support Agreement.

GoMP has agreed to provide all possible assistance and fullest cooperation to the Company in certain areas as included in this agreement for the successful implementation of the MP Power project. It has agreed to assist the Company in the procurement of suitable land as required for implementation of the project and to support the Company in rehabilitation and resettlement of families affected by the project. GoMP will also assist the Company in obtaining the 'Right of Way' clearances and getting all approvals and clearances.

The GoMP has also agreed to facilitate allocation of an adequate water linkage required for this project, forward the proposal of the Company in obtaining clearance from the State Pollution Control Board and help in the allocation of captive coal mines or coal linkages for the project.

All incentives and facilities under the State Government policy framework for large projects will be extended by the GoMP to the entire project. The GoMP has also agreed to consider the project under a special category of 'Projects of Special Importance' and to grant all tax concessions and benefits available under the state's industrial policy and other relevant policies to other similar private sector projects established in the state.

In addition, GoMP has agreed to appoint an appropriate agency to assist the Company, provide information and data as is reasonably required for the projects, treat the project as a priority project, minimize project delay and ensure that the project is not discriminated against, and allow the Company to wheel power into or outside the State using the transmission network of MP Power Transmission Company and other grid lines.

The Company is required to prepare the detailed project reports for the projects by April 26, 2008.

XI. Miscellaneous

Memorandum of Understanding (between Reliance Power, REL and SNC- Lavalin International Inc)

A Memorandum of Understanding was entered into between the Company, REL and SNC- Lavalin International Inc (SNCLI) on June 14, 2007 to jointly participate in the bid process for the development of

hydro electric projects in Arunachal Pradesh, and cooperate in development of allocated projects on mutually agreed terms and conditions.

Under the MoU, SNCLI has agreed to provide technical and engineering services to REGL/ REL, such as assistance in preparation and submission of bid documents; assistance in preparation of DPR and obtaining Techno-Economic clearance from various Nodal Agencies. The scope of assistance also includes preparation of design briefs and drawings, review of vendor design and drawings and preparation of implementation schedule, preparation of cost estimates and budgets, assistance in the inspection, testing and commissioning of the project and any other job that may arise pertaining to design aspect. The parties have agreed that pursuant to the terms of this MoU, they shall negotiate in good faith to enter into a detailed agreement to co-operate for the hydro electric projects that REGL/ REL are awarded on mutually agreed terms.

During the term of this MoU, SNCLI has agreed to neither provide nor engage any services similar to those stated in this agreement, nor share any data or information related to the work to be done for the projects, with any third party. Also, Reliance Power /REL have agreed to not engage any third parties for providing services similar to those undertaken by SNCLI.

The parties entered into an Addendum on September 29, 2007 whereby they agreed to extend the term of the MOU for a period of one year from the date of this Addendum. However, the MoU may be terminated before its expiry on the happening of any of these events: (i) if the concerned projects are not awarded to REGL/ REL; or (ii) GoAP terminates the bidding process for any reason whatsoever; or (iii) REGL/REL decides not to participate in the bidding process; or (iv) the parties cannot come to a mutual agreement regarding the commercial terms and conditions, including payment of fees for service to be provided by SNCLI, within a period of 90 days from the signing of agreement with GoAP for allocated projects to any other extended period as may be mutually agreed by the parties; or (v) if either party becomes insolvent or winding up proceedings are initiated against it.

An addendum to this MoU was signed between the parties on September 13, 2007 to extend the scope of the MoU to include Tato II (700 MW); Siyom (1000 MW) and Urthing Sobla (1200 MW) hydro power projects.

Memorandum of Understanding (between Reliance Power Limited and Climate Change Capital)

This MoU was entered on August 7, 2007 to explore jointly Clean Development Mechanism (CDM) opportunities in fossil-fuel based generation, in accordance with the sustainable development focus of the Reliance Anil Dhirubhai Ambani group (ADA group). Pursuant to this MoU the parties have agreed to carry out techno-feasibility studies together; explore the development of an appropriate CDM strategy based on project implementation schedules; prepare project design documents (PDDs) and commit to receiving necessary host country approvals, validation and registration of projects they plan to develop jointly. At an appropriate point in the given project the parties will enter into an Emission Reduction Purchase agreement where Climate Change Capital will purchase the emission reduction certificates resulting from the project. The term of this MoU is 12 months from the date of its execution, subject to termination by either party on giving a 30 day notice.

Memorandum of Understanding (between Reliance Power Limited and Asia Carbon Group of Companies)

This MoU was entered into on September 6, 2007 between the parties to explore jointly Clean Development Mechanism (CDM) opportunities in hydro-based generation. Pursuant to this MoU the parties have agreed to carry out techno-feasibility studies together; explore the development of an appropriate CDM strategy based on project implementation schedules; prepare Project Design Documents and commit to receiving necessary host country approvals, validation and registration of projects they plan to develop jointly. The term of this MoU is 12 months from the date of its execution, subject to termination by either party on giving a 90 day notice.

Memorandum of Understanding (between Reliance Power Limited and Rabo India Finance Limited)

This MoU was entered into on September 7, 2007 between the parties to explore jointly Clean Development Mechanism (CDM) opportunities. Under this MoU, Reliance Power has agreed that it will explore new projects with intent but not an obligation to enable them to meet CDM or other carbon market standards. Rabo has agreed to evaluate the financial additionality of such projects and provide inputs for CDM processes from a financial and international bank perspective. Rabo has represented that it is not a CDM consultant and does not undertake the work of developing PDDs, managing the approval process or calculating CER potential of various technologies. The parties have agreed that Rabo shall be given the opportunity to make commercial offers for the trade of (Carbon Emission Rates) CERs in respect of the projects handled by it under this MoU. The term of this MoU is 12 months from the date of its execution, subject to termination by either party on giving a 90 day notice.

REGULATIONS AND POLICIES

We are currently engaged in the development of 13 power projects with a combined installed capacity of 28,200 MW. Upon completion of these projects, we would be primarily engaged in the business of generation and sale of electricity and related operations and maintenance.

Power Generation

Background

The development of electricity industry in India was fashioned by two pieces of legislations namely the Indian Electricity Act, 1910 (“Electricity Act”) and the Electricity (Supply) Act, 1948 (“Electricity Supply Act”). The Electricity Act introduced a licensing system for the electricity industry and the Electricity Supply Act was responsible for introducing greater state involvement in the industry.

The Electricity Supply Act promoted state-owned, vertically integrated units through the creation of the State Electricity Boards (“SEBs”). Under this legislation, the SEBs were made responsible for generation, transmission and distribution of electricity within the geographical limits of each State of the Indian Union. A government department was responsible for the electricity supply in states where SEBs were not set up. Under the Constitution of India, both the State and Central Governments have the power to regulate the electricity industry.

In the early 1990s, the power sector was liberalized and private participation in the generation sector was permitted by way of amendments to the Electricity Supply Act. In 1998, the Electricity Regulatory Commissions Act, 1998 (“ERC Act”) was enacted by the Central Government. The ERC Act provided for the establishment of independent electricity regulatory commission both at the Central and State levels. These regulatory commissions were set up with the objective of rationalizing the prevailing electricity tariff regime and promoting and regulating the electricity industry in the country.

Salient features of the Electricity Act, 2003

The Electricity Act, 2003 (“EA 2003”) is a central unified legislation that seeks to replace the multiple legislations that governed the Indian power sector. The most significant reform initiative under the EA 2003 was the move towards a multi buyer, multi seller system as opposed to the existing structure which permitted only a single buyer to purchase power from power generators. In addition, EA 2003 provides for a greater flexibility and grants the respective electricity regulatory commissions greater freedom in determining tariffs, without being constrained by rate-of-return regulations. However, EA 2003 provided that transmission, distribution and trade of electricity are regulated activities which require licenses from the appropriate electricity regulatory commission, unless exempted by the appropriate government in accordance with the provisions of EA 2003. It was amended in 2007 to exempt captive power generation plants from licensing requirements for supply to any licensee or consumer.

Generation

Currently, under Indian law, any generating company can establish, operate and maintain a generating station if it complies with the technical standards relating to connectivity with grid. Approvals from the Central Government, State Government and the techno-economic clearance from the CEA are no longer required, except for hydroelectric projects. Generating companies are now permitted to sell electricity to any licensees and where permitted by the respective state regulatory commissions, to consumers.

In addition, no restriction is placed on setting up of captive power plant by any consumer or group of consumers for their own consumption. Under EA 2003, no surcharge is required to be paid on wheeling of power from the captive plant to the destination of the use by the consumer. This provides financial incentive to large consumers to set up their own captive plants.

The respective regulatory commissions determine the tariff for supply of electricity from a generating company to any distribution licensee, transmission of electricity, wheeling of electricity and retail sale of electricity. The CERC

has the jurisdiction over generating companies owned or controlled by Central Government and those generating companies who have entered into or otherwise have a composite scheme for generation and sale in more than one state. The SERCs have jurisdiction over generating stations within the state boundaries, except those under the CERC's jurisdiction.

Transmission

Transmission being a regulated activity, involves intervention of various players. The Central Government is responsible for facilitating transmission and supply, particularly, inter-state, regional and inter-regional transmission. EA 2003 vests the responsibility of efficient, economical and integrated transmission and supply of electricity with the Government of India and empowers it to make region-wise demarcations of the country for the same.

CEA is required to prescribe certain grid standards under the Electricity Act and every Transmission licensee must comply with such technical standards of operation and maintenance of transmission lines. In addition, every Transmission licensee is required to obtain a license from the CERC and the respective SERCs, as the case may be.

EA 2003 requires the central government to designate one government company as the central transmission utility ("CTU"), which would be deemed as a transmission licensee. Similarly, each state government is required to designate one government company as state transmission utility ("STU"), which would also be deemed as a transmission licensee. The CTU and STUs are responsible for transmission of electricity, planning and co-ordination of transmission system, providing non-discriminatory open-access to any users and developing a co-ordinated, efficient and integrated inter-state and intra-state transmission system respectively. EA 2003 prohibits CTU and STU from engaging in the business of generation or trading in electricity.

Under the EA 2003, the Government of India was empowered to establish the National Load Despatch Centre ("NLDC") and Regional Load Despatch Centres ("RLDCs") for optimum scheduling and despatch of electricity among the RLDCs. The RLDCs are responsible for (a) optimum scheduling and despatch of electricity within the region, in accordance with the contracts entered into with the licensees or the generating companies operating in the region; (b) monitoring grid operations; (c) keeping accounts of the quantity of electricity transmitted through the regional grid; (d) exercising supervision and control over the inter-state transmission system; and (e) carrying out real time operations for grid control and despatch of electricity within the region through secure and economic operation of the regional grid in accordance with the grid standards and grid code.

The transmission licensee is required to comply with the technical standards of operation and maintenance of transmission lines as specified by CEA, building maintaining and operating an efficient transmission system, providing non-discriminatory open access to its transmission system for use by any licensee or generating company on payment of transmission charges and surcharge in accordance with EA 2003.

The Act allows IPPs open access to transmission lines. The provision of open access is subject to the availability of adequate transmission capacity as determined by the Central / State Transmission Utility.

Trading

The EA 2003 specifies trading in electricity as a licensed activity. Trading has been defined as purchase of electricity for resale. This may involve wholesale supply (i.e. purchasing power from generators and selling to the distribution licensees) or retail supply (i.e. purchasing from generators or distribution licensees for sale to end consumers).

The license to engage in electricity trading is required to be obtained from the relevant electricity regulatory commission. The eligibility criteria include norms relating to capital adequacy and technical parameters. However, the National and Regional Load Despatch Centres, Central and State Transmission Utilities and other transmission licensees are not allowed to trade in power, to prevent unfair competition. The relevant electricity regulatory commissions also have the right to fix a ceiling on trading margins in intra-state trading.

Distribution and Retail Supply

The EA 2003 does not make any distinction between distribution and retail supply of electricity. Distribution is a licensed activity and distribution licensees are allowed to undertake trading without any separate license. Under EA 2003, no license is required for the purposes of supply of electricity. Thus, a distribution licensee can undertake three activities: trading, distribution and supply through one license.

Unregulated Rural Markets

The licensing requirement does not apply in cases where a person intends to generate and distribute electricity in rural areas as notified by the state government. However, the supplier is required to comply with the requirements specified by the CEA. EA 2003 mandates formulation of national policies governing rural electrification and local distribution and rural off-grid supply including those based on renewable and other non-conventional energy sources. This policy initiative is expected to give impetus to rural electrification and also conceptualize rural power as a business opportunity.

Tariff Principles

EA 2003 has introduced significant changes in terms of tariff principles applicable to the electricity industry. Earlier, the rate of return regulation as prescribed in the Sixth Schedule of the Electricity Supply Act, which envisaged a two-part tariff, was the basis of tariff determination. Even in the case of state reform acts, this Sixth Schedule was retained as the basis. EA 2003 has done away with this provision and the two-part tariff mechanism.

Under EA 2003, the appropriate electricity regulatory commissions are empowered to determine the tariff for sale of power from a generating station to a distribution licensee.

The appropriate electricity regulatory commission is required to be guided by the following while determining tariff:

- the principles and methodologies specified by the CERC for determination of the tariff applicable to generating companies and licensees;
- generation, transmission, distribution and supply of electricity are conducted on commercial principles;
- the factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments;
- safeguarding consumers interest and also ensure recovery of the cost of electricity in a reasonable manner;
- incorporate principles which reward efficiency in performance;
- multi year tariff principles;
- tariff progressively reflects the cost of supply of electricity, at an adequate and improving level of efficiency;
- that the tariff progressively reduces and eliminates cross subsidies within a period to be specified by the CERC;
- the promotion of co-generation and generation of electricity from renewable sources of energy; and
- the National Electricity Policy and Tariff Policy.

It is to be noted that unlike the ERC Act, the respective electricity regulatory commissions have not been expressly permitted to depart from the tariff determining factors set out above.

However, EA 2003 provides that the electricity regulatory commission shall have to adopt such tariff that has been determined through a transparent process of bidding in accordance with the guidelines issued by the Central Government. The Ministry of Power has issued detailed guidelines for competitive bidding as well as draft documentation (PPAs) for competitively bid projects. The UMPPs have been allotted through competitive bids.

The determination of tariff for a particular power project would depend on the mode of participation in the project. Broadly, the tariffs can be determined in two ways: (i) based on the tariff principles prescribed by the CERC (cost-plus basis consisting of a capacity charge, a variable charge and an unscheduled interchange charge); or (ii) competitive bidding route where the tariff is purely market based. For example, the Sasan UMPP was obtained by us based on competitive bidding. The tariffs in relation to the PPA for the Rosa Phase I power project has been determined based on the prescribed norms of the UP Electricity Regulatory Commission.

Modes of participation in power projects

GoI announced major policy reforms in October 1991 widening the scope of private sector participation in power generation. The two modes of participating in power projects are either through the MoU route or the Bidding route.

The initial batch of private sector power projects were therefore awarded generally on the basis of negotiation between the SEB and a single developer (“MoU route”).

MoU Route

The cost determination under the MoU route usually involves:

- determination of receivables of capital cost. The capital costs are required to be approved by a CEA, Government of India;
- approval of interest rates and local & foreign debt;
- finalizing the term of loans and/or or other debt;
- finalizing the extent of foreign exchange protection;
- fixing operating parameters within the prescribed ceilings;
- identifying Deemed Generation provisions;
- evaluating the extent of despatchability;
- evaluating the level of incentive payments;
- identifying change in law in terms of tax or any other matter;
- identifying the extent of working capital permissible;
- evaluating the premium on fuel prices for assured supply;
- identifying fuel supply and transportation risk and issues;
- evaluating escalations in operation and maintenance and insurance expenses permissible;
- evaluating the extent of maintenance of spares permissible; and
- rebates in respect of prompt payment.

The MoU route with a cost plus approach was initially adapted to attract investment. However, there were several complexities in calculating the above costs despite the capital cost of the project being frozen by the CEA. Under EA 2003, the CEA does not have the power to determine capital cost for the projects anymore and the requisite filings for approval of capital cost and tariff are with the regulatory commissions.

This cost plus tariff mechanism is not ideally suited for competitive bidding as this would require bidding on every element of cost of generation which becomes difficult to verify and monitor over the life of the PPA. Further, the nature of costs for IPPs is very different from public sector power project costs and in the absence of complete knowledge of cost profile, it would be impossible to design a competitive bidding process based on cost plus approach that is fair to both sides thereby eliciting good investor response. In light of the same, the competitive bid route was envisaged.

Bid Route

Bidding essentially is based on bulk power tariff structure. As noted, under EA 2003, the regulatory commission is required to adopt a bid- based tariff, although the Bidding Guidelines permit the bidding authority to reject all price bids received. The tariff structure recommends bid evaluation on the basis of levelised tariff for fixed cost components, escalable and non-escalable costs and certain operational parameters such as heat rate, auxiliary consumption, etc. The Bidding Guidelines envisages two types of bids: Case I bids, where the location, technology and fuel is not specified by the procurers, i.e the generating company has the freedom to choose the site and the technology for the power plant; and Case II bids, where the projects are location specific and fuel specific. UMPPS are Case II bids.

Under the bid route, typically the IPPs can bid at two parameters:

- The fixed or capacity charge; and
- The variable or energy charge, which comprises the fuel cost for the electricity generated. Bidders are usually permitted to quote a base price and an acceptable escalation formula.

The Bidding Guidelines envisages a two-step process – pre-qualification and final bid. Bidders are required to submit a technical and financial bid at the RFP stage.

Increasingly, the trend is to have all purchase of power and distribution licenses through competitive bids. The Tariff Policy 2006 requires that all procurement of power after January 6, 2006 (except for PPAs approved or submitted for approval before January 6, 2006 or projects whose financing has been tied up prior to January 6, 2006) by distribution licensees has to be through competitive bidding. Some state regulators have, however, continued to purchase power under the MoU route, stating that the Tariff Policy is merely indicative and not binding.

Roles of key organizations and players

The roles and functions of certain key organizations and players that operate in the power sector have been set out below:

Central and State Governments

The EA 2003 reserves a significant involvement of the central government in the functioning of the power sector. It has been assigned a number of duties, including planning and policy formulation, rule making, appointing, establishing, designating authority, prescribing duties and other tasks, funding, and issuing directions.

The central government designates a CTU and establishes the NLDC, RLDC, the Appellate Tribunal, the Coordination Forum, and the Regulators' Forum. It has the power to vest the property of a CTU in a company or companies and decide on the jurisdiction of benches of the Appellate Tribunal. It also prescribes the duties and functions of the CEA, NLDC and RLDC.

The Central Government is also responsible for the following: a) specifying additional requirements for granting more than one distribution licensee; b) providing no-objection certificates for granting license if the service area includes central government installations such as cantonment, aerodrome, defence area, etc; c) demarcating the country into transmission regions for the purpose of inter-state transmission; d) issuing guidelines for transparent bidding process; e) approving the salary and benefits of the employees of the CEA, CERC and Appellate Tribunal; f) referring cases to the Appellate Tribunal for removal of members of the CERC on the ground of misbehaviour; and g) prescribing the procedures for inquiry into misbehaviour by members.

The state government exercises appointing, designating powers, provides funds and makes rules notifications, etc. It has the powers to appoint or remove members of the SERC including the chairman, to approve the terms and conditions of appointment of the secretary to the SERC and other staff. It is also responsible for constituting the selection committee for appointing members of SERC. It establishes the SLDC, notifies the STU, vests property of STU in companies, draws up reorganization of the SEB through acquiring its assets and re-vests it through a transfer scheme. It is empowered to constitute special courts, and state coordination forum. The state government creates the SERC fund and can provide loan or grants for running the SERC. It also decides how the SERC should utilize the fund and how it should maintain accounts. The state government can also provide subsidy to consumers, but EA 2003 requires it to compensate the licensee in advance by the amount of loss expected to be suffered by the licensee in implementing the subsidy. The state government notifies rural areas where exemption of license conditions would apply and issues directions to the SERC on public interest issues.

Central Electricity Authority

The CEA was created under the Electricity Supply Act and EA 2003 retains the agency by relegating it mostly to a consultative role. There was some overlap of duties and power between the CERC and the CEA earlier, which EA 2003 has now removed. The technical clearance required for power projects under the provisions of the Electricity Supply Act has been eliminated, except in cases of hydro projects above a certain capital investment.

Electricity Regulatory Commissions

EA 2003 retains the two-level regulatory system for the power sector. At the central level, the CERC is responsible for regulating tariff of generating stations owned by the central government, or those involved in generating or supplying in more than one states, and regulating inter-state transmission of electricity. The SERCs on the other hand regulate intra-state transmission and supply of electricity within the jurisdiction of each state. CERC and the SERCs are guided by the National Electricity Policy, Tariff Policy and the National Electricity Plan while discharging their functions under EA 2003. The Electricity Regulatory Commissions are also guided by any direction given by the central government for CERC or the state government for the SERC pertaining to any policy involving public interest. The decision of the government is final and non-challengeable with respect to the question that whether directions pertain to policy involving public interest or not. The commissions have been entrusted with a variety of functions including determining tariff, granting licensees, settling disputes between the generating companies and the licensees. The Electricity Regulatory Commissions are a quasi-judicial authority with powers of a civil court and an appeal against the orders of the Commissions lie to the Appellate Tribunal.

Appellate Tribunal

Under the earlier electricity legislations, the High Court was the appellate authority against orders that are passed by the SERC. Under EA 2003, the Appellate Tribunal has been set up to as an appellate body against orders of the relevant electricity regulatory commissions or adjudicating officers in settling disputes. The Appellate Tribunal has the power to summon, enforce attendance, require discovery and production of documents, receive evidence and review decisions. The orders of the Appellate Tribunal are executable as decrees of a civil court. The orders of the Appellate Tribunal can be challenged in the Supreme Court by the aggrieved party.

Enforcement Agencies

The roles and functions of certain key enforcement agencies that operate in the power sector have been set out below:

Investigating Authority

The Electricity Regulatory Commissions have the powers to direct any person to investigate the affairs of and undertake inspection of the generating company if there is any failure by the generating company/licensee to comply with the provisions of the EA 2003 or the license, licensee. The Electricity Regulatory Commissions may direct the generating company/licensee to take such action as may be necessary upon receipt of report from such Investigation Authority.

Electrical Inspector

If the relevant government receives a complaint that there has been an accident in connection with the generation, transmission, distribution or supply of electricity or that in case of use of electrical lines or electrical plant, there is a likelihood of injury to human being or animal, it may require an Electrical Inspector to inquire and report as to the cause of the accident and the manner and extent to which the provisions of EA 2003 have been complied with. The Electrical Inspector is vested with the powers of a civil court under the Civil Procedure Code, 1908 for enforcing the attendance of witnesses and compelling the production of documents and material objects.

Foreign Investment Regulation

The industrial policy was formulated in 1991 to implement the Government's liberalisation programme and consequently industrial policy reforms relaxed industrial licensing requirements and restrictions on foreign investment. The procedure for investment in the power sector has been simplified for facilitating foreign direct investment. Foreign Direct Investment is allowed upto 100 % in respect of projects relating to electricity generation, transmission and distribution, other than atomic reactor power plants.

Environmental Regulations

The Company has to comply with the provisions of the Environmental Protection Act, 1986, relevant Forest Conservation Acts, Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Hazardous Waste (Management and Handling) Rules, 1989.

The Company is required to obtain and maintain statutory clearances relating to Pollution Control and Environment in relation to its power projects.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Main Objects

Our main objects as contained in our Memorandum of Association are:

1. To carry on all or any of the business of producers, manufacturers, generators, suppliers, distributors, transformers, converters, transmitters, processors, developers, stores, procurers, carriers and dealers in electricity, all form of energy and any such products and by-products derived from such business including without limitation, steam, fuels, ash, conversion of ash into bricks and any product derived from or connected with any other form of energy, including, without limitation to conventional sources such as heat, thermal, hydel and/or from non-conventional sources such as tidalwave, wind, solar, geothermal, biological, biogas and CBM.
2. To carry on all or any of the business of purchasers, creators, generators, manufacturers, producers, procurers, suppliers, distributors, converters, processors, developers, storers, carriers and dealers in, design or otherwise acquire to use, sell or transfer or otherwise dispose of electricity, steam, hydro or tidal, water, wind, solar, hydrocarbon fuels, fuel handling equipments and machinery and fuel handling facilities thereto and any products or by products derived from any such business (including without limitation distillate fuel oil and natural gas whether in liquefied or vaporized form), or other energy of every kind and description and stoves, cookers, heaters, geysers, biogas, plants, gas and steam turbines, boilers, generators, alternators, diesel generating sets and other energy devices and appliances of every kind and description.

Change in Name

Dates	Events relating to change of name
January 17, 1995	Incorporated as Bawana Power Private Limited
February 1, 1995	Name changed to Reliance Delhi Power Private Limited by a special resolution of the members passed at the EGM
February 3, 1995	Fresh certificate of incorporation consequent to the change of name was granted
January 23, 2004	Name changed to Reliance EGen Private Limited by a special resolution of the members passed at the EGM
February 17, 2004	Fresh certificate of incorporation consequent to the change of name was granted
March 5, 2004	Name changed to Reliance Energy Generation Private Limited by a special resolution of the members passed at the EGM
March 10, 2004	Fresh certificate of incorporation consequent to the change of name was granted
March 19, 2004	Name changed to Reliance Energy Generation Limited following the change of status from a private to a public company by a special resolution of the members passed at the EGM
March 31, 2004	Fresh certificate of incorporation consequent to the change of name
July 4, 2007	Name changed to Reliance Power Limited by a special resolution of the members passed at an EGM
July 7, 2007	Fresh certificate of incorporation consequent to the change of name

The aforesaid changes were made in the name to reflect the changing nature of the business or the constitution of the company and/or to clearly reflect the nature of the business.

Change in Registered Office

Address	Date of change
Shri Ram Mills Premises 3rd Floor, Ganpatrao Kadam Marg Bombay 400 013	Since incorporation
Reliance Energy Centre, Santa Cruz (East), Mumbai 400 055 3rd Floor	January 19, 2004 July 31, 2004
Reliance Energy Centre, Santa Cruz (East), Mumbai 400 055 H Block, 1st Floor Dhirubhai Ambani Knowledge City Navi Mumbai 400 710	August 02, 2007
3rd Floor Reliance Energy Centre Santa Cruz (East), Mumbai 400 055	August 04, 2007
H Block, 1st Floor Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	September 30, 2007

The changes mentioned above were carried out to enable greater operational efficiency.

Key Milestones

Sr. No.	Date	Details
1.	January 1995	The Company was originally incorporated as Bawana Power Private Limited.
2.	March 2004	The Company was converted to a public company.
3	April, 2005	The Company entered into a MoU with the Government of Maharashtra for setting up of thermal power plant of 1,200 MW and a gas based power plant of 2,800 MW at a suitable location. The plant is now being set up at Shahapur in Raigad district of Maharashtra.
4.	May 2005	Letter of Award for Urthing Sobla hydro power project awarded to REL*
5.	September 2005	Letter of Award for Siyom project awarded to REL*
6.	September 2005	Letter of Award for Tato II project awarded to REL*
7.	April 2006	REL entered into a MoU for setting up a power plant of 300 MW at Butibori in Nagpur district of Maharashtra.*
8.	November 2006	The Company acquired RPSCL from Aditya Birla Power Supply Company Limited which company is setting up 1,200 MW Coal Based Power Plant at Rosa, Shahjahanpur, Uttar Pradesh.
9.	August 2007	The Company acquired SPL from Power Finance Corporation Limited, which is setting up 3,960 MW pithead power plant at Sasan, Madhya Pradesh.
10.	September 29, 2007	Amalgamation of RPUPL with the Company becomes effective.
11.	November 30, 2007	Letter of Award for Krishnapatnam UMPP awarded to Reliance Power

* The rights to develop these projects have been subsequently transferred to Reliance Power and/or its Subsidiaries.

Amendments to the Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association:

Date	Particulars
February 1, 1995	Change in the Name of the Company from Bawana Power Private Limited to Reliance Delhi Power Private Limited
January 23, 2004	Change in the Name of the Company from Reliance Delhi Power Private Limited to Reliance EGen Private Limited
January 23, 2004	Amendment in the Object Clause of Memorandum of Association of the Company (the word "nuclear and nuclear reactors" appearing in sub-Clause 1 and 2 of Clause III (A) was deleted)
March 5, 2004	Amendment in the Object Clause of Memorandum of Association of the Company (the word "importer and exporter" appearing in Sub-Clause 1 and 2 of Clause III (A) was deleted)
March 5, 2004	Change in the Name of the Company from Reliance EGen Private Limited to Reliance Energy Generation Private Limited
March 19, 2004	Change in the status of the Company from Private Limited to a Public Limited Company
December 20, 2004	Increase in the authorised share capital of the Company from Rs. 500,000 (Five Lakhs) to Rs. 25,00,00,000 (Twenty Five Lakhs)
May 24, 2006	Increase in the authorised share capital of the Company from Rs.25,00,000 (Twenty Five Lakhs) to Rs.1000,00,00,000 (One Thousand Crore)
July 4, 2007	Change in the Name of the Company from Reliance Energy Generation Limited to Reliance Power Limited
September 1, 2007	Increase in authorised share capital of Rs. 10,000,000,000 divided into 1,000,000,000 equity shares to Rs. 150,000,000,000 divided into 10,000,000,000 equity shares and 5,000,000,000 preference shares of Rs. 10 each.
September 29, 2007	Increase in the authorised share capital of Rs. 150,000,000,000 divided into 10,000,000,000 Equity Shares of Rs. 10 each and 5,000,000,000 preference shares of Rs. 10 each to Rs. 160,000,000,000 divided into 11,000,000,000 Equity Shares of Rs. 10 each and 5,000,000,000 preference shares of Rs. 10 each, pursuant scheme of amalgamation of RPUGL with the Company which became effective on September 29, 2007.
September 30, 2007	Change in the authorised share capital of Rs. 160,000,000,000 divided into 11,000,000,000 Equity Shares of Rs. 10 each and 5,000,000,000 preference shares of Rs. 10 each to Rs. 160,000,000,000 divided into 55,000,000,000 equity shares of Rs. 2 each and 5,000,000,000 preference shares of Rs. 10 each, pursuant to resolution of shareholders passed at an EGM held on September 30, 2007.
November 29, 2007	Change in the authorised share capital of Rs. 160,000,000,000 divided into 55,000,000,000 equity shares of Rs. 2 each and 5,000,000,000 preference shares of Rs. 10 each to Rs. 160,000,000,000 divided into 11,000,000,000 Equity Shares of Rs. 10 each and 5,000,000,000 preference shares of Rs. 10 each, pursuant to resolution of shareholders passed at an EGM held on November 29, 2007.

Subsidiaries and Holding Company

Both REL and AAA Project have 50% stake each in our Company. For details regarding our promoters, please see "Our Promoter and Promoter Group Companies" on page 149. We have nine subsidiaries. For details regarding our subsidiary companies, please see "Our Subsidiaries" on page 131 below.

Other Agreements

All our material Agreements entered into in the course of our business are outlined in the chapter titled 'About the Company – Description of Certain Key Contracts' on page 97.

Scheme of Amalgamation

RPUPL, a company incorporated on May 4, 2005, was pursuing engineering, procurement and construction business. A petition seeking sanction of a scheme of amalgamation of RPUPL with the Company was filed before the High Court, Bombay on August 10, 2007. The objectives of this scheme as set out in the petition were:

- i. Consolidate the similar businesses in the Company instead of operating through two separate entities within the same group;
- ii. Increase net worth of the Company, which will facilitate effective and fast mobilization of financial resources for meeting increased capital expenditure; and
- iii. Reduction of overhead and other expenses, facilitate administrative convenience and ensure optimum utilization of available services and resources.

The High Court of Bombay by way of its order dated September 27, 2007, approved the scheme of amalgamation of RPUPL into our Company under the provisions of sections 391 to 394 and other relevant provisions of the Companies Act, 1956. This amalgamation became effective on September 29, 2007, (the "Effective Date"), which is the date on which a certified copy of the order of the High Court of Judicature at Bombay sanctioning the Scheme was filed with the Registrar of Companies, Maharashtra, Mumbai. On the Effective Date, and upon the Bombay High Court passing an order for dissolution without winding-up of RPUPL under Section 394 of the Companies Act, RPUPL was amalgamated into the Company. REL and AAA Project held 50% each of the equity share capital of RPUPL. Pursuant to the said scheme of amalgamation, the High Court approved a share exchange ratio of 1:1 wherein REL and AAA Project received 1 equity share each in our Company for every equity share held by them in RPUPL. Consequently, each of REL and AAA Project were allotted 500,000,000 Equity Shares of Rs. 10 each of our Company pursuant to the same.

Set forth below are certain key features of the Scheme:

Share Capital

As of August 4, 2007, the authorized, issued, subscribed and paid-up share capital of RPUPL comprised 1,000 million equity shares Rs. 10 each aggregating Rs. 10,000 million. The authorized, issued and subscribed share capital of the Company comprised 1,000 million equity shares Rs. 10 each aggregating Rs. 10,000 million and the paid-up share capital of the Company was Rs. 2150.4 million.

Transfer and Vesting of Undertakings

With effect from the Effective Date:

- (i) RPUPL's entire business and undertaking including all its assets and properties of any nature were transferred to the Company and became the business, assets and properties of the Company; and
- (ii) RPUPL's debts, liabilities, duties and obligations of any nature were transferred to, vested in and assumed by the Company and became the debts, liabilities, duties and obligations of the Company on the same terms and conditions as were applicable to RPUPL.

Issue of shares and consideration

On the Effective Date, the Company allotted Equity Shares in a ratio of 1:1 to RPUPL equity shareholders whose names were recorded in its register of members (the "RPUPL Shareholders"). This allotment was made in consideration of the RPUPL Shareholders agreeing to the extinguishment of RPUPL's shares consequent to the amalgamation and the dissolution without winding up of RPUPL in terms of the Scheme.

Conduct of Business

From the date of filing of the Scheme with the Bombay High Court, until and including the Effective Date, RPUPL and the Company were required to (i) carry out each of their businesses reasonably, diligently and prudently, (ii) not undertake any additional financial commitment, borrowings, liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitments either for themselves or for any subsidiaries, group companies or any third party, and (iii) sell, alienate, encumber or deal with the undertaking, except in the ordinary course of business as carried on by them on the date of filing the Scheme with the Bombay High Court.

During this period, RPUPL and the Company were also required to not make any change in their respective capital structure, except by mutual consent of their respective boards of directors.

Legal Proceedings

On the Effective Date, all suits and proceedings by or against RPUPL pending and/or arising on or before the Effective Date could be continued and enforced by or against the Company as if these had been pending and/or arising by or against the Company.

The Company undertook to have all legal or other proceedings initiated by or against RPUPL transferred to its name and to have the same continued, prosecuted and enforced by or against itself.

Contracts, deeds and other instruments

From the Effective Date, all contracts and other instruments, (including tenancies, leases, licenses and other assurances in favour of RPUPL or powers or authorities granted by or to it) of any nature to which RPUPL was a party or to the benefit of which RPUPL was eligible and which were subsisting or had effect immediately before the Effective Date, without any further act, instrument or deed, came into full force and effect against or in favour of the Company, as the case may be, and could be enforced as if the Company had been a party thereto.

Winding up of RPUPL

On the Effective Date, RPUPL was dissolved without being wound up. Its board of directors and committees thereof were also dissolved without any further act, instrument or deed.

Capital Build up of RPUPL

Sr. No.	Date	Activity	Allottee/Transferee	No. of Shares of Rs. 10 each	Acquisition Price (Rs.)
1	May 4, 2005	Allotment	Reliance Energy Management Services Private Limited (REMSL)	5,000	50,000
2	May 4, 2005	Allotment	Sonata Investments Limited (SIL)	5,000	50,000
3	April 6, 2007	Transfer	Reliance Energy Limited (Transferred by Sonata REMSL)	5,000	50,000
4	April 6, 2007	Transfer	AAA Project Ventures Private Limited (Transferred by Sonata)	5,000	50,000
5	August 3, 2007	Allotment	Reliance Energy Limited	49,99,95,000	4,99,99,50,000
6	August 3, 2007	Allotment	AAA Project Ventures Private Limited	49,99,95,000	4,99,99,50,000

Also, see “Material Contracts and Documents for Inspection” on page 97 of this Prospectus.

OUR SUBSIDIARIES

We have nine Subsidiaries. None of the Subsidiaries has made any public or rights issue in the last three years or have become sick companies under the meaning of SICA. None of the Subsidiaries are in the process of being wound up.

Details about the projects being developed by our subsidiaries and application of issue proceeds are set out below:

1	2	3	4	5	6	7	8	9	10	11
Sr. no.	Name of the Project	Proposed Capacity	Company/ Subsidiary Executing the Project	Date of Incorporation	Amount of Issue Proceeds to be used for the Project (Rs. Million)	% of Issue Proceeds to be used for the Project	Entity which bid/secured the Project	Whether Project was transferred to Subsidiary & the date of transfer	Names of Promoters of the Subsidiary when the Project was bid for/ secured	Date of transfer of the Subsidiary to the Company
1.	Sasan	3,960 MW	SPL	February 10, 2006	54,613.5	47.2%	Reliance Power	No	Power Finance Corporation Limited ("PFC")	August 7, 2007
2.	Krishnapatnam	4,000 MW	CAPL	Not Available	Nil	Nil	Reliance Power	No	PFC	To be Transferred by PFC to the Company
3.	MP Power	3,960 MW	MPPGL	September 7, 2007	Nil	Nil	Reliance Power	Yes – on September 10, 2007	Company	September 10, 2007
4	Rosa I	600MW	RPSCL	September 1, 1994	3,931.5	3.4%	Reliance Power	No	Aditya Birla Power Company Limited	November 1, 2006
5.	Rosa II	600 MW	RPSCL	September 1, 1994	6149.5	5.3%	Reliance Power	No	Company	November 1, 2006
6.	Shahpur Coal	1,200 MW	MEGL	June 29, 2005	11,458.0	9.9%	Reliance Power	Yes – on August 28, 2007	Not Applicable - MEGL was incorporated after the Project was secured	August 28, 2007
7.	Butibori	300 MW	VIPL	December 27, 2005	4,114.2	3.6%	REL	Yes – on August 30, 2007	Not Applicable – VIPL was incorporated after the Project was bid/ secured	August 30, 2007
8.	Shahpur Gas	2,800 MW	MEGL	June 29, 2005	Nil	Nil	Reliance Power	Yes – on August 28, 2007	Not Applicable - MEGL was incorporated after the	August 28, 2007

1	2	3	4	5	6	7	8	9	10	11
Sr. no.	Name of the Project	Proposed Capacity	Company/ Subsidiary Executing the Project	Date of Incorporation	Amount of Issue Proceeds to be used for the Project (Rs. Million)	% of Issue Proceeds to be used for the Project	Entity which bid/secured the Project	Whether Project was transferred to Subsidiary & the date of transfer	Names of Promoters of the Subsidiary when the Project was bid for/ secured	Date of transfer of the Subsidiary to the Company
									Project was secured	
9.	Dadri	7,480 MW	Company	January 17, 1995	Nil	Nil	Reliance Power	No	Not Applicable	Not Applicable
10.	Urthing Sobla	400 MW	USHPPL	September 13, 2007	6,157.6	5.3%	REL	No	Not Applicable	September 14, 2007
11.	Tato II	700 MW	THPPL	September 7, 2007	Nil	Nil	REL	Yes – on September 14, 2007	Not Applicable – THPPL was incorporated after the Project was bid/secured	September 10, 2007
12.	Siyom	1,000 MW	SHPPL	September 7, 2007	Nil	Nil	REL	Yes – on September 14, 2007	Not Applicable - SHPPL was incorporated after the Project was bid/secured	September 10, 2007
13.	Kalai II	1,200 MW	KPPL	September 26, 2007	Nil	Nil	REL	Not Applicable	Not Applicable	September 26, 2007

Notes:

1. All the above subsidiaries are currently wholly owned by the Company, except USHPPL, in which the Company holds 80% equity shareholding. As regards VIPL, SHHPL, THPPL and KPPL the Company is required to transfer certain equity stake to captive users/ GOAP under the terms of the respective project documents. For more details, see “Our Business” on page 65 of the Prospectus.
2. Projects of an aggregate generation capacity of 24,600 MW were bid and secured by the Company in its own name. Of this Dadri Project of 7,480 MW is being developed by the Company and the Projects of 17,120 MW are being developed through subsidiaries. Development of the other Projects through subsidiaries is in pursuance of the respective bid/project documents, which provide/require the said project to be developed through SPVs.
3. Name of the entities, which bid for the project is mentioned in Column 8 above. No project was bid in the name of the subsidiaries.

Sasan Power Limited

SPL was incorporated on February 10, 2006. This company was incorporated as a wholly owned subsidiary of Power Finance Corporation Limited in order to build, own, operate and maintain the Sasan UMPP at Sasan, Madhya Pradesh. It was transferred to Reliance Power under the provisions of a share purchase agreement dated August 7, 2007 and is now a fully owned subsidiary of Reliance Power. The registered office of SPL is situated at 2nd Floor, M-68, Greater Kailash-1, New Delhi 110048. A public notice has been issued for the change of registered office from the National Capital Region of New Delhi to the state of Maharashtra. This change is subject to the approval of the Company Law Board. For more details of the said share purchase agreement, see “About the Company - Description of Certain Key Contracts” on page 97.

Board of Directors

The Board of Directors of SPL consists of:

Mr. Ashwani Kumar	Director
Mr. Ramesh Shenoy	Director
Mr. Suresh Nagarajan	Director
Mr. Rakesh Aggarwal	Director

Shareholding pattern

The shareholding pattern of SPL as of December 21, 2007 is as follows:

Name of the shareholders	No. of Shares	Percentage
Reliance Power	50,000*	100.00

* Including 700 equity shares jointly held with 7 individuals.

Financial Performance

The summary audited financial statements for the last fiscal is as follows:

Particulars	(Rs. in Million except per share data)	
	Fiscal 2007	
Equity Capital	0.5	
Reserves (excluding revaluation reserves)/(Accumulated Losses)*	(0.80)	
Sales	-	
Profit/(Loss) after Tax	-	
Earnings per share (EPS) (Rs).	-	
Net Asset Value (NAV)	(6.1)	

* Reserves are net of miscellaneous expenditure to the extent not written off.

Since this company was incorporated in February 2006, no financials are available for Fiscal 2006 and Fiscal 2005.

Maharashtra Energy Generation Limited

MEGL was incorporated as Reliance Capital Ventures Limited on June 29, 2005. The name of this company was subsequently changed to Jaguar Corporate Services Limited on July 25, 2005. The name was changed again to Maharashtra Energy Generation Limited on October 10, 2005. This company was incorporated as a SPV to undertake the Shahapur Power Project at Shahapur, Alibag, Raigad District, Maharashtra. This company became a subsidiary of Reliance Power on August 28, 2007. Reliance Power acquired its entire shareholding from Reliance

Energy Management Private Limited, Reliance Energy Global Private Limited and Powersurfer Interactive (India) Private Limited at the price of Rs. 10 per share.

The registered office of MEGL is located at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710.

Board of Directors

The board of directors of MEGL consists of:

Mr. Pramod Gupta	Director
Mr. Suresh Nagarajan	Director
Mr. Ramesh Shenoy	Director

Shareholding pattern

The shareholding pattern of MEGL as of December 21, 2007 is as follows:

Name of the shareholder	No. of Shares	Percentage
Reliance Power	50,000*	100.00

* Including 60 equity shares jointly held with 6 individuals.

Financial Performance

The summary audited financial statements for the last two Fiscal are as follows:

Particulars	(Rs. in Million except per share data)	
	Fiscal 2007	Fiscal 2006
Equity Capital	0.5	0.5
Reserves (excluding revaluation reserves)/(Accumulated Losses)*	-	-
Sales	-	-
Profit/(Loss) after Tax	-	-
Earnings per share (EPS) (Rs).	-	-
Net Asset Value (NAV)	Rs. 10.0	Rs. 10.0

* Reserves are net of miscellaneous expenditure to the extent not written off.

Since this company was incorporated in June 2005, no financials are available for Fiscal 2005.

Vidarbha Industries Power Limited

VIPL was incorporated on December 27, 2005. This company was initially incorporated as Reliance Natural Resources Limited. The name of this company was changed subsequently to Reliance Mineral Resources Limited on January 6, 2006. The name was later changed again to Vidarbha Industries Power Limited on August 24, 2006. This company was incorporated as a SPV of REL to implement the Butibori Thermal Power project. This company became a subsidiary of Reliance Power on August 30, 2007. Reliance Power acquired its entire shareholding from REL, Reliance Energy Management Private Limited, Powersurfer Interactive (India) Private Limited and certain other individuals holding the equity shares jointly with these entities at the price of Rs. 10 per share.

The Registered Office of VIPL is at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710.

Board of Directors

The board of directors of VIPL consists of:

Mr. Mahesh Ghagare	Director
Mr. Divyesh Dalal	Director
Mr. Abhijit Banerjee	Director

Shareholding pattern

The shareholding pattern of VIPL as of December 21, 2007 is as follows:

Name of the shareholder	No. of Shares	Percentage
Reliance Power	50,000*	100.00

* Including 6 equity shares jointly held with 6 individuals.

Financial Performance

The summary audited financial statements are as follows:

Particulars	(Rs. in Million except per share data)	
	Fiscal 2006	Fiscal 2007
Equity Capital	0.5	0.5
Reserves(excluding revaluation reserves)/(Accumulated Losses)*	(0.03)	(0.2)
Sales	-	-
Profit/(Loss) after Tax	(0.03)	(0.2)
Earnings per share (EPS) (Rs).	(0.7)	(3.4)
Net Asset Value (NAV)	Rs. 9.3	Rs. 5.9

* Reserves are net of miscellaneous expenditure to the extent not written off.

Since this company was incorporated in December 2005, no financials are available for Fiscal 2005.

Rosa Power Supply Company Limited

RPSCL was incorporated on September 1, 1994. It was a subsidiary of Aditya Birla Power Company Limited (ABPCL). It was transferred to Reliance Power subsequent to a share purchase agreement entered into between Aditya Birla Power Company Limited and Reliance Power on November 1, 2006, and is now a fully owned subsidiary of Reliance Power. Pursuant to this transfer, the registered office was changed from 14-A/5, Park Road, Lucknow 226 001, Uttar Pradesh to the current address at 4th Floor, Trade Tower, 94, Mahatma Gandhi Road, Lucknow 226 001, U.P. RPSCL is engaged in the implementation of the Rosa Phase I and Rosa Phase II projects at Shahjahanpur, U.P. For more details of the said share purchase agreement, see "About the Company – Description of Certain Key Contracts" on page 97.

Board of Directors

The board of directors of RPSCL consists of:

Mr. Madhukar Moolwaney	Director
Mr. Rakesh Aggarwal	Director
Mr. G. Amudhan	Director
Mr. Vijay Agarwal	Director

Shareholding pattern

The shareholding pattern of RSPCL as of December 21, 2007 is as follows:

Name of the shareholder	No. of Shares	Percentage
Reliance Power	110,000,000*	100.00

* Including 1,300 equity shares jointly held with 6 individuals.

Financial Performance

The summary audited financial statements are as follows:

Particulars	(Rs. in Million except per share data)		
	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Capital	0.5	0.5	0.5
Reserves (excluding revaluation reserves)/(Accumulated Losses)*	(0.04)	(0.04)	(0.04)
Sales	-	-	-
Profit/(Loss) after Tax	-	-	-
Earnings per share (EPS) (Rs).	-	-	-
Net Asset Value (NAV)	Rs. 9.2	Rs. 9.2	Rs. 9.2

* Reserves are net of miscellaneous expenditure to the extent not written off.

Tato Hydro Power Private Limited

THPPL was incorporated on September 7, 2007. This Company has been incorporated to set up a hydro electric power project at Tato in the state of Arunachal Pradesh. The registered office of THPPL is located at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710.

Board of Directors

The board of directors of THPPL consists of:

Mr. N K Deo	Director
Mr. S. Sankaran	Director
Mr. Ashish S. Karyekar	Director

Shareholding pattern

The shareholding pattern of THPPL as of December 21, 2007 is as follows:

Name of the shareholder	No. of Shares	Percentage
Reliance Power	10,000*	100.00

* Including one equity share jointly held with one individual.

There are no financial figures available as this company was incorporated in September 2007.

Siyom Hydro Power Private Limited

SHPPL was incorporated on September 7, 2007. This company was formed to set up a hydro electric power project on Siyom river in West Siyang District in the state of Arunachal Pradesh. The registered office of SHPPL is located at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710.

Board of Directors

The board of directors of SHPPL consists of:

Mr. N K Deo	Director
Mr. Mohan Limaye	Director
Mr. Dinesh Modi	Director

Shareholding pattern

The shareholding pattern of SHPPL as of December 21, 2007 is as follows:

Name of the shareholder	No. of Shares	Percentage
Reliance Power	10,000*	100.00

* Including one equity share jointly held with one individual.

There are no financial figures available as this company was incorporated in September 2007.

Urthing Sobla Hydro Power Private Limited

USHPPL was incorporated on September 13, 2007. This company has been formed to set up a hydro electric power project at Urthing Sobla in Pithoragarh District in the state of Uttarakhand. The registered office of USHPPL is located at Plot No. 56, 1st Floor, City Centre, Kochar Complex, Dehradun 248001, Uttarakhand.

Board of Directors

The board of directors of USHPPL consists of:

Mr. A. K. Bahadur	Director
Mr. Laksman Ramakrishna	Director
Mr. Paresh Rathod	Director

Shareholding pattern

The shareholding pattern of USHPPL as of December 21, 2007 is as follows:

Name of the shareholder	No. of Shares	Percentage
Reliance Power	8,000*	80.00
REL	2,000	20.00

* Including 1 equity share jointly held with one individual.

There are no financial figures available as this company was incorporated in September 2007.

MP Power Generation Private Limited

MP Power Generation Private Limited was incorporated on September 7, 2007. This company has been formed to set up a power project at Singrauli in the state of Madhya Pradesh. The registered office of MPPGPL is located at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710.

Board of Directors

The board of directors of MPPGPL consists of:

Mr. Ashwani Kumar	Director
Mr. Ashish Tambawala	Director
Mr. Prakash Khedekar	Director

Shareholding pattern

The shareholding pattern of MPPGPL as of December 21, 2007 is as follows:

Name of the shareholder	No. of Shares	Percentage
Reliance Power	10,000*	100.00

* Including one equity share jointly held with one individual.

There are no financial figures available as this company was incorporated in September 2007.

Kalai Power Private Limited

Kalai Power Private Limited was incorporated on September 26, 2007. This company has been formed to set up a power project at Kalai in the state of Arunachal Pradesh. The registered office of KPPL is located at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710.

Board of Directors

The board of directors of KPPL consists of:

Mr. NK Deo	Director
Mr. Dinesh Modi	Director
Mr. Divyesh Dalal	Director

Shareholding pattern

The shareholding pattern of KPPL as of December 21, 2007 is as follows:

Name of the shareholder	No. of Shares	Percentage
Reliance Power	10,000*	100.00

* Including one equity share jointly held with one individual.

There are no financial figures available as this company was incorporated in September 2007.

OUR MANAGEMENT

Under our Articles of Association we cannot have fewer than three directors and more than twelve directors. We currently have six directors.

The following table sets forth details regarding our Board as of the date of filing this Prospectus with SEBI.

Name, Designation, Father's Name, Address and Occupation	Age (Years)	Status of Director in our Company	Other Directorships
Mr. Anil Dhirubhai Ambani <i>Director & Chairman</i> Late Mr. Dhirubhai H. Ambani Sea Wind, 39, Cuffe Parade, Colaba, Mumbai 400 005, Maharashtra Business	48	<ul style="list-style-type: none"> • Non – Independent • Promoter • Non - Executive 	<ul style="list-style-type: none"> • Reliance Energy Limited • Reliance Communications Limited • Reliance Capital Limited • Reliance Natural Resources Limited • Reliance Communications Infrastructure Limited • Reliance Infratel Limited • Reliance Telecom Limited • Harmony Art Foundation • AAA Communication Private Limited • AAA Enterprises Private Limited • AAA Power Systems (Global) Private Limited • AAA Project Ventures Private Limited • Indian School of Business • Mandke Foundation • Reliance Big TV Private Limited • Reliance Innoventures Private Limited • Reliance Anil Dhirubhai Ambani Group Limited • Flag Telecom Group Limited
Mr. K.H. Mankad	65	<ul style="list-style-type: none"> • Non - Independent • Executive Whole-time Director 	<ul style="list-style-type: none"> • Sonata Investments Limited • Reliance World Limited • Reliance Property Developers Private Limited

Name, Designation, Father's Name, Address and Occupation	Age (Years)	Status of Director in our Company	Other Directorships
Mr. S.L. Rao Director S/o Mr. Venkat Laxminarayan Rao D-1, Chartered Cottage, 8 Langford Road, Bangalore 560 025, Karnataka Service	71	<ul style="list-style-type: none"> • Independent • Non – Executive 	<ul style="list-style-type: none"> • Reliance Energy Limited (Independent) • Reliance Natural Resources Limited (Independent) • Trustcapital Finance Private Limited • Honeywell Automation India Limited • Kanoria Chemicals & Industries Limited • Synergy Global India Private Limited • Member of the Governing Body of the National Institute of Health and Family Welfare • Chairman of the Board of Governors, The Institute of Social & Economic Change, Bangalore • Board of Governors of Indian Institute of Management, Lucknow • Trustee, Bangalore International Centre • Member, Executive Committee, Madras Craft Foundation • Member, National Committee, Aga Khan Foundation of India. • Axis Private Equity Limited
Mr. J L Bajaj Director S/o Mr. Roshanlal Bajaj 184, Sector – 15A, Noida 201 301, Uttar Pradesh Service	69	<ul style="list-style-type: none"> • Independent • Non - Executive 	<ul style="list-style-type: none"> • Reliance Natural Resources Limited (Independent) • IL & FS Trust Limited • Uttarakhand Power Corporation Limited • Power Transmission Company of Uttarakhand Limited • Uttarakhand Jal Vidyut Nigam Limited
Dr. V.K. Chaturvedi Director S/o Mr. R P Chaturvedi Sea Breeze, Flat No.901, Tower 10, Plot No. 16, Sector 16, Nerul, Navi Mumbai 400 706 Maharashtra Service	64	<ul style="list-style-type: none"> • Independent • Non - Executive 	None
Dr. Yogendra Narain Director S/o Late Mr. Kirpa Narain House No. 7, Shivalik Houses, Sector 61, Noida - 201 301 Uttar Pradesh Retired from Government Service	65	<ul style="list-style-type: none"> • Independent • Non – Executive 	None

Brief Profile of the Directors

Mr. Anil Dhirubhai Ambani: Mr. Ambani is the non executive Chairman of the Company. He holds a Bachelor's Degree in Science from the University of Bombay and a Master's Degree in Business Administration from The Wharton School, University of Pennsylvania, USA. Mr. Ambani is also the Chairman of Reliance Communications

Limited, Reliance Capital Limited, Reliance Energy Limited and Reliance Natural Resources Limited. He is a member of the Wharton Board of Overseers, The Wharton School, USA, the Central Advisory Committee, Central Electricity Regulatory Commission, and the Board of Governors of the Indian Institute of Management (IIM), Ahmedabad and the Indian Institute of technology, Kanpur (IIT), and Executive Board, Indian School of Business (ISB), Hyderabad.

Mr. Ambani has received numerous awards and recognitions, including:

- Voted the 'Businessman of the Year' in a poll conducted by the Times of India – TNS, December 2006.
- Voted the 'Best Role Model' among business leaders in the biannual Mood of the Nation poll conducted by India Today magazine, August 2006.
- Conferred 'the CEO of the Year 2004' in the Platts Global Energy Awards.
- Rated as one of 'India's Most Admired CEOs' for the sixth consecutive year in the Business Barons – TNS Mode opinion poll, 2004.

Mr. K.H. Mankad, aged 65 years, and Indian national, is the Whole-time Director and CEO of the Company. Mr. Mankad is a Bachelor of Commerce and Laws. He is an Associate Member of the Institute of Chartered Accountants of India, an Associate Member of the Institute of Company Secretaries of India and an Associate Member of the Institute of Cost and Works Accountants of India. He has over 32 years of experience in corporate finance, taxation, accounts, management and laws. He has been working with REL since 1995 and was its Director (Finance).

Mr. S L Rao Mr. Rao is currently Chairman, Board of Governors of the Institute for Social and Economic Change, Bangalore; Distinguished Visiting Fellow at The Energy and Resources Institute (TERI); a widely read newspaper columnist, writer and speaker on management, consumer markets, the economy and energy issues. He is an economist by training and a professional manager with 29 years of experience in companies including in top management positions in marketing and general management, and a further 6 years in management consultancy. He has authored 13 books and written hundreds of articles in various publications. He taught marketing in management schools in India as visiting faculty. He was a Visiting Fellow at the Indian Ocean Centre, Australia (1996-98). In 1990, he was appointed Director General of the National Council of Applied Economic Research (NCAER), which during his tenure, was known for its data on Indian markets, human development indicators, social infrastructure and economic forecasting. He was the first Chairman of the Central Electricity Regulatory Commission (CERC) in 1998. He was formerly the President of the Madras Management Association (1983-84) and All India Management Association (1985-86), a founder and former Vice President of the People's Union for Civil Liberties in Tamil Nadu (1981-84). He was Founder Chairman of the Forum of Indian Regulators.

Mr. J. L. Bajaj: Mr. Bajaj is former Chairman of Uttar Pradesh Electricity Regulatory Commission (UPERC). He retired from the Indian Administrative Service as Chairman of Administrative Reforms and Decentralisation Commission, Government of Uttar Pradesh. He served in Government of India as Adviser (Industry) Planning Commission, Additional Secretary in the Department of Economic Affairs and Joint Secretary, Plan Finance, Ministry of Finance. He also held the positions of Secretary (Planning) and Secretary (Finance) in the Government of Uttar Pradesh.

Dr. V.K. Chaturvedi: Dr. Chaturvedi is a former Chairman & Managing Director of Nuclear Power Corporation of India Limited. He has also been a Member of the Atomic Energy Commission, Government of India and Chairman of World Association of Nuclear Operators (WANO), Tokyo Centre and also a Governor in the International WANO Board, London for 2 years. Dr. Chaturvedi is a gold medalist in mechanical engineering (1965 batch) from Vikram University and later he did his post-graduation in nuclear engineering from BARC training school, Mumbai. He has over 40 years of experience in relation to design, construction, commissioning and operation of nuclear power plants. He was conferred the 'Padma Shri' in the year 2001, one of India's highest civilian awards. He is also a recipient of number of other prizes and awards.

Dr. Yogendra Narain: Dr. Narain is a former Secretary-General, Rajya Sabha - the Upper House of the Parliament of India. Dr. Yogendra Narain retired from the Indian Administrative Services after serving for over 42 years. He

has worked in various capacities in the administration in the State of Uttar Pradesh and the Government of India. He served as the Principal Secretary to the Governor, Uttar Pradesh; as Secretary, Ministry of Surface Transport, Government of India; Chief Secretary, Government of Uttar Pradesh and Defence Secretary to the Government of India. He is also the founder-Chairman of the Greater NOIDA Industrial Development Authority and the founder-Chairman of the National Highway Authority of India. Dr. Narain holds degrees. B.Sc., M.A. (Political Science), Diploma in Development Economics, M. Phil and Ph.D.

Borrowing Powers of our Board

Pursuant to a resolution passed by our shareholders at their EGM held on September 1, 2007, our Board of Directors has been authorized to borrow money for the Company upon such terms and conditions and with or without security as the Board of Directors may think fit, provided that the money or monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the bankers of the Company in ordinary course of business) shall not exceed 10 times the aggregate of the paid up capital and free reserves of the Company over and above the paid up capital and free reserves of the Company.

Details of Appointment of our Directors

Name	Contract / Appointment Letter / Resolution	Term
Mr. Anil Dhirubhai Ambani	Board Resolution dated September 30, 2007	Director not liable to retire by rotation
Mr. S.L. Rao	Board Resolution dated September 30, 2007	Director liable to retire by rotation
Mr. J.L. Bajaj	Board Resolution dated September 30, 2007	Director liable to retire by rotation
Dr. V.K. Chaturvedi	Board Resolution dated September 30, 2007	Director liable to retire by rotation
Dr. Yogendra Narain	Board Resolution dated September 30, 2007	Director liable to retire by rotation
Mr. K. H. Mankad	Board Resolution dated November 7, 2007	Whole-time Director appointed for 3 years with effect from November 7, 2007, liable to retire by rotation

Corporate Governance

The provisions of the Listing Agreement to be entered into with BSE and NSE with respect to corporate governance and the SEBI Guidelines in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges and the Company shall comply with the same. Our Company undertakes to adopt the corporate governance code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges on listing (Clause 49). The requirements pertaining to broad basing of the Board of Directors and the constitution of the committees such as the Audit Committee, Shareholder/ Investor Grievance Committee have already been complied with. The Board of Directors consists of a total of 6 directors of which 4 are independent directors (as defined under Clause 49), which constitutes more than 50% of our Board of Directors. This is in compliance with the requirements of Clause 49.

In terms of the Clause 49, the Company has already appointed Independent Directors and constituted the following committees:

Audit Committee

Members: Mr. S.L. Rao, Chairman
Mr. J. L. Bajaj
Dr. V.K. Chaturvedi
Mr. Yogendra Narain

Terms of reference / scope of the Audit Committee

A. General Functions and Powers

1. Oversight of the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of the audit fees.
3. Approval of payment to the statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Directors’ Responsibility Statement to be included in the Board’s report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by the management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems for the purpose of financial reporting.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audits.
8. Discussion with internal auditors of any significant findings and follow-up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
12. To review the functioning of the “whistle blower” mechanism, if and when introduced.
13. Carrying out such other function as may be specifically referred to the Committee by the Board of Directors and / or other Committee(s) of Directors of the Company.

B. Information for Review

1. Management discussion and analysis of financial condition and results of operations;
 2. Statement of significant related party transactions (as may be defined by the audit committee) submitted by management;
 3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 4. Internal audit reports relating to internal control weaknesses;
 5. The appointment, removal and terms of remuneration of the Chief Internal Auditor;
 6. The uses / application of funds raised through public issues, rights issues, preferential issues, etc.; and
 7. The Annexure and Proforma of the Cost Audit Reports before submission to the Board for approval.
- C. Review of the financial statements of the unlisted subsidiary Company(ies), in particular, the investments made by them, if any.

Shareholder / Investor Grievances Committee

Members: Mr. J.L. Bajaj, Chairman
Mr. S.L. Rao
Dr. V.K. Chaturvedi

Role and functions of the Shareholder / Investor Grievances Committee

This Committee shall perform *inter alia* the role / various functions as are set out in Clause 49 of the Listing Agreement with Stock Exchanges and including but not limited to:

- issue of duplicate certificates;
- oversee and review all matters connected with the transfer and all other processes relating to the securities of the Company;
- oversee the redressal of shareholder complaints; and
- oversee the performance of Registrar & Transfer Agents.

Remuneration/ Compensation Committee

Members: Dr. V.K. Chaturvedi, Chairman
Mr. J. L. Bajaj
Mr. S.L. Rao

Role and functions of Remuneration/ Compensation Committee

This committee has been constituted to look into all matters pertaining to remuneration of directors and the administration of the employee stock option scheme.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

The provisions of Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchanges. We shall

comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 on listing of our Equity Shares.

Shareholding of Directors in the Company

Mr. Anil Dhirubhai Ambani holds 1,000 Equity Shares jointly with AAA Project. Mr. Ambani is also the promoter of REL and AAA Project which entities together hold the entire equity share capital of the Company.

None of the other directors holds any shares in the Company.

Interest of our Directors

All the Directors, including independent Directors, except Mr. K. H. Mankad may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under the Articles of Association. In addition, the compensation payable to Directors may include commission representing a percentage of profits subject to the limit prescribed under law. Our shareholders by way of their resolution dated September 30, 2007 have authorised the payment of commission up to 1% (if the Company has a managing director or whole time director or manager) or 3% (if the Company has no managing director or whole time director or manager) for a period of 5 years beginning on April 1, 2008.

Mr. K. H. Mankad was appointed as the Additional Director of the Company with effect from November 7, 2007, pursuant to an agreement dated November 9, 2007. Under the terms of the agreement, he has been appointed as whole-time director for a period of 3 years with effect and the remuneration payable to Mr. K. H. Mankad, as whole-time director during the tenure of his appointment would comprise salary, allowances and perquisites, with an aggregate monetary value limit of Rs. 4.8 million per annum.

The perquisites and allowances payable to Mr. K. H. Mankad, according to the agreement, would include accommodation (furnished or otherwise) or a rental allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses or allowances for utilization of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for himself and his dependent family members; a company owned and maintained vehicle with chauffeur or vehicle reimbursement in lieu thereof; club fees (not including admission fees), medical insurance, the Company's contribution to provident fund, superannuation or annuity fund, gratuity and such other perquisites or allowances, within the limits specified above. These perquisites and allowances will be evaluated, wherever applicable, under the Income Tax Act, 1961 and any rules thereunder. In addition, he is entitled to a cash payment for leave not taken at the end of his tenure as per the rules of the Company.

All the Directors, including independent Directors, may also be deemed to be interested to the extent of Equity Shares, if any, already held by or that may be subscribed for and allotted to them or to the companies, firms and trusts, in which they are interested as directors, members, partners and/or trustees, out of the present offer and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The Directors, including independent Directors, may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees. The Directors may also be deemed to be interested to the extent of the fees and other payments that may be made to companies in which they are directors.

Mr. Anil Dhirubhai Ambani and Mr. S.L. Rao as directors of REL and RNRL and Mr. J.L. Bajaj as director of RNRL, may be deemed to be indirectly interested to the extent of any payments, contractual arrangements or other business dealings with REL and RNRL by us pursuant to arrangements with REL and RNRL.

Mr. Anil Dhirubhai Ambani and Mr. S.L. Rao were paid a commission of Rs. 22.19 million and Rs. 0.38 million respectively by REL for Fiscal 2007.

Changes in our Board of Directors in the last three years

The following changes have occurred in Board of Directors of the Company in the last three years:

Name of Director	Date of Appointment / Re-appointment	Date of cessation	Reason
Mr. Anil Dhirubhai Ambani	September 30, 2007	-	Appointment
Mr. S.L. Rao	September 30, 2007	-	Appointment
Mr. J.L. Bajaj	September 30, 2007	-	Appointment
Dr. V.K. Chaturvedi	September 30, 2007	-	Appointment
Dr. Yogendra Narain	September 30, 2007	-	Appointment
Mr. K. H. Mankad	November 7, 2007	-	Appointment
Mr. S.C.Gupta	March 18, 2004	September 30, 2007	Resignation
Mr. S.C.Manocha	January 19, 2004	October 30, 2006	Resignation
Mr. Himanshu Agarwal	December 1, 2005	September 30, 2007	Resignation
Mr. Rakesh Aggarwal	October 31, 2006	September 30, 2007	Resignation
Mr. Ashish Tambawala	October 31, 2006	September 30, 2007	Resignation

Board of Advisors of the Company

The Company has also constituted a Board of Advisors to provide guidance and assistance to the Company and its Board of Directors so as to help in achieving the vision and mission of the Company. Currently, the Board of Advisors of the Company consists of the following:

Mr. Anil D. Ambani - for details see "Brief Profile of the Directors" on page 140 above.

Mr. C.P. Jain, 61, is the former Chairman and Managing Director of National Thermal Power Corporation Limited. Mr. Jain's career spans over four decades of contribution in the fields of financial management, general management, strategic management and business leadership. He is a fellow member of the Institute of Chartered Accountants of India with an advanced diploma in Management and is a law graduate. Mr. C. P. Jain joined the Board of NTPC in 1993 as Director (Finance) and he was elevated as its Chairman and Managing Director in September 2000 and superannuated in March 2006. He is Chairman of the Global Studies Committee of World Energy Council (WEC), world's largest energy NGO with nearly hundred member-nations. He has been on several important committees of the Government of India, latest being the 'Adhoc Group of Experts on Empowerment of CPSEs'. He was Chairman of Standing Conference of Public Enterprises (SCOPE) between April 2003 and March 2005. Mr. Jain is a Director on the Board of Reliance Capital Limited, IL & FS Infrastructure Development Corporation and he is also a member of the Audit Advisory Board of the Comptroller and Audit General of India.

Mr. Amitabh Jhunjhunwala, 51, is a Fellow Chartered Accountant. He has had a wide exposure in developing, strategizing and overseeing businesses in financial services, power, telecommunication and entertainment sectors. Currently, he oversees and leads businesses in financial services and entertainment sectors of the Reliance ADA group. He has experience in the areas of finance, commercial, banking, accounts, and general management. Mr. Jhunjhunwala is the Group Managing Director of Reliance Anil Dhirubhai Ambani Group. He is also Vice Chairman of Reliance Capital Limited and is a director on the Board of Harmony Art Foundation.

Mr. Satish Seth, 52, is a Fellow Chartered Accountant and a law graduate. He has had a wide exposure in developing, strategizing and overseeing businesses in petrochemicals, petroleum, power, telecommunication, and infrastructure sectors. Currently, he oversees and leads businesses in power, telecommunication and infrastructure sectors of the Reliance ADA group. He has experience in the areas of finance, commercial, banking, accounts, audit, taxation, legal, project execution and general management. Mr. Seth is the Group Managing Director of Reliance

Anil Dhirubhai Ambani Group. Mr. Seth is also the Vice Chairman of Reliance Energy Limited and is a Director of Reliance Energy Trading Limited, Reliance Telecom Limited, WorldTel Limited and Reliance Gateway Net Limited

Mr. Gautam Doshi, 55, is a Fellow Chartered Accountant. He has experience in the areas of mergers and acquisition, income-tax, international taxation, accounting, auditing, finance, banking, legal, and general management. Till recently he was associated with RSM & Co., a well-known firm of Chartered Accountants, as a Senior Partner and with Ambit Corporate Finance Private Limited, a leading investment banker, as a founder director. Mr. Doshi is the Group Managing Director of Reliance Anil Dhirubhai Ambani Group and is also a director on the Board of Adlabs Films Limited, Reliance Communications Infrastructure Limited, Reliance Life Insurance Limited, Reliance Telecom Limited and Reliance Asset Reconstruction Company Limited.

Key Managerial Personnel

All our key managerial personnel mentioned below are our permanent employees. Their services were transferred from REL to Reliance Power with effect from November 1, 2007. Since all our Key Managerial Personnel have been transferred to our Company in this financial year, no compensation was paid by us to them in the last financial year.

Mr. K.H. Mankad, for details see “Our Directors” above.

Mr. Vijay Agarwal, aged 57 years, and Indian national, is the Commercial Head (Non- Technical). Mr. Agarwal is an electrical engineer and has over 35 years of experience in the power sector and in project management, construction, business development, commercials, procurement and contracts. He has been with REL since 1972. He was deputed to the Company on August 1, 2007.

Mr. G. Amudhan, aged 51 years, and Indian national, is a Project Head. Mr. Amudhan is a mechanical engineer and holds a Post Graduate Diploma in Business Administration. He has over 29 years of experience in the power sector and in construction, testing and commissioning of thermal power projects. He joined REL in January 2007. He was deputed to the Company on August 1, 2007. Prior to joining REL, he worked with NTPC for almost 30 years.

Mr. Parthasarathy Srinivasan, aged 49 years, and Indian national, is a Project Head. Mr. Srinivasan is a mechanical engineer with over 27 years of experience in project management, operations, strategy formulation, project implementation, budgeting and fiscal management of power plants. He has been with REL since 2005. He was deputed to the Company on August 1, 2007. Prior to joining REL he worked with various companies e.g. NTPC, Essar Group and General Electric.

Mr. A.K. Bahadur, aged 59 years, and Indian national, is a Project Head. Mr. Bahadur is an electrical engineer with over 27 years of experience in strategic management, business operations, project management and contract management functions. He has been with REL since 2005. He was deputed to the Company on August 1, 2007. Prior to joining REL, he was Director (Projects) Uttarakhand, Jal Vidyut Nigam Limited.

Mr. Umesh Chopra, aged 48 years, and Indian national, is the Head - O&M. Mr. Chopra is a mechanical engineer with over 26 years of experience in Strategic management, business operations, project management and contract management functions. He has been with REL since 2005. He was deputed to the Company on August 1, 2007. Prior to joining REL, he was the Managing Director & CEO of GE Power Service (I) Limited and has also worked with Bharat Heavy Electricals Limited.

Mr. Ashwani Kumar, aged 42 years, and Indian national, is the Head – Business Development. Mr. Ashwani Kumar is a mechanical engineer and MBA from the Indian Institute of Management, Bangalore. He is an alumnus of Harvard Business School. He has over 17 years of experience in investment banking, project finance, business development and commercial matters. He has been with REL since 2004. He was deputed to the Company on August 1, 2007. Prior to joining REL, he worked with Powergen (UK), Rolls Royce Industrial Power Group and SBI Capital Markets Limited.

Mr. Suresh Nagarajan, aged 39 years, and Indian national, is the Head – Project Development. Mr. Nagarajan is a chartered accountant and company secretary. He has over 16 years of experience in investment banking, project finance, project development and commercial matters. He has been with REL since 2006. He was deputed to the Company on August 1, 2007. Prior to joining REL, he worked with Tata Power Company Limited, PSEG India Private Limited and SBI Capital Markets Limited.

Mr. Deepak Maheshwari, aged 38 years, and British national, is the Head – Finance. He is an electrical engineer and an MBA from XLRI, Jamshedpur. He is also an MBA from London Business School. He has over 14 years experience in project finance, strategic acquisitions, investment banking and treasury management. He has been with RCL since 2004. He was deputed to the Company on August 1, 2007. Prior to joining RCL he has worked with ANZ Investment Bank in London and ICICI Securities Limited in India.

Mr. Paresh Rathod, aged 39 years, and Indian national, is the Company Secretary and Compliance Officer. Mr. Rathod is a Bachelor of Commerce and Laws. He is a Fellow Member of the Institute of Company Secretaries of India. He has over 15 years of experience in secretarial responsibilities and dealing with corporate laws. He has been working with REL since 2005 and was transferred to the Company on November 7, 2007.

Shareholding of the Key Managerial Personnel

None of our key managerial personnel hold any shares in the Company.

Our shareholders by way of their resolution dated September 30, 2007 have approved an employee stock option scheme for the benefit of the employees of the Company and its subsidiaries. The said resolution limits the aggregate grant of options amounting to 5% of the equity share capital of the Company. The shareholders authorized a formation of a Remuneration/ Compensation Committee of directors and granted it all the powers in relation to the formation and the administration of such employee stock option scheme. As of the date of this Prospectus, no options have been granted to employees.

Bonus or Profit Sharing Plan for our Key Managerial Personnel

There is no bonus or profit sharing plan for our key managerial employees.

Changes in Key Management Personnel

All our Key Management Personnel enlisted above, have been made permanent employees of the Company with effect from November 1, 2007..

Payment or Benefit to officers of the Company

Except as stated otherwise in this Prospectus, no non-salary amount or benefit has been paid or given or is intended to be paid or given to any of the Company's employees including the key managerial personnel and our Directors. None of the beneficiaries of loans, and advances and sundry debtors are related to the Directors of the Company.

OUR PROMOTERS AND PROMOTER GROUP

Our Company is a part of the Reliance Anil Dhirubhai Ambani group. The Reliance Anil Dhirubhai Ambani group constitutes companies and interests in various sectors, including energy, communications, financial services and entertainment.

Our Promoters

Mr. Anil Dhirubhai Ambani, Reliance Energy Limited, Reliance Innoventures Private Limited and AAA Project Ventures Private Limited are the Promoters of our Company.

Mr. Anil Dhirubhai Ambani



Mr. Anil Dhirubhai Ambani, age 48 years, is the Chairman of our Company. For further details, see “About the Company – Our Management” on page 139 of this Prospectus.

His voter identification number is MT/04/019102277311 and his driving license number is 85/C/26507

We confirm that the permanent account number, bank account number and passport number of Mr. Anil Dhirubhai Ambani, have been submitted to the BSE and the NSE, at the time of filing the Draft Red Herring Prospectus with them.

Reliance Energy Limited

REL was incorporated on October 1, 1929 under the Indian Companies Act, VII of 1913, as Bombay Suburban Electric Supply Limited. It changed its name on December 23, 1992 to BSES Limited and to Reliance Energy Limited on February 24, 2004 consequent to the Reliance Group acquiring the management and control. The Reliance Group, along with persons acting in concert, had made an open offer to the shareholders in May 2000 and again in January 2003. REL’s registered office is situated at Reliance Energy Centre, Santa Cruz (E), Mumbai 400 055, India. The promoters of REL are listed below under the head the ‘Shareholding Pattern of REL’.

Principal Business of REL

REL is an integrated private sector power utility company. REL is engaged in generation, transmission, distribution and trading of power. It also provides a portfolio of value-added services in electrical contracting, engineering, EPC contracts. REL is participating in emerging opportunities in the areas of trading and transmission of power. REL along with Power Grid Corporation of India Limited is setting up the transmission network for Parbati and Koldam hydro electric projects in Himachal Pradesh. REL has also entered in to the exploration and production business segment. REL, through a consortium with its group company RNRL, has been awarded four CBM blocks. It has also been awarded one Mizoram block for exploration and production of petroleum and natural gas. REL has entered the infrastructure business by developing and operating the Versova-Andheri-Ghatkopar rail-based mass rapid transit system in Mumbai through a joint venture by an affiliate company. REL has also been awarded three road projects from the National Highways Authority of India in the state of Tamil Nadu.

Board of Directors of REL

Name	Age	Position	Director Since
Mr. Anil Dhirubhai Ambani	48	Chairman	January 18, 2003
Mr. Satish Seth	51	Vice Chairman	November 24, 2000
Mr. J. P. Chalasani	49	Director (Business Development)	January 18, 2003
Mr. S. C. Gupta	58	Director (Operations)	January 18, 2003
Mr. Lalit Jalan	50	Whole-time Director	April 25, 2007
Gen V.P. Malik	68	Director	April 21, 2003
Mr. S. L. Rao	71	Director	April 21, 2003

Name	Age	Position	Director Since
Dr. Leena Srivastava	47	Director	April 21, 2003
Mr. V. R. Galkar	63	Director	June 9, 2003

Shareholding Pattern of REL as of December 21, 2007

	Category	No. of Shares held	Percentage
1	Promoters		
	Mr. Anil Dhirubhai Ambani	139,437	0.06
	Mrs. Tina A. Ambani	123,812	0.05
	Jaianmol A. Ambani – through Mr. Anil Dhirubhai Ambani, Father and natural guardian	125,231	0.05
	Jaianshul A. Ambani – through Mr. Anil Dhirubhai Ambani, Father and natural guardian	7	0.00
	Mrs. Kokila D. Ambani	274,891	0.12
	AAA Project Ventures Private Limited	80,498,937	34.07
	Hansdhwani Trading Company Private Limited	3	0.00
	Reliance Innoventures Private Limited	864,675	0.37
	Reliance Capital Limited (PAC)	1,653	0.00
	Total Promoters	82,028,646	34.72
2	Banks, Financial Institutions and Insurance Companies	43,230,003	18.30
3	Mutual Funds and UTI	12,861,649	5.44
4	FII's	49,278,855	20.86
5	The Bank of New York Mellon as Depository for GDRs	2,462,440	1.04
6	Private Corporate Bodies	14,522,141	6.15
7	NRI's/ OCBs	1,461,798	0.63
8	Indian Public	30,407,029	12.59
	Sub Total	154,223,915	65.28
	Total	236,252,561	100.00

Financial Performance of REL (Standalone)

(Rs. in million, except share data)

Particulars	Fiscal 2005	Fiscal 2006	Fiscal 2007
Sales & Other Income	45,925.5	46,078.9	65,752.5
PAT	5,202.9	6,503.4	8,014.5
Equity Capital	1,856.1	2,123.6	2,285.7
Reserves (excluding revaluation reserves)*	48,341.0	68,204.9	84,127.3
EPS(Rs.)	28.1	32.7	37.2
Book Value(Rs.)	270.5	331.2	378.1

* Reserves are net of miscellaneous expenditure to the extent not written off.

Financial Performance of REL (Consolidated)*

(Rs. in million, except share data)

Particulars**	Fiscal 2007
Sales & Other Income	77,745.3
PAT	8344.8
Equity Capital	2285.7
Reserves(excluding revaluation reserves)#	86,078.8
EPS(Rs.)	38.7
Book Value(Rs.)	386.7

* REL has prepared consolidated results for the first time for Fiscal 2007.

** The consolidated figures reflect the impact of the financial performance of the subsidiaries, which may have made losses.

Reserves are net of miscellaneous expenditure to the extent not written off.

Details of listing and Highest & Lowest market price during the preceding six months

Equity shares of REL are listed on BSE and NSE. GDRs of the company are listed at London Stock Exchange.

Monthly High & Low price of the Equity shares of REL at NSE

Month	BSE		NSE	
	High (Rs)	Low (Rs)	High (Rs)	Low (Rs)
June 2007	617.45	508.10	618.00	505.00
July 2007	817.00	589.00	874.90	562.00
August 2007	798.00	669.00	797.00	668.10
September 2007	1,220.00	773.70	1,222.50	772.00
October 2007	1,959.00	1,235.25	1,959.00	1,220.00
November 2007	2,000.00	1,547.00	2,149.00	1,542.35

(Source: BSE and NSE websites)

The share price of REL on BSE was Rs.1,939.85 as of December 20, 2007.

The share price of REL on NSE was Rs. 1,940.15 as of December 20, 2007.

The market capitalization of REL on BSE was Rs. 458,294,530,456 as of December 20, 2007.

The market capitalization of REL on NSE was Rs. 458,365,406,224 as of December 20, 2007.

Promise v/s Performance

In December 1993 REL made a public issue of 25,269,000 - 15% secured fully convertible debentures of Rs. 70 each, each of which was converted into one equity share of Rs. 10 each, at a premium of Rs. 60 each, for cash at par. REL simultaneously also made a rights issue of 28,851,760 fully convertible debentures of Rs. 60 each, each of which was converted into one equity share of Rs. 10 each at a premium of Rs. 50 each.

The proceeds from the aforesaid issues were used for the objects as stated in the offer document. The following table compares the performance vis a vis the projections given in the offer document for the aforesaid issues.

(Rs. in million, except share data)

	Year ended March 31,					
	1993-94		1994-95		1995-96	
	Projection	Performance	Projection	Performance	Projection	Performance
Total Income	9,206.1	10,087.8	10,464.9	12,143.9	11,380.7	15,848.5
Profit After Tax	818.7	708.4	1,279.3	1,466.6	1,370.6	1734.7
Earning per Share (Rs.)	14.2	12.3	11.4	13.1	12.3	15.0

1993-94: The variation between the projected and actual figures is attributable to the Provision for Taxation, which in projected financials was Nil while Actual was Rs.496.00 million.

The performance in 1994-95 and 1995-96, were higher than those projected, due to the benefits accrued as a result of the commissioning of the Company's power station at Dahanu.

Mechanism for redressal of investor grievance

All share related matters, namely, transfer, transmission, transposition, nomination, dividend, change of name, address and signature, registration of mandate and power of attorney, replacement, split, consolidation, demat and remat of shares, issue of duplicate certificates, etc. are handled by REL's Registrars and Transfer Agents ("R&TA") Karvy Computershare Private Limited ("Karvy").

Investors correspond directly with Karvy, on all share related matters. REL has an established mechanism for investor service and grievance handling, with Karvy and the Compliance Officer appointed by REL for this purpose being the important functional nodes. REL has appointed two firms of Chartered Accountants as Internal Security Auditors to concurrently audit the transactions and communication with investors, regulatory and other concerned authorities.

REL has prescribed service standards for various investor related activities that are handled by Karvy. Any deviation there from is examined by the Internal Security Auditors who also advise the corrective action thereon and inform REL on the matters on a monthly basis.

The Board of Directors of REL has constituted a Shareholder/Investor Grievance Committee which, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with securities transfers and other processes.

The Committee also looks into redressal of shareholders' complaints related to transfer of shares, non-receipt of declared dividend, etc. The Committee oversees performance of the R&TA and recommends measures for overall improvement in the quality of investor services. The summary statement of investor related transactions and details are also considered by the Board of Directors of REL.

As of December 20, there were no investor complaints pending against REL.

There are certain investor related disputes pending before various courts. For more details, see "Legal and other Information – Outstanding Litigation and Material Development" on page 221 of this Prospectus.

Other Information

REL is neither a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

We confirm that the permanent account number, bank account number, company registration number and the address of the Registrar of Companies where REL is registered have been submitted to BSE and NSE at the time of filing the Draft Red Herring Prospectus with them.

Reliance Innoventures Private Limited

RINL was incorporated under the Companies Act on December 27, 2005. The registered office of RINL is located at 3rd Floor, Reliance Energy centre, Santa Cruz (E), Mumbai 400 055, India. RINL is engaged in providing infrastructure and EPC services, apart from holding strategic investments.

The promoters of RINL are listed below under the head the 'Shareholding Pattern of RINL.

The activities of the EPC division of RINL cover engineering, procurement and construction as well design, installation and construction of substations, cable laying and national highway road projects. The contracts currently being executed by the EPC Division of RINL include the design, engineering, procurement and construction of certain road projects in the state of Tamil Nadu and the design, engineering, and installation of, and consulting related to a, power project in the state of Haryana.

Shareholding Pattern of RINL

The shareholding pattern of RINL as of December 21, 2007 is as follows:

Sr. No.	Category	No. of Shares Held	Percentage
Promoters			
1	Mr. Anil Dhirubhai Ambani	120,212,000	65.00
2	Mrs. Tina A. Ambani	1,848,900	1.00
3	Mrs. K.D. Ambani Trust through Trustees	61,030,200	33.00
4	Jai Anmol A. Ambani – through Mr. Anil Dhirubhai Ambani, Father and natural guardian	924,450	0.50
5	Jai Anshul A. Ambani – through Mr. Anil Dhirubhai Ambani, Father and natural guardian	924,450	0.50
	Total	184,940,000	100.00

Board of Directors of RINL

The board of directors of RINL comprises Mr. Anil Dhirubhai Ambani (Chairman), Mrs. Tina A. Ambani and Mr. Hasit Shukla.

Financial Performance of RINL

(Rs. in Million, except share data)

Particulars	Fiscal 2006	Fiscal 2007
Sales & Other Income	0	5,434.7
PAT	(27.4)	4.9
Equity Capital	0.5	1,849.0
Reserves(excluding revaluation reserves)*	3,305.3	281,819.1
EPS (Rs.)	(5.9)	0.04
Book Value (Rs.)	66,115.3	1,533.8

* Reserves are net of miscellaneous expenditure to the extent not written off.

Reasons for increase in sales and reserves in Fiscal 2007

RINL started generating revenue from its EPC and contracting businesses only in Fiscal 2007. During the Fiscal 2007, pursuant to the scheme of arrangement sanctioned by the Hon'ble High Court of Judicature at Bombay on August 4, 2006 between RINL, RINL Subsidiaries, Anadha Enterprise Private Limited ("AEPL"), and Bhavan Mercantile Private Limited ("BMPL"), the investments held by AEPL and BMPL in REL, RCom, RCap, and RNRL, were transferred to RINL Subsidiaries. Further, in accordance with the accounting treatment specified in this

scheme, RINL has recorded its investments at fair value, and the difference between assets and liabilities, i.e. Rs. 278,510 million, have been recorded as general reserve.

This company was incorporated in December 2005 and therefore, no financial performance figures are available for Fiscal 2005.

RINL is an unlisted company. RINL is neither a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

We confirm that the permanent account number, bank account number, company registration number and the address of the Registrar of Companies where RINL is registered have been submitted to BSE and NSE at the time of filing the Draft Red Herring Prospectus with them.

AAA Project Ventures Private Limited

AAA Project was incorporated under the Companies Act on January 10, 2005. The registered office of AAA Project is located at 3rd Floor, Reliance Energy centre, Santa Cruz (E), Mumbai 400 055, India. It is primarily engaged in making strategic investments. RINL is the sole shareholder and promoter of AAA Project.

Shareholding Pattern of AAA Project as on December 21, 2007 is as follows

Sr. No.	Category	No. of Shares Held	Percentage
	Reliance Innoventures Private Limited*	1,000,000	100.00
	Total	1,000,000	100.00

* Including equity shares jointly held with others

Board of Directors of AAA Project

The board of directors of AAA Project comprises Mr. Anil Dhirubhai Ambani (Chairman), Mrs. Tina A. Ambani and Mr. Hasit Shukla.

Financial Performance of AAA Project

(Rs. in Million, except share data)

Particulars	Fiscal 2005	Fiscal 2006	Fiscal 2007
Sales & Other Income	0	0.2	39.6
PAT	0	(0.1)	37.1
Equity Capital	0.1	10.0	10.0
Reserves (excluding revaluation reserves)*	0	(0.1)	15,493.2
EPS (Rs.)	0	(0.7)	37.1
Book Value (Rs.)	8.4	9.9	15,503.2

* Reserves are net of miscellaneous expenditure to the extent not written off.

Reasons for increase in sales and reserves in Fiscal 2007

The sales figure increased because of dividend income received during in Fiscal 2007. During the Fiscal 2007, pursuant to the scheme of arrangement, sanctioned by the Honorable High Court of Judicature at Bombay on August 4, 2006 between RINL, RINL Subsidiaries, Anadha Enterprise Private Limited (“AEPL”), and Bhavan Mercantile Private Limited (“BMPL”), the investments held by AEPL and BMPL *inter alia* in REL were transferred to AAA Project. Further, in accordance with the accounting treatment specified in this scheme, AAA Project has recorded its investments at fair values, and the difference between assets and liabilities, i.e. Rs. 9,270 million, have been recorded as general reserve.

AAA Project is an unlisted company. AAA Project is neither a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

We confirm that the permanent account number, bank account number, company registration number and the address of the Registrar of Companies where AAA Project is registered have been submitted to BSE and NSE at the time of filing the Draft Red Herring Prospectus with them.

Common Pursuits and Interests of Promoters

Reliance ADA group intends that Reliance Power shall be its primary vehicle for all power generation business. REL is also involved in generation of power, which are similar to the planned operations of the Company. REL generates over 941 MW of power, through power plants located in Maharashtra, Andhra Pradesh, Kerala, Karnataka and Goa. REL and its other affiliates distribute power in Mumbai, Delhi, Orissa and Goa, across an area covering 1,24,300 sq. kms. In addition, we intend for REL to provide various services, as per the arrangements entered into between the Company and REL, in the areas of deputation of manpower, fuel procurement, product marketing and risk management services, technical services for operations and maintenance. See “Business – Arrangements with the Reliance ADA group” on page 92 of this Prospectus.

The aforementioned Promoters of our Company are interested to the extent of their shareholding in us and the dividend they are entitled to receive, if declared, by the Company. Further, our individual Promoters who are also the Directors of our Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them. Our individual Directors may also be deemed to be interested to the extent of equity shares, if any, already held by their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said equity shares.

Further, our individual Promoters are also directors on the boards of Promoter Group entities and they may be deemed to be interested to the extent of the payments made by our Company, if any, to these Promoter Group entities. For further details, see “Our Promoters and Promoter Group” on page 149 of this Prospectus. For the payments that are made by our Company to certain Promoter Group entities, see “Financial Statements – Related Party Transactions” on page 185 of this Prospectus.

Except as stated otherwise in this Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company other than in the normal course of business.

Further, except as disclosed in the sections titled “Our Promoters and Promoter Group” on page 149 of this Prospectus, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by us.

Confirmations

Further, none of our Promoters has been declared as a wilful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by the Promoters in the past or are pending against them.

Further none of our Promoter or Promoter Group companies have become sick companies within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and none of them is under winding up. In addition, none Promoter or Promoter Group companies had negative net worth as the date of the respective last audited financial statements.

Payment of benefits to our Promoters

Except as stated in the section “Financial Statements - Related Party Transactions” on page 185 of this Prospectus, there has been no payment of benefits to our Promoters during the two years prior to the filing of this Prospectus.

Promoter Group

In addition to the Promoters named above, there are a number of companies that form part of the Anil Dhirubhai Ambani group which constitutes our Promoter Group. In accordance with the requirements of the SEBI Guidelines, as there are five listed companies in the Promoter and Promoter Group, information provided has been limited to these 5 listed companies.

Relatives of Promoters

Pursuant to the reorganization of Reliance group, the natural persons who are part of our Promoter group are as follows:

Name	Relationship
Mr. Anil Dhirubhai Ambani	Self
Mrs. Kokila D. Ambani	Mother
Mrs. Tina A. Ambani	Wife
Jaijanmol A. Ambani	Son
Jaianshul A. Ambani	Son

Top 5 listed Companies forming part of the Promoter Group

Reliance Energy Limited
Reliance Capital Limited
Adlabs Films Limited
Reliance Communications Limited
Reliance Natural Resources Limited

The details of the five listed companies in the Promoter Group are as under:

1. Reliance Energy Limited

For details see “Our Promoters and Promoter Group” on page 149 above.

2. Reliance Capital Limited

RCL was incorporated on March 5, 1986 as Reliance Capital & Finance Trust Limited. It changed its name to Reliance Capital Limited on January 6, 1995, The registered office of RCL is situated at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Koparkhairne, Navi Mumbai 400 710, India. The promoters of RCL are listed below under the head the ‘Shareholding Pattern of RCL.

Principal Business of RCL

RCL is a Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934.

Board of Directors of RCL

Name	Age	Position	Director Since
Mr. Anil Dhirubhai Ambani	48	Chairman	June 19, 2005
Mr. Amitabh Jhunjunwala	51	Vice Chairman	March 7, 2003
Mr. Rajendra P. Chitale	46	Director	June 19, 2005
Mr. C. P. Jain	61	Director	April 24, 2006

Shareholding Pattern of RCL as of December 21, 2007

	Category	No. of Shares held	Percentage
1	Promoters		
	Mr. Anil Dhirubhai Ambani	273,891	0.11
	Mrs. Tina A. Ambani	263,474	0.11
	Jaianmol A. Ambani – through Mr. Anil Dhirubhai Ambani, Father and natural guardian	83,487	0.03
	Jaianshul A. Ambani – through Mr. Anil Dhirubhai Ambani, Father and natural guardian	5	-
	Mrs. Kokila D. Ambani	545,126	0.22
	AAA Enterprises Private Limited	126,389,839	51.45
	Hansdhvani Trading Company Private Limited	2	-
	Reliance Innoventures Private Limited	576,450	0.23
	Sonata Investments Limited	600,000	0.24
	Total Promoters	128,732,274	52.41

	Category	No. of Shares held	Percentage
2	Banks, Financial Institutions and Insurance Companies	3,512,979	1.43
3	Mutual Funds and UTI	2,413,706	0.98
4	FIIIs	75,077,658	30.56
5	The Deutsche Bank as Depository for GDRs	1,734,188	0.71
6	Private Corporate Bodies	4,415,915	1.80
7	NRI/ OCBs	965,974	0.39
8	Indian Public	28,780,106	11.72
	Sub Total	116,900,526	47.59
	Total	245,632,800	100.00

Financial Performance of RCL (Standalone)

(Rs. in million except share data)

Particulars	Fiscal 2005	Fiscal 2006	Fiscal 2007
Sales & Other Income	2,956.9	6,520.2	8,838.6
PAT	1,058.1	5,376.1	6,461.8
Equity Capital	1,278.4	2,234.0	2,461.6
Reserves (excluding revaluation reserves)*	13,100.8	38,495.8	49,150.7
EPS(Rs.)	8.3	29.7	28.4
Book Value(Rs.)	112.9	182.8	210.1

* Reserves are net of miscellaneous expenditure to the extent not written off.

Financial Performance of RCL (Consolidated)

(Rs. in million except share data)

Particulars*	Fiscal 2005	Fiscal 2006	Fiscal 2007
Sales & Other Income	5,540.4	9,470.5	21,578.6
PAT	359.3	5,713.7	7,032.1
Equity Capital	1,278.4	2,234.0	2,461.6
Reserves (excluding revaluation reserves)#	13,652.8	39,385.4	50,562.2
EPS(Rs.)	2.8	31.6	30.9
Book Value(Rs.)	117.3	186.8	215.9

* The consolidated figures reflect the impact of the financial performance of the subsidiaries, which may have made losses.

Reserves are net of miscellaneous expenditure to the extent not written off.

Details of listing and Highest & Lowest market price during the preceding six months:

Equity shares of RCL are listed on BSE and NSE. GDRs of the company are listed at Luxembourg Stock Exchange.

Monthly High & Low price of the Equity shares of RCL at BSE and NSE

Month	BSE		NSE	
June 2007	1,125.00	901.00	1,209.00	944.10
July 2007	1,301.85	1,076.10	1,304.00	1,073.50
August 2007	1,204.90	960.00	1,205.00	960.00
September 2007	1,606.30	1,193.00	1,607.50	1,190.35
October 2007	2,179.90	1,380.00	2,179.00	1,378.20
November 2007	2,421.10	1,785.55	2,420.50	2,320.00

(Source: BSE and NSE websites)

The share price of RCL on BSE was Rs. 2,376.95 as of December 20, 2007.

The share price of RCL on NSE was Rs. 2,382.40 as of December 20, 2007.

The market capitalization of RCL on BSE was Rs. 583,856,883,960 as of December 20, 2007.

The market capitalization of RCL on NSE was Rs. 585,195,582,720 as of December 20, 2007.

Promise v/s Performance

In January 1995, RCL made a public issue of 42,857,200 Equity Shares of Rs. 10 each for cash at premium of Rs. 130 per share aggregating Rs. 6,000 million.

In January 1995, RCL made a rights issue of 14,229,500 Equity Shares of Rs. 10 each for cash at premium of Rs. 40 per share aggregating Rs. 711 million.

The proceeds from the aforesaid issues were used for the objects as stated in the offer document. The following table compares the performance vis a vis the projections given in the offer document for the aforesaid issues.

(Rs. in million except share data)

Particulars	Year ended March 31,					
	1995		1996		1997	
	Projection	Performance	Projection	Performance	Projection	Performance
Total Income	1,070.0	1,064.7	3,980.0	2,175.5	5,370.0	2,228.6
Profit After Tax	460.0	463.7	1,190.0	1,109.2	1,380.0	1,015.1
Earnings per Share (Rs.)	7.80	7.4	9.4	9.3	10.9	8.2
Dividend (%)	22.0	24.0	25.0	27.0	25.0	28.0

1994-1995: There was no material variation between the projected and actual figures in this period.

1995-1996: The variation between the projected and actual figures is attributable to tight money conditions impacting resource mobilization and depressed capital markets.

1996-1997: The variation between the projected and actual figures is attributable to the then depressed conditions in the capital markets which affected resource mobilization and the overall volume of business; higher provisioning and write offs; and incidence of corporate tax consequent to legislative amendments.

Mechanism for redressal of investor grievance

All share related matters namely transfer, transmission, transposition, nomination, dividend, change of name, address and signature, registration of mandate and power of attorney, replacement, split, consolidation, demat and remat of shares, issue of duplicate certificates etc. are handled by RCL's Registrars and Transfer Agents ("R&TA") Karvy Computershare Private Limited ("Karvy").

Investors correspond directly with Karvy, on all share related matters. RCL has an established mechanism for investor service and grievance handling, with Karvy and the Compliance Officer appointed by RCL for this purpose being the important functional nodes. RCL has appointed two firms of Chartered Accountants as Internal Security Auditors to concurrently audit the transactions and communication with investors, regulatory and other concerned authorities.

RCL has prescribed service standards for various investor related activities that are handled by Karvy. Any deviation there from is examined by the Internal Security Auditors who also advise the corrective action thereon and inform RCL on the matters on a monthly basis.

The Board of Directors of RCL has constituted a Shareholder/Investor Grievance Committee which, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with securities transfers and other processes.

The Committee also looks into redressal of shareholders' complaints related to transfer of shares, non-receipt of declared dividend, etc. The Committee oversees performance of the R&TA and recommends measures for overall improvement in the quality of investor services. The summary statement of investor related transactions and details are also considered by the Board of Directors of RCL.

As of December 20, 2007, there was no investor complaint pending against RCL.

There are certain investor related disputes pending before various courts. For more details, see, "Outstanding Litigation and Material Development" on page 221 of this Prospectus.

3. Adlabs Films Limited

Adlabs was incorporated on November 30, 1987. The registered office of Adlabs is situated at Film City Complex, Goregaon (East), Mumbai 400 065, India.

In August 2005, Reliance Land Private Limited along with RCL, acquired a controlling stake in Adlabs, through a preferential allotment of shares, and by making an open offer in terms of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. Consequently, Reliance Land Private Limited and RCL became Promoters of Adlabs in place of the earlier promoters. The current promoters of Adlabs are listed below under the head the 'Shareholding Pattern of Adlabs'.

Principal Business of Adlabs

Adlabs is engaged in the business of production, processing, exhibition, and overseas distribution of films. Adlabs has processing facilities in Mumbai for, amongst other things, the processing of raw exposed films, color correction, editing and coping. Adlabs has invested in front-end processing laboratories in Chennai and Kolkata to cater to regional films. Adlabs currently operates 2 IMAX theatres and more than 100 screens. These screens are spread across 22 cities and provide a total of approximately 31,000 seats. Adlabs' through its wholly-owned subsidiary Entertainment One (India) Limited produces / co-produces, invests in and markets Indian-made feature films internationally.

Board of Directors of Adlabs

Name	Age	Position	Director Since
Mr. Gautam Doshi	55	Director	October 7, 2005
Mr. Amit Khanna	56	Director	April 26, 2007
Mr. Sujal Shah	39	Director	April 26, 2007
Mr. Darius J Kakalia	59	Director	September 13, 2007
Mr. Pradeep Sevantial Shah	52	Director	September 13, 2007
Mr. Anil Sekhri	48	Director	September 13, 2007

Shareholding Pattern of Adlabs as of December 21, 2007

	Category	No. of shares Held	Percentage
1	Promoters		
	Reliance Land Private Limited	20,600,000	47.80

	Category	No. of shares Held	Percentage
	Reliance Capital Limited	1,255,000	2.91
	FirstConnect Telecom Private Limited	4,800,000	11.14
	Total Promoters	26,655,000	61.85
2	Directors	0	0.00
3	Banks, Financial Institutions and Insurance companies	5,455	0.01
4	Mutual Funds and UTI	4,004,661	9.29
5	FII's	3,254,079	7.55
6	Private Corporate Bodies	1,323,603	3.07
7	NRIs/OCBs	2,906,101	6.74
8	Indian Public	4,458,631	10.35
9	Clearing Member	244,671	0.57
10	Trusts	0	0.00
11	Market maker	32,872	0.08
11	HUF	209,191	0.49
	Total	43,094,264	100.00

Financial Performance of Adlabs (Standalone)

(Rs. in million except share data)

Particulars	Fiscal 2005	Fiscal 2006	15 month period ending June 30, 2007
Sales & Other Income	875.6	1,132.0	3938.5
PAT	206.7	263.1	833.8
Equity Capital	107.5	199.0	199.0
Reserves (excluding revaluation reserves)*	1,065.5	3,186.8	2912.86
EPS(Rs.)	9.6	8.3	20.9
Book Value(Rs.)	54.6	85.0	78.1

* Reserves are net of miscellaneous expenditure to the extent not written off.

Financial Performance of Adlabs (Consolidated)

(Rs. in million except share data)

Particulars*	Fiscal 2005	Fiscal 2006	15 month period ending June 30, 2007
Sales & Other Income	992.6	1,311.2	4281.9
PAT	218.2	280.5	904.8
Equity Capital	107.5	199.0	199.0
Reserves (excluding revaluation reserves)#	1,083.7	3,224.5	3153.5
EPS(Rs.)	10.2	8.9	22.7
Book Value(Rs.)	55.4	86.0	84.2

* The consolidated figures reflect the impact of the financial performance of the subsidiaries, which may have made losses.

Reserves are net of miscellaneous expenditure to the extent not written off.

Details of listing and Highest & Lowest market price during the preceding six months:

Equity shares of Adlabs are listed on BSE and NSE.

Monthly High & Low price of the equity shares of Adlabs at BSE and NSE

Month	BSE		NSE	
	High (Rs)	Low (Rs)	High (Rs)	Low (Rs)
June 2007	585.50	480.00	585.90	490.10
July 2007	595.00	488.00	595.00	489.00
August 2007	512.50	417.00	510.00	415.00
September 2007	564.00	456.10	512.73	486.82
October 2007	863.30	487.25	693.83	624.92
November 2007	1,030.00	802.00	1,029.70	802.35

(Source: BSE and NSE websites)

The share price of Adlabs on BSE was Rs. 1,424.35 as of December 20, 2007.

The share price of Adlabs on NSE was Rs. 1,419.50 as of December 20, 2007.

The market capitalization of Adlabs on BSE was Rs. 6124.70 million as of December 20, 2007.

The market capitalization of Adlabs on NSE was Rs. 6,103.85 million as of December 20, 2007.

Promise v/s Performance

In December 2000, Adlabs made an initial public offering of 4.4 million equity shares of Rs. 5 each at a premium of Rs. 115 per share amounting to Rs. 528.00 million. As stated in the offer document, the proceeds of this issue were used to establish the IMAX dome theatre and a 4-screen, 1,314 seat multiplex cinemas in Mumbai and to upgrade its film processing facilities. IMAX dome theatre scheduled to be established in December 2000 was established in March 2001.

Mechanism for redressal of investor grievance

All share related matters, namely, transfer, transmission, transposition, nomination, dividend, change of name, address and signature, registration of mandate and power of attorney, replacement, split, consolidation, demat and remat of shares, issue of duplicate certificates, etc. are handled by Adlabs's Registrars and Transfer Agents ("R&TA") Intime Spectrum Registry Limited ("Intime").

Investors correspond directly with Intime, on all share related matters. Adlabs has an established mechanism for investor service and grievance handling, with Intime and the Compliance Officer appointed by Adlabs for this purpose being the important functional nodes.

Adlabs has prescribed service standards for various investor related activities that are handled by Intime. Any deviation there from is examined by the Adlabs regularly.

The Board of Directors of Adlabs has constituted a Shareholder/Investor Grievance Committee which, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with securities transfers and other processes.

The Committee also looks into redressal of shareholders' complaints related to transfer of shares, non-receipt of declared dividend, etc. The Committee oversees performance of the R&TA and recommends measures for overall improvement in the quality of investor services. The summary statement of investor related transactions and details are also considered by the Board of Directors of Adlabs.

As of December 20, 2007, there were no investor complaints pending against Adlabs.

4. Reliance Communications Limited

RCOM was incorporated on July 15, 2004, as Reliance Infrastructure Developers Private Limited. The status of the Company was changed to Public Limited Company on July 25, 2005. The name was changed to Reliance Communication Ventures Limited on August 3, 2005 and to Reliance Communications Limited on June 7, 2006. RCOM has its registered office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710, India. The promoters of RCOM are listed below under the head the 'Shareholding Pattern of RCOM'.

Principal Business of RCOM

RCOM is integrated communications service provider in the private sector having pan-India operations across the spectrum of wireless, wireline, and long distance, voice, data, and internet communication services. RCOM also has an international presence through the provision of long distance voice, data and internet services and submarine cable network infrastructure.

Board of Directors of RCOM

Name	Age	Position	Director Since
Mr. Anil Dhirubhai Ambani	48	Chairman	February 7, 2006
Mr. S.P. Talwar	68	Director	February 7, 2006
Prof. J. Ramachandran	49	Director	February 7, 2006
Mr. Deepak Shourie	58	Director	April 30, 2006
Mr. A.K.Purwar	61	Director	July 17, 2007

Shareholding Pattern of RCOM as of December 21, 2007

S No	Category	No of Shares Held	Percentage
1	Promoter Holding		
	Mr. Anil Dhirubhai Ambani	1,859,171	0.09
	Mrs.Tina A. Ambani	1,650,832	0.08
	Master Jaianmol A. Ambani- through Mr. Anil Dhirubhai Ambani, Father and natural guardian	1,669,759	0.08
	Master Jaianshul A. Ambani- through Mr. Anil Dhirubhai Ambani, Father and natural guardian	100	0.00
	Mrs.Kokila D Ambani	4,665,227	0.23
	AAA Communications Private Limited	1,308,110,172	63.43
	Hansdhvani Trading Company Private Limited	3,000,040	0.15
	Reliance Innoventures Private Limited	11,529,001	0.56
	Reliance Capital Limited (PAC)	18,461,758	0.89
	Sonata Investment Limited (PAC)	13,775,000	0.67
	Reliance General Insurance Company Limited(PAC)	90,000	0.00
	Total Promoters	1,364,811,060	66.18
2	Banks, Financial Institutions and Insurance Companies	116,251,928	5.64
3	Central or State Government	1,069,315	0.05
4	Mutual Funds and UTI	59,705,944	2.90
5	FII's	221,200,967	10.73
6	The Deutsche Bank Trust Co Americas as Depository for GDRs	39,849,055	1.93
7	Private Corporate Bodies	49,694,548	2.41

S No	Category	No of Shares Held	Percentage
8	NRI/ OCBs	12,875,231	0.62
9	Indian Public	196,720,953	9.54
	Sub Total	697,367,941	33.82
	Total	2,062,179,001	100.00

Financial Performance of RCOM (Standalone)

(Rs. In million except share data)

Particulars	Fiscal 2005*	Fiscal 2006**	Fiscal 2007 [#]
Sales & Other Income	Nil	132.6	117,619.1
PAT	Nil	56.5	24,088.5
Equity Capital	0.1	0.5	10,223.1
Reserves (excluding revaluation reserves) ^{###}	(0.01)	147,834.2	195,032.3
EPS(Rs.)	N.A	849.6	12.0
Book Value(Rs.)	8.8	1,478,347.0	100.4

- Since the business of the RCOM was in pre-operative stage, no Profit & Loss Account was prepared and all the expenses incurred were carried forward as pre-operative expenditure.

** Financial Year from April 1, 2005 to December 31, 2005.

Financial Year from January 1, 2006 to March 31, 2007.

Reserves are net of miscellaneous expenditure to the extent not written off.

Financial Performance of RCOM (Consolidated)*

(Rs. In million except share data)

Particulars**	Fiscal 2007 [#]
Sales & Other Income	174,402.5
PAT	35,308.20
Equity Capital	10,223.1
Reserves (excluding revaluation reserves) ^{###}	219,083.4
EPS(Rs.)	17.6
Book Value(Rs.)	112.2

* RCOM has prepared consolidated results for the first time for Fiscal 2007.

** The consolidated figures reflect the impact of the financial performance of the subsidiaries, which may have made losses.

Financial Year from January 1, 2006 to March 31, 2007.

Reserves are net of miscellaneous expenditure to the extent not written off.

Details of listing and Highest & Lowest market price during the preceding six months

Equity shares of RCOM are listed on BSE and NSE. GDRs of RCOM are listed at Luxembourg Stock Exchange.

Monthly High & Low price of the equity shares of RCOM at BSE and NSE

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
June 2007	531.80	428.50	531.95	480.00
July 2007	592.00	519.00	591.95	519.10
August 2007	555.00	466.65	558.00	465.75
September 2007	611.00	515.55	612.00	526.25
October 2007	797.00	584.00	797.70	584.00
November 2007	815.00	651.00	814.70	650.00

(source: BSE and NSE websites)

The Share Price of RCOM on NSE was Rs. 707.00 as of December 20, 2007.

The Share Price of RCOM on BSE was Rs. 706.50 as of December 20, 2007.

The Market Capitalization of RCOM on NSE was Rs. 1,457,960.6 million as of December 20, 2007.

The Market Capitalization of RCOM on BSE was Rs. 1,456,929.5 million as of December 20, 2007.

Promise v/s Performance

RCOM has not made any public or rights issue since its inception.

Mechanism for redressal of investor grievance

All share related matters, namely, transfer, transmission, transposition, nomination, dividend, change of name, address and signature, registration of mandate and power of attorney, replacement, split, consolidation, demat and remat of shares, issue of duplicate certificates etc. are handled by RCOM's Registrars and Transfer Agents ("R&TA") Karvy Computershare Private Limited ("Karvy").

Investors correspond directly with Karvy, on all share related matters. RCOM has an established mechanism for investor service and grievance handling, with Karvy and the Compliance Officer appointed by RCOM for this purpose being the important functional nodes. RCOM has appointed two firms of Chartered Accountants as Internal Security Auditors to concurrently audit the transactions and communication with investors, regulatory and other concerned authorities.

RCOM has prescribed service standards for various investor related activities that are handled by Karvy. Any deviation there from is examined by the Internal Security Auditors who also advise the corrective action thereon and inform RCOM on the matters on a monthly basis.

The Board of Directors of RCOM has constituted a Shareholder/Investor Grievance Committee which, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with securities transfers and other processes.

The Committee also looks into redressal of shareholders' complaints related to transfer of shares, non-receipt of declared dividend, etc. The Committee oversees performance of the R&TA and recommends measures for overall improvement in the quality of investor services. The summary statement of investor related transactions and details are also considered by the Board of Directors of RCOM.

As of December 20, 2007, there was no investor complaint pending against RCOM.

There are certain investor related disputes pending before various courts. For more details, see "Outstanding Litigation and Material Development" on page 221 of this Prospectus.

5. Reliance Natural Resources Limited

RNRL was incorporated on March 24, 2000 as Reliance Platforms Communications.com Private Limited. The name of the Company was thereafter changed to Reliance Energy Private Limited on January 3, 2003; Reliance Wattage Private Limited on January 16, 2003 and the status of the Company was changed to public limited company on July 25, 2005. The name of this company was thereafter changed to Reliance Fuel Management Limited on August 3, 2005; Global Fuel Management Services Limited on August 10, 2005 and Reliance Natural Resources Limited on January 9, 2006. The registered office of RNRL is situated at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710, India. The promoters of RNRL are listed below under the head the 'Shareholding Pattern of RNRL'

Principal Business of RNRL

RNRL recently commenced the business of sourcing, supplying and transporting gas, coal and liquid fuels, as well as the exploration and production of gas, captive coal mining and city gas distribution.

Board of Directors of RNRL

Name	Age	Position	Director Since
Mr. Anil Dhirubhai Ambani	48	Chairman	February 7, 2006
Mr. S L Rao	71	Director	February 7, 2006
Dr. Bakul Dholakia	58	Director	February 7, 2006
Mr. J L Bajaj	67	Director	February 7, 2006

Shareholding Pattern of RNRL as of December 21, 2007

S No	Category	No of Shares Held	Percentage
1	Promoter Holding		
	Mr. Anil Dhirubhai Ambani	1,859,171	0.11
	Mrs. Tina A Ambani	1,650,832	0.10
	Jaiamol A. Ambani- through Mr. Anil Dhirubhai Ambani, Father and natural guardian	1,669,759	0.10
	Jaianshul A. Ambani- through Mr. Anil Dhirubhai Ambani, Father and natural guardian	100	0.00
	Mrs. Kokila D Ambani	3,665,227	0.22
	AAA Project Systems (Global) Private Limited	858,241,254	52.56
	Hansdhvani Trading Company Private Limited	40	0.00
	Reliance Innoventures Private Limited	11,529,001	0.71
	Reliance Capital Limited (PAC)	16,492,758	1.01
	Sonata Investment Limited (PAC)	500,000	0.03
	Total Promoters	895,608,142	54.84
2	Banks, Financial Institutions and Insurance Companies	66,274,586	4.06
3	Central or State Government	1,069,315	0.07
4	Mutual Funds and UTI	7,641,911	0.46
5	FII's	104,117,922	6.38
6	The Deutsche Bank Trust Co Americas as Depository for GDRs	11,826,030	0.72
7	Private Corporate Bodies	93,334,748	5.72
8	NRI's/ OCB's	16,335,853	1.00
9	Indian Public	436,921,915	26.75
	Sub Total	737,522,280	45.16
	Total	1,633,130,422	100.00

Financial Performance of RNRL (Standalone)

(Rs. in million except share data)

Particulars	Fiscal 2005	Fiscal 2006*	Fiscal 2007**
Sales & Other Income	-	0.009	2,501.6
PAT	(0.009)	(29.1)	298.6
Equity Capital	0.1	0.5	7,365.7
Reserves (excluding revaluation reserves)#	(0.04)	6,086.5	5,146.6
EPS(Rs.)	(0.9)	(437.2)	0.2
Book Value(Rs.)	5.7	(286.4)	8.5

* Financial Year from April 1, 2005 to December 31, 2005.

** Financial Year from January 1, 2006 to March 31, 2007.

Reserves are net of miscellaneous expenditure to the extent not written off.

RNRL did not have any subsidiary as at March 31, 2007. Reliance Fuel Resources Limited became a subsidiary of RNRL on November 23, 2007.

Details of listing and Highest & Lowest market price during the preceding six months

163,31,30,422 equity shares of RNRL are listed on BSE and NSE. GDRs of the company are listed at Luxembourg Stock Exchange.

Monthly High & Low price of the equity shares of RNRL at BSE and NSE

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
June 2007	39.20	32.00	39.00	32.50
July 2007	44.40	36.75	44.40	36.75
August 2007	48.70	41.25	48.65	41.20
September 2007	103.00	45.50	103.70	45.45
October 2007	121.65	75.50	121.65	72.25
November 2007	189.40	159.00	189.45	158.10

(source: BSE and NSE websites)

The Share Price of RNRL on NSE was Rs. 162.30 as of December 20, 2007.

The Share Price of RNRL on BSE was Rs. 162.25 as of December 20, 2007.

The Market Capitalization of RNRL on BSE was Rs. 265,057,067,490 as of December 20, 2007.

The Market Capitalization of RNRL on NSE was Rs. 264,975,410,969 as of December 20, 2007.

Promise v/s Performance

RNRL has not made any public issue or rights issue since its inception.

Mechanism for redressal of investor grievance

All share related matters, namely, transfer, transmission, transposition, nomination, dividend, change of name, address and signature, registration of mandate and power of attorney, replacement, split, consolidation, demat and remat of shares, issue of duplicate certificates, etc. are handled by RNRL's Registrars and Transfer Agents ("R&TA") Karvy Computershare Private Limited ("Karvy").

Investors correspond directly with Karvy, on all share related matters. RNRL has an established mechanism for investor service and grievance handling, with Karvy and the Compliance Officer appointed by RNRL for this purpose being the important functional nodes. RNRL has appointed two firms of Chartered Accountants as Internal Security Auditors to concurrently audit the transactions and communication with investors, regulatory and other concerned authorities.

RNRL has prescribed service standards for various investor related activities that are handled by Karvy. Any deviation there from is examined by the Internal Security Auditors who also advise the corrective action thereon and inform RNRL on the matters on a monthly basis.

The Board of Directors of RNRL has constituted a Shareholder/Investor Grievance Committee which, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with securities transfers and other processes.

The Committee also looks into redressal of shareholders' complaints related to transfer of shares, non-receipt of annual report, etc. The Committee oversees performance of the R&TA and recommends measures for overall improvement in the quality of investor services. The summary statement of investor related transactions and details are also considered by the Board of Directors of RNRL.

As of December 20, 2007, there were no investor complaints pending against RNRL.

Companies with which the Promoters have disassociated in the last three years

Pursuant to the reorganization of Reliance Industries Limited in terms of the Scheme of Arrangement approved by the Honourable High Court of Judicature at Bombay by its order dated December 9, 2005, Mr. Anil Dhirubhai Ambani is no longer associated as a promoter with Reliance Industries Limited and its group companies.

Apart from the above, the promoters have not disassociated from any company in the last three years.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial position. Our Company has no stated dividend policy.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements we may enter into to finance our various projects and also the fund requirements for our projects.

SECTION V - FINANCIAL INFORMATION

FINANCIAL STATEMENTS

AUDITORS' REPORT

The Board of Directors
Reliance Power Limited,
1st Floor, H Block,
Dhirubhai Ambani Knowledge City,
Koperkhairne,
Navi Mumbai – 400 710

Dear Sirs,

1. We have examined the attached restated financial information of Reliance Power Limited (formerly Reliance Delhi Power Private Limited upto February 16, 2004, Reliance EGen Private Limited upto March 9, 2004, Reliance Energy Generation Private Limited upto March 30, 2004 and Reliance Energy Generation Limited upto July 6, 2007) ('RPL' or 'the Company') which has been prepared from the audited financial statements for the years ended March 31, 2003, March 31, 2004, March 31, 2005, March 31, 2006 and March 31, 2007 (hereinafter referred to as 'five financial years ended March 31, 2007) and for the six months period ended September 30, 2007, as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B, Part II of Schedule II of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended to date (SEBI Guidelines) and in terms of our engagement agreed upon with you in accordance with our engagement letters in connection with the proposed issue of Equity shares of the Company.
2. In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with you, we further report that:
 - (a) The Restated Summary Statement of Assets and Liabilities of the Company for five financial years ended March 31, 2007 and for the six months period ended September 30, 2007 as set out in Annexure II to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Note and Changes in Significant Accounting Policies (Refer Annexure V).
 - (b) The Restated Summary Statement of Profit or Loss of the Company for the five financial years ended March 31, 2007 and for the six months period ended September 30, 2007 as set out in Annexure I to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Note and Changes in Significant Accounting Policies (Refer Annexure V)
 - (c) The Restated Summary Statement of Cash Flow of the Company for the five financial years ended March 31, 2007 and for the six months period ended September 30, 2007 as set out in Annexure III to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Note and Changes in Significant Accounting Policies (Refer Annexure V)
 - (d) Based on above, we are of the opinion that that the restated financial information for five financial years ended March 31, 2007 and for the six months period ended September 30, 2007 have been made after incorporating:

- (i) Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
 - (ii) Adjustments for the material amounts in the respective financial years to which they relate.
 - (iii) And there are no extra-ordinary items that need to be disclosed separately in the accounts or qualifications requiring adjustments.
3. We have also examined the following other financial information setout in Annexures prepared by the management and approved by the Board of Directors relating to the Company for the five financial years ended March 31, 2007 and for the six months period ended September 30, 2007.
- (i) Schedules to Financial Statement, as restated enclosed as Annexure IV
 - (ii) Summary of accounting ratios, as restated, enclosed as Annexure VI
 - (iii) Details of Rate of Dividend declared, enclosed as Annexure VII
 - (iv) Capitalisation Statement, enclosed as Annexure VIII
 - (v) Statement of Tax Shelters, enclosed as Annexure IX
 - (vi) Related Party Transactions, enclosed as Annexure X

In our opinion the financial information contained in Annexure I to X of this report read along with the Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (refer Annexure V) after making adjustments and regrouping as considered appropriate have been prepared in accordance with Part IIB of Schedule II of the Act and the DIP Guidelines.

4. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
5. Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed initial public offer of equity shares of the Company and should not be used for any other purposes except with our consent in writing. Our work has been carried out in accordance with the auditing standards generally accepted in the India and as per the Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India.

Partha Ghosh
Partner
Membership Number F-55913

For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : December 28, 2007

C.D. Lala
Partner
Membership Number F-
35671
For and on behalf of
Chaturvedi & Shah
Chartered Accountants

Place : Mumbai
Date : December 28, 2007

ANNEXURE – I : SUMMARY STATEMENT OF PROFITS & LOSSES, AS RESTATED :

(Rs. in Millions)

Particulars	For the financial year					Half Year ended
	2002-03	2003-04	2004-05	2005-06	2006-07	30.09.07
Income						
Income from Contractual Services	-	-	-	-	22.5	-
Profit on redemption of Mutual Fund	-	-	-	-	-	32.1
Miscellaneous Income	-	-	-	-	0.0	0.2
Total Income	-	-	-	-	22.5	32.3
Expenditure						
Employees Cost	-	-	-	-	2.5	-
Administrative & General expenses	0.0	0.0	0.1	1.1	6.4	14.5
Bank / Corporate Guarantee charges	-	-	-	-	8.2	-
Depreciation	-	-	-	-	-	-
Total Expenditure	0.0	0.0	0.1	1.1	17.1	14.5
Profit / (Loss) Before Tax	(0.0)	(0.0)	(0.1)	(1.1)	5.4	17.8
Provision for Tax						
Current Tax (including Fringe Benefit Tax)	-	-	-	0.2	3.8	6.0
Deferred Tax	-	-	-	-	-	-
Profit / (Loss) After Taxation as per audited accounts(A)	(0.0)	(0.0)	(0.1)	(1.3)	1.6	11.8
Adjustments on account of Change in accounting policies						
Profit on redemption of Mutual Fund (Refer Note No. (a) Part 1 - A in Annexure V)	-	-	-	-	16.8	-
Total Adjustments :	-	-	-	-	16.8	-
Tax Impact of adjustments (Refer Part 1 - B in Annexure V)	-	-	-	-	5.7	-
Total of Adjustments after tax impact (B)	-	-	-	-	11.1	-
Net Profit /(Loss), as restated (A + B)	(0.0)	(0.0)	(0.1)	(1.3)	12.7	11.8
Profit & Loss Account at the beginning of the year / period	(0.0)	(0.0)	(0.1)	(0.2)	(1.5)	11.2
Profit / (Loss) available for appropriation	(0.0)	(0.1)	(0.2)	(1.5)	11.2	23.0
BALANCE CARRIED FORWARD	(0.0)	(0.1)	(0.2)	(1.5)	11.2	23.0

ANNEXURE – II : SUMMARY STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(Rs. in Millions)

Particulars	As at March 31					As at 30.09.07*
	2003	2004	2005	2006	2007	
ASSETS						
A	FIXED ASSETS					
Gross Fixed Assets	-	-	3.0	667.7	672.7	672.9
Less: Accumulated Depreciation	-	-	1.9	7.6	10.0	10.4
Net Fixed Assets	-	-	1.1	660.1	662.7	662.5
Capital work in progress (including capital advance payments)	-	160.0	842.0	282.1	359.7	369.2
	-	160.0	843.1	942.2	1,022.4	1,031.7
B	Incidental Expenditure Pending Allocation / Capitalisation					
	-	1.4	38.8	77.9	169.6	208.3
C	INVESTMENTS					
	0.2	0.2	0.2	0.1	412.8	17,727.7
D	CURRENT ASSETS, LOANS & ADVANCES					
Cash & Bank Balances	0.0	0.4	7.0	5.9	7.8	5.2
Sundry Debtors	-	-	-	-	22.5	-
Loans & Advances	-	-	0.8	3.5	420.2	1,102.6
	0.0	0.4	7.8	9.4	450.5	1,107.8
E	LIABILITIES AND PROVISIONS					
Secured Loans	-	-	-	-	-	-
Unsecured Loans	0.2	0.2	-	-	-	-
Share Application Money	-	160.0	883.6	1,023.6	-	-
Current Liabilities and Provisions	0.0	1.4	6.0	7.0	43.7	6.4
	0.2	161.6	889.6	1,030.6	43.7	6.4
F	NET WORTH (A + B + C + D – E)					
	0.1	0.4	0.3	(1.0)	2,011.6	20,069.1
	Represented by					
Share Capital	0.1	0.5	0.5	0.5	2,000.4	20,000.0
Reserves & Surplus	(0.0)	(0.1)	(0.2)	(1.5)	11.2	69.1
G	NET WORTH					
	0.1	0.4	0.3	(1.0)	2,011.6	20,069.1

* Includes figures of amalgamating company

ANNEXURE III : STATEMENT OF RESTATED CASH FLOWS

(Rs. in Millions)

Particulars	For the financial year					Half Year ended
	2002-03	2003-04	2004-05	2005-06	2006-07	30.09.2007
A. Cash Flow from Operating Activities						
Net Profit / (Loss) before tax, as restated	(0.0)	(0.0)	(0.1)	(1.1)	22.2	17.8
Adjustment for :						
Depreciation	-	-	-	-	-	-
Operating profit before working capital Changes	(0.0)	(0.0)	(0.1)	(1.1)	22.2	17.8
Adjustments for:						
Changes in Trade and other Receivables	-	-	(0.8)	(2.5)	(38.2)	26.1
Changes in Trade and other Payables	-	1.4	4.6	0.7	27.2	(43.2)
Cash from / (used) in operations	(0.0)	1.4	3.7	(2.9)	11.2	0.7
Income Tax paid	-	-	-	(0.2)	(3.8)	(5.1)
Net cash from/(used)in operating activities A	(0.0)	1.4	3.7	(3.1)	7.4	(4.4)
B Cash Flow from Investing Activities						
Purchase of Fixed Assets (including Capital work-in-progress and Incidental Expenditure pending allocation / capitalization)	-	(161.4)	(720.5)	(138.1)	(171.9)	(48.0)
Loans and advances to Subsidiaries (Net)	-	-	-	-	(397.2)	(680.9)
Purchase of Investments	(0.2)	-	-	-	(967.2)	(8,237.6)
Sale of Investments	-	-	-	0.1	554.5	968.4
Net cash from/(used)in investing activities B	(0.2)	(161.4)	(720.5)	(138.0)	(981.8)	(7,998.1)
C. Cash Flows from Financing Activities						
Share Application money / (adjusted)	-	160.0	723.6	140.0	(1,023.6)	-
Proceeds from Share Capital	0.1	0.4	-	-	1,999.9	7,999.6
Increase / (Decrease) in Unsecured Loans	0.1	-	(0.2)	-	-	-
Net cash from financing activities C	0.2	160.4	723.4	140.0	976.3	7,999.6
Net (Decrease) / Increase in cash (A+B+C)	0.0	0.4	6.6	(1.1)	1.9	(2.9)
Cash and cash equivalents at beginning of year	0.0	0.0	0.4	7.0	5.9	7.8
Add : Cash received on Amalgamation	-	-	-	-	-	0.3
Cash and cash equivalents at end of year/period	0.0	0.4	7.0	5.9	7.8	5.2
Net (Decrease) / Increase as above	0.0	0.4	6.6	(1.1)	1.9	(2.9)

ANNEXURE IV: SCHEDULES TO FINANCIALS STATEMENTS

ANNEXURE IV – A : DETAILS OF INCOME

(Rs. in Millions)

Particulars	Nature of Income	Year Ended 31.03.03	Year Ended 31.03.04	Year Ended 31.03.05	Year Ended 31.03.06	Year Ended 31.03.07	Half Year ended 30.09.07
Income from Contractual Services	Non-recurring	-	-	-	-	22.5	-
Profit on redemption of Mutual Fund	Non-recurring	-	-	-	-	-	32.1
Miscellaneous Income	Non-recurring	-	-	-	-	0.0	0.2
Total		-	-	-	-	22.5	32.3
<u>Income on restatement :</u>							
Profit on redemption of Mutual Fund	Non-recurring	-	-	-	-	16.8	-

ANNEXURE IV – B : DETAILS OF ADMINISTRATIVE & GENERAL EXPENSES

(Rs. in Millions)

Particulars	Year Ended 31.03.03	Year Ended 31.03.04	Year Ended 31.03.05	Year Ended 31.03.06	Year Ended 31.03.07	Half Year ended 30.09.07
Costs for increasing share capital	-	-	0.0	-	6.0	5.0
Bidding Costs	-	-	-	1.0	0.1	9.5
Audit Fees (including service tax)	0.0	0.0	0.1	0.1	0.1	
Diminution in value of investment	-	-	-	-	0.1	-
Other Expenses	0.0	0.0	0.0	0.0	0.1	-
Total	0.0	0.0	0.1	1.1	6.4	14.5

SCHEDULE OF FIXED ASSETS – ANNEXURE IV C – 1 : As at 31.03.05

(Rs. in Millions)

Particulars	Gross Block (at cost)				Depreciation				Net Block	
	As at 01.04.04	Additions	Deductions	As at 31.03.05	Upto 01.04.04	For the year	On Deductions	Up to 31.03.05	As at 31.03.05	As at 01.04.04
Building	-	2.0	-	2.0	-	1.9	-	1.9	0.1	-
Furniture, Fixtures & office Equipment	-	0.3	-	0.3	-	0.0	-	0.0	0.3	-
Computers	-	0.7	-	0.7	-	0.0	-	0.0	0.7	-
Total	-	3.0	-	3.0	-	1.9	-	1.9	1.1	-

SCHEDULE OF FIXED ASSETS - ANNEXURE C – 2 : As at 31.03.06

(Rs. in Millions)

Particulars	Gross Block (at cost)				Depreciation				Net Block	
	As at 01.04.05	Additions	Deductions	As at 31.03.06	Up to 01.04.05	For the year	On Deductions	Up to 31.03.06	As at 31.03.06	As at 01.04.05
Free Hold Land	-	659.1	-	659.1	-	-	-	-	659.1	-
Building	2.0	5.6	-	7.6	1.9	5.6	-	7.5	0.1	0.1
Furniture, Fixtures & Office Equipment	0.3	-	-	0.3	0.0	0.0	-	0.0	0.3	0.3
Computers	0.7	-	-	0.7	0.0	0.1	-	0.1	0.6	0.7
Total	3.0	664.7	-	667.7	1.9	5.7	-	7.6	660.1	1.1

SCHEDULE OF FIXED ASSETS - ANNEXURE C – 3 : As at 31.03.07

(Rs. in Millions)

Particulars	Gross Block (at cost)				Depreciation				Net Block	
	As at 01.04.06	Additions	Deductions	As at 31.03.07	Up to 01.04.06	For the year	On Deductions	Up to 31.03.07	As at 31.03.07	As at 01.04.06
Free Hold Land	659.1	-	-	659.1	-	-	-	-	659.1	659.1
Plant & Machinery	-	2.6	-	2.6	-	0.0	-	0.0	2.6	-
Building	7.6	2.2	-	9.8	7.5	2.2	-	9.7	0.1	0.1
Furniture, Fixtures & Office Equipment	0.3	0.2	-	0.5	0.0	0.1	-	0.1	0.4	0.3
Computers	0.7	-	-	0.7	0.1	0.1	-	0.2	0.5	0.6
Total	667.7	5.0	-	672.7	7.6	2.4	-	10.0	662.7	660.1

SCHEDULE OF FIXED ASSETS - ANNEXURE C – 4 : As at 30.09.2007

(Rs. in Millions)

Particulars	Gross Block (at cost)				Depreciation				Net Block	
	As at 01.04.07	Additions	Deductions	As at 30.09.07	Up to 01.04.07	For the period	On Deductions	Up to 30.09.07	As at 30.09.07	As at 31.03.07
Free Hold Land	659.1	-	-	659.1	-	-	-	-	659.1	659.1
Plant & Machinery	2.6	-	-	2.6	0.0	0.1	-	0.1	2.5	2.6
Building	9.8	0.1	-	9.9	9.7	0.1	-	9.8	0.1	0.1
Furniture, Fixtures & Office Equipment	0.5	0.1	-	0.6	0.1	0.1	-	0.2	0.4	0.4
Computers	0.7	-	-	0.7	0.2	0.1	-	0.3	0.4	0.5
Total	672.7	0.2	-	672.9	10.0	0.4	-	10.4	662.5	662.7

ANNEXURE IV - C - 5 : CAPITAL WORK – IN – PROGRESS
(Rs. in Millions)

Particulars	As at 31.03.03	As at 31.03.04	As at 31.03.05	As at 31.03.06	As at 31.03.07	As at 30.09.07
<u>Capital Work-in-progress</u>						
(including capital advance payments) :						
Deposit for Land acquisition	-	160.0	800.0	190.0	190.0	190.0
Advance for Electrical Connection	-	-	2.0	2.0	2.0	2.0
Advance for Water connection	-	-	40.0	90.1	90.1	90.1
Land acquisition charges	-	-	-	-	-	9.6
Boundary Wall -under Construction	-	-	-	-	77.6	77.5
Total	-	160.0	842.0	282.1	359.7	369.2

ANNEXURE IV - D : INCIDENTAL EXPENDITURE PENDING ALLOCATION / CAPITALIZATION
(Rupees in Millions)

Particulars	As at 31.03.03	As at 31.03.04	As at 31.03.05	As at 31.03.06	As at 31.03.07	As at 30.09.07
Advertisement Expenses	-	0.2	0.3	0.3	0.4	0.4
Bank / Corporate Guarantee Charges (net)	-	-	0.1	0.3	8.7	5.7
Depreciation	-	-	1.9	7.6	10.0	10.4
Electricity Expenses	-	-	-	0.2	0.6	0.7
Income Tax & Fringe Benefit Tax	-	-	-	-	1.0	1.2
Miscellaneous Expenses	-	0.9	4.7	9.5	17.4	19.1
Printing and Stationery	-	-	0.5	1.6	1.7	1.7
Professional / Consultancy Fees	-	0.3	25.7	52.3	72.5	72.5
Rates & Taxes	-	-	-	-	0.3	0.3
Repairs & Maintenance	-	-	1.0	1.9	1.9	1.9
Salaries & Other Cost	-	-	1.0	2.0	29.9	47.8
Site Expenses	-	-	2.0	2.6	21.6	40.4
Telephone Expenses	-	-	0.1	0.1	0.1	0.1
Traveling & Conveyance	-	0.0	0.8	2.0	3.8	4.9
Vehicle Hire Charges	-	-	0.7	0.7	2.9	4.4
Less: Tender fees received (net of Tax)	-	-	-	(3.2)	(3.2)	(3.2)
TOTAL	-	1.4	38.8	77.9	169.6	208.3

ANNEXURE IV E : SCHEDULE OF INVESTMENTS

(Rs. in Millions)

Particulars	As at 31.03.03	As at 31.03.04	As at 31.03.05	As at 31.03.06	As at 31.03.07	As at 30.09.07
Long term Investments :-						
In Unquoted Equity Shares (at cost)						
(i) In Subsidiaries -						
Rosa Power Supply Company Ltd	-	-	-	-	0.5	1,100.0
Sasan Power Ltd.	-	-	-	-	-	0.5
Maharashtra Energy Generation Ltd	-	-	-	-	-	0.5
Vidarbha Industries Power Ltd	-	-	-	-	-	0.5
Tato Hydro Power Private Ltd	-	-	-	-	-	0.1
Siyom Hydro Power Private Ltd	-	-	-	-	-	0.1
MP Power Generation Private Ltd.	-	-	-	-	-	0.1
Urthing Sobla Hydro Power Ltd.	-	-	-	-	-	0.1
Kalai Power Private Limited	-	-	-	-	-	0.1
A	-	-	-	-	0.5	1,102.0
ii) Other companies -						
	0.2	0.2	0.2	0.1	0.1	-
Less: Diminution in value	-	-	-	-	(0.1)	-
B	0.2	0.2	0.2	0.1	-	-
Current Investments (Quoted)						
- In Mutual Fund – Growth Option						
- Reliance Floating Rate Fund	-	-	-	-	-	1,511.4*
- Reliance Liquid Fund-Treasury Plan	-	-	-	-	-	1,511.1*
- Reliance Liquid Plus Fund	-	-	-	-	-	6,361.5*
- Reliance Liquidity Fund	-	-	-	-	-	661.7*
- Reliance Liquidity Fund	-	-	-	-	412.3	6,580.0
* acquired on Amalgamation						
Aggregate Market Value of Current Investments is higher than the book value.						
C	-	-	-	-	412.3	16,625.7
Total (A + B + C)	0.2	0.2	0.2	0.1	412.8	17,727.6

ANNEXURE IV F : SCHEDULE OF SUNDRY DEBTORS

(Rs. in Millions)

Particulars	As at 31.03.03	As at 31.03.04	As at 31.03.05	As at 31.03.06	As at 31.03.07	As at 30.09.07
- Debts outstanding for a period exceeding six months	-	-	-	-	-	-
- Others -Unsecured considered good	-	-	-	-	22.5	-
Total	-	-	-	-	22.5	-

ANNEXURE IV - G : SCHEDULE OF LOANS AND ADVANCES

(Rs. in Millions)

Particulars	As at 31.03.03	As at 31.03.04	As at 31.03.05	As at 31.03.06	As at 31.03.07	As at 30.09.07
<u>To Subsidiaries -</u>	-	-	-	-	397.2	1,078.0
<u>To others :-</u>						
Advance for expenses	-	-	0.7	3.3	22.0	23.4
Fringe Benefit Tax				0.2	1.0	1.2
Deposits paid	-	-	0.1	0.0	0.0	0.0
Other receivables	-	-	-	-	0.0	0.0
Total	-	-	0.8	3.5	420.2	1,102.6

ANNEXURE IV - H : SCHEDULE OF SECURED AND UNSECURED LOANS

SECURED LOANS :- NIL

UNSECURED LOANS :-

(Rs. in Millions)

Particulars	As at 31.03.03	As at 31.03.04	As at 31.03.05	As at 31.03.06	As at 31.03.07	As at 30.09.07
From Promoters/Shareholders	-	-	-	-	-	-
From Banks	-	-	-	-	-	-
From Others*	0.2	0.2	-	-	-	-
Total	0.2	0.2	-	-	-	-

* The unsecured loans from Others were interest free. There was no fixed repayment schedule of the same.

ANNEXURE IV - I : SCHEDULE OF CURRENT LIABILITIES AND PROVISIONS

(Rs. in Millions)

Particulars	As at 31.03.03	As at 31.03.04	As at 31.03.05	As at 31.03.06	As at 31.03.07	As at 30.09.07
<u>Current Liabilities</u>						
Creditors for expenses	0.0	1.4	5.8	4.3	30.2	2.8
Other Liabilities	-	0.0	0.2	1.0	5.2	0.2
<u>Provisions</u>						
For Income Tax (net of advance tax)	-	-	-	1.5	5.4	0.1
For Fringe Benefit Tax	-	-	-	0.2	1.1	1.3
Provisions for Gratuity & Leave encashment	-	-	-	-	1.8	2.0
Total	0.0	1.4	6.0	7.0	43.7	6.4

ANNEXURE IV – J : SCHEDULE OF SHARE CAPITAL

Particulars	As at 31.03.03	As at 31.03.04	As at 31.03.05	As at 31.03.06	As at 31.03.07	As at 30.09.07
No. of shares of Rs. 10/- each fully paid – up	10,000	50,000	50,000	50,000	50,000	-
No. of shares of Rs. 10/- each Rs. 2/- paid – up	-	-	-	-	999,950,000	-
No. of shares of Rs. 10/- each fully paid – up#	-	-	-	-	-	2,000,000,000
Share Capital (Rs. in millions)	0.1	0.5	0.5	0.5	2,000.4	20,000.0

Refer Note 3(e) of Notes to Restated Financial Statements in Annexure V

ANNEXURE IV – K : SCHEDULE OF RESERVES AND SURPLUS

Particulars	(Rs. in Millions)					
	As at 31.03.03	As at 31.03.04	As at 31.03.05	As at 31.03.06	As at 31.03.07	As at 30.09.07
General Reserve	-	-	-	-	-	46.1*
Profit and Loss Account	0.0	(0.1)	(0.2)	(1.5)	11.2	23.0
Total	0.0	(0.1)	(0.2)	(1.5)	11.2	69.1

* (acquired on Amalgamation)

ANNEXURE V:**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO RESTATED FINANCIAL STATEMENTS.****1. Notes on Adjustments to Restated Statements of Profits & Losses and Assets & Liabilities:****A. Changes in accounting policies**

- a) Profit on redemption of Mutual Fund of Rs. 16.8 million for the year ended March 31, 2007 which was accounted as reduction in Incidental expenditure pending capitalization / amortization by the Company has now been restated and considered as income restated in the Profit and Loss account in line with the accounting policy followed in the half year ended September 30, 2007

B. Current Tax Impact of Adjustments

Current tax impact of adjustments pertains to tax effect on restatement adjustments provided at the tax rate applicable in the respective years.

2. Significant Accounting Policies:**a) General**

The financial statements are prepared under historical cost convention, on accrual basis of accounting, and in accordance with the provisions of Companies Act, 1956 and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and referred to in Section 211(3C) of the Companies Act, 1956 of India.

b) Revenue Recognition

The Company follows the mercantile system of accounting and recognises all significant items of income and expenditure on accrual basis.

c) Foreign Currency Transactions:

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transactions. Gains and losses, if any, at the year-end in respect of monetary assets and monetary liabilities not covered by the forward contracts are recognized in the Profit and Loss Account. Premium in respect of forward contracts, if any, is accounted over the period of the contract.

d) Fixed Assets and Capital Work-in-progress:

The gross block of Fixed Assets is stated at cost of acquisition or construction, including any cost attributable to bringing the assets to their working condition for their intended use.

Capital Work-in-progress includes expenditure incurred (including advance payment) directly on construction of capital assets forming part of the projects under construction.

e) Incidental Expenditure pending allocation / capitalization :

Any expenditure indirectly related to the projects under construction and incidental to setting up project facilities, borrowing costs incurred prior to the date of commencement of commercial operations are shown under “Incidental Expenditure and pending allocation / capitalization“. These expenses are net off other income (net of tax) prior to commencement of commercial operations. These expenses are to be capitalized and allocated to various capital assets created on completion of construction of the project and commencement of commercial operations.

f) Depreciation / Amortization:

Depreciation is provided on the straight line method, at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

g) Accounting for Taxes on Income:

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from “timing differences” between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future. However, in respect of unabsorbed depreciation or carry forward loss, the deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realized in future. Provision for Fringe Benefits Tax is made on the Fringe Benefits provided / deemed to have been provided during the year at the rate and the values applicable to the relevant assessment year.

h) Investments:

Long- term investments are stated at cost. In case of long term investments, provision/ write down is made for diminution in value, other than temporary in nature. Current investments are valued at lower of cost or fair value.

i) Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

j) Retirement Benefits:

Company's contribution to provident fund and superannuation fund are charged to the Profit and Loss Account. Gratuity and leave encashment are charged to the Profit and Loss Account on the basis of actuarial valuation.

k) Provisions:

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources.

l) Impairment of Assets:

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

3. Notes to Restated Financial Statements :

a. Scheme of Amalgamation of Reliance Public Utility Private Limited with the Company: -

- i. Pursuant to the Boards' approval dated August 2nd, 2007 and the sanction of the Honourable Bombay High Court to the scheme of Amalgamation, the assets and liabilities of the erstwhile **Reliance Public Utility Pvt. Ltd.** (RPUPL), were transferred to and vested in the Company with effect from the appointed date viz., September 29, 2007 in accordance with the Scheme so sanctioned. The Scheme has accordingly, been given effect to in the Accounts.
- ii. The amalgamation has been accounted for under the "Pooling of Interests method" as prescribed by Accounting Standard 14 (AS-14) issued by the Institute of Chartered Accountants of India. Accordingly the assets of Rs. 10,046.1 million, liabilities of Rs. 0.0 and other reserves of the erstwhile RPUPL as at September 29, 2007 have been taken over at their book values. As a result, reserves of the erstwhile RPUPL aggregating to Rs. 46.1 million have been credited to the General Reserve of the Company. There were no differences in accounting policies of RPUPL and the Company.
- iii. In terms of the Scheme, each shareholder of the erstwhile RPUPL was entitled to receive one equity share of Rs. 10/- each fully paid up for every one equity share held by him in the erstwhile RPUPL as on the record date determined for the purpose. Accordingly, 1,000,000,000 shares of Rs. 10/- each fully paid up of the Company have been allotted to the shareholders of the erstwhile RPUPL. These equity shares rank pari - pasu with the existing equity of the Company.
- iv. The figures for the previous years do not include figures for the erstwhile RPUPL and accordingly the current period's' figures are not comparable to those of the previous year.

b. The Company operates in only one segment, namely power generation, hence there are no reportable segments under Accounting Standard 17 'Segment Reporting' issued by the Institute of Chartered Accountants of India.

c. **Contingent Liabilities :**

(Rs. in Millions)

Particulars	Year ended 31.03.03	Year ended 31.03.04	Year ended 31.03.05	Year ended 31.03.06	Year ended 31.03.07	Half Year ended 30.9.07
Bank Guarantee issued (on behalf of Sasan Power Ltd)	-	-	-	-	-	3,000.0

d. **Capital Commitments:**

(Rs. in Millions)

Particulars	Year ended 31.03.03	Year ended 31.03.04	Year ended 31.03.05	Year ended 31.03.06	Year ended 31.03.07	Half Year ended 30.9.07
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	0.1	275.0	7.0	90.3	88.7

e. As at September 30, 2007 the face value of equity share of the Company was Rs. 2 per share (fully paid-up). However, the Board of Directors at its meeting held on November 29, 2007 have approved the consolidation of five equity share of Rs. 2 each into one equity share of Rs. 10 each fully paid-up and at the Extraordinary General meeting held on November 29, 2007, the shareholders have also approved the aforesaid proposal of consolidation of the equity shares. In view of the above, the financial information along with annexures have been adjusted on a retrospective basis to facilitate comparison, wherever applicable, to reflect the face value of Rs. 10 per share (fully paid-up) instead of Rs. 2 per share (fully paid-up) as at September 30, 2007.

f. The figures of previous years have been regrouped and rearranged wherever found necessary.

g. Figures below Rs. 50,000/- are rounded off and represented by "0.0" in the financial statements. Wherever figures are NIL they are represented by '-'.

ANNEXURE VI : SUMMARY OF ACCOUNTING RATIOS, AS RESTATED

Particulars	2002-03	2003-04	2004-05	2005-06	2006-07	Half Year ended 30.09.07
Face Value per Equity share as restated (Rs.)*	10	10	10	10	10	10
Basic & Diluted Earning per share (Rs.)	(1.79)	(1.04)	(2.64)	(25.57)	0.08	0.04
Return on Net worth (%)	(10.29)	(2.68)	(41.59)	(133.06)	0.63	0.06
Net Asset Value per Equity share (Rs.)	6.02	9.00	6.35	(19.22)	10.06	10.03
Weighted Average Number of Equity shares	3,467	11,530	50,000	50,000	160,018,658	267,796,721

* Refer Note 3(e) of Notes to Restated Financial Statement in Annexure V

Notes:-

- 1) The ratios have been computed as per the following formulae:

$$\text{Basic Earning per share (Rs.)} = \frac{\text{Net Profit attributable to Equity Shareholders}}{\text{Total No. of weighted average Equity shares outstanding at the year / period ended}}$$

$$\text{Diluted Earning per share (Rs.)} = \frac{\text{Net Profit attributable to Equity Shareholders after adjustments related to dilutive potential Equity shares}}{\text{Total No. of weighted Average Equity shares outstanding at the year / period ended plus potential no. of Equity shares}}$$

$$\text{Return on Net Worth (%)} = \frac{\text{Net Profit after Tax}}{\text{Net worth excluding Revaluation reserve at the end of the year / period}}$$

$$\text{Net Asset Value per Equity share (Rs.)} = \frac{\text{Net worth excluding Revaluation reserve}}{\text{Total No. of Equity shares outstanding during the year / period}}$$

- 2) Net Profit, as restated and appearing in the statement of Profit and losses has been considered for the purpose of computing the above ratios. These ratios are computed on the basis of the restated financial statements of the company.
- 3) Earnings per share calculations have been done in accordance with Accounting Standard 20 - "Earning per share" issued by the Institute of Chartered Accountants of India.

ANNEXURE VII : DETAILS OF RATE OF DIVIDEND DECLARED

Particulars	Year ended 31.03.03	Year ended 31.03.04	Year ended 31.03.05	Year ended 31.03.06	Year ended 31.03.07	Half Year ended 30.09.07
Equity Shares - Face Value – (Rs.)*	10	10	10	10	10	10
Final Dividend	NIL	NIL	NIL	NIL	NIL	NIL

* Refer Note 3(e) of Notes to Restated Financial Statements in Annexure V

ANNEXURE VIII : CAPITALISATION STATEMENT AS AT SEPTEMBER 30, 2007

Particulars	(Rs. in Millions)	
	Pre Issue As at 30.09.07	Post Issue*
Short Term Debt	Nil	
Long Term Debt	Nil	
Total Debt	Nil	
Shareholder's Funds		
Share Capital	20,000.0	
Reserves	69.1	
Total Shareholder's Fund	20,069.1	
Long Term Debt / Shareholders Funds	Nil	

* Share Capital and Reserves, Post-Issue can be ascertained only after the conclusion of the book building process.

Notes:-

- 1) Long term Debt / Equity ratio has been calculated as per the following formula

$$= \frac{\text{Long term Debt}}{\text{Share holders fund}}$$

ANNEXURE IX : STATEMENT OF TAX SHELTERS

(Rs. in Millions)						
Particulars	Year Ended 31.03.03	Year Ended 31.03.04	Year Ended 31.03.05	Year Ended 31.03.06	Year Ended 31.03.07	Half Year ended 30.09.07
Tax Rate (including surcharge)	36.75%	35.88%	36.59%	33.66%	33.66%	33.99%
Net Profit / (Loss) before tax as restated	(0.0)	(0.0)	(0.1)	(1.1)	22.2	17.8
Tax at notional rates (A)	-	-	-	-	7.5	6.1
Adjustments :	-	-	-	-	-	-
Disallowance of expenditure under - Income Tax (B)	-	-	-	-	(5.9)	(14.5)
Long Term Capital Gain taxable at - lower rate (C)	-	-	-	-	-	22.0
Net Adjustments (B+C)	-	-	-	-	(5.9)	7.5
Tax Savings / (Liability) thereon (D)	-	-	-	-	(2.0)	0.1
Tax Liability (A-D)	-	-	-	-	9.5	6.0

ANNEXURE X : RELATED PARTY TRANSACTIONS

As per Accounting Standard – 18 issued by the Institute of Chartered Accountants of India, the Company's related parties transactions are described below:

A. Parties where control exists : NIL

B. Other related parties with whom transactions have taken place during the year / period:

(i) **Subsidiaries:-**

	(% of shareholding)
1. Sasan Power Limited	100%
2. Rosa Power Supply Company Limited	100%
3. Maharashtra Energy Generation Limited	100%
4. Vidarbha Industries Power Limited	100%
5. Tato Hydro Power Private Limited	100%
6. Siyom Hydro Power Private Limited	100%
7. MP Power Generation Private Limited	100%
8. Urthing Sobla Hydro Power Private Limited.	80%
9. Kalai Power Private Limited	100%

(ii) **Investing Parties :**

- a. Reliance Energy Limited - 50%
- b. AAA Project Ventures Private Limited - 50%

(iii) Details of transactions and closing balance during the year / period :

(Rs. in Millions)						
Particulars	2002-03	2003-04	2004-05	2005-06	2006-07	Half Year ended 30.09.07
- Profit & Loss Heads :-						
Bank / Corporate Guarantee charges						
- Reliance Energy Limited (Investing Party)	-	-	-	-	8.2	-
- Balance Sheet Heads :-						
<u>Equity contribution</u>						
Reliance Energy Limited (Investing Party)	-	-	-	-	1,000.2	10,000.0
AAA Project Ventures Pvt. Ltd.(Investing Party)	-	-	-	-	1,000.2	10,000.0
<u>Investment in Equity Share Capital (Subsidiaries)</u>						
Rosa Power Supply Company Limited	-	-	-	-	0.5	1,100.0
Sasan Power Limited	-	-	-	-	-	0.5
Maharashtra Energy Generation Limited	-	-	-	-	-	0.5
Vidarbha Industries Power Limited	-	-	-	-	-	0.5
Tato Hydro Power Private Limited	-	-	-	-	-	0.1
Siyom Hydro Power Private Limited	-	-	-	-	-	0.1
MP Power Generation Private Limited	-	-	-	-	-	0.1
Urthing Sobla Hydra Power Pvt. Ltd.	-	-	-	-	-	0.1
Kalai Power Private limited	-	-	-	-	-	0.1
<u>Current Liabilities and Provisions</u>						
Reliance Energy Limited (Investing Party)	-	-	-	-	8.2	-
<u>Loans and Advances – Subsidiaries</u>						
						537.7
- Maharashtra Energy Generation Limited						
- Vidarbha Industries Power Limited						86.7
- Sasan Power Limited	-	-	-	-	-	453.6
- Rosa Power Supply Company Limited						
* adjusted against allotment of shares	-	-	-	-	397.2	-*
<u>Contingent Liabilities (closing balances) :</u>						
i) On account of guarantees issued (on behalf of Sasan Power Limited)	-	-	-	-	-	3,000.0
- Transaction during the year /period :-						
<u>Investment in Equity Share capital (Subsidiaries)</u>						
Rosa Power Supply Company Limited	-	-	-	-	-	702.8
Sasan Power Limited	-	-	-	-	-	0.5
Maharashtra Energy Generation Limited	-	-	-	-	-	0.5

Particulars	2002-03	2003-04	2004-05	2005-06	2006-07	Half Year ended 30.09.07
Vidarbha Industries Power Limited	-	-	-	-	-	0.5
Tato Hydro Power Private Limited	-	-	-	-	-	0.1
Siyom Hydro Power Private Limited	-	-	-	-	-	0.1
MP Power Generation Private Limited	-	-	-	-	-	0.1
Urthing Sobla Hydro Power Private Limited	-	-	-	-	-	0.1
Kalai Power Private Limited	-	-	-	-	-	0.1
<u>Loans and advances - Subsidiaries</u>						
Maharashtra Energy Generation Limited	-	-	-	-	-	537.7
Vidarbha Industries Power Limited	-	-	-	-	-	86.7
Sasan Power Limited	-	-	-	-	-	453.6
Rosa Power Supply Company Limited	-	-	-	-	397.2	- *
* adjusted against allotment of shares						
<u>Advance against share application money</u>						
Reliance Energy Limited (Investing Party)	-	-	-	1,023.6	*	-
* adjusted against allotment of shares						
<u>Refund of share application money</u>						
Reliance Energy Limited (Investing Party)	-	-	-	-	23.4	-
<u>Share Capital</u>						
Reliance Energy Limited (Investing Party)	-	-	-	-	1,000.2	8,998.8
AAA Project Ventures Private Ltd (Investing Party)	-	-	-	-	1,000.2	8,999.8
<u>Contingent Liabilities :</u>						
Bank Guarantee issued (on behalf of Sasan Power Limited)	-	-	-	-	-	3,000.0

AUDITORS' REPORT

The Board of Directors
Reliance Power Limited,
1st Floor, H Block,
Dhirubhai Ambani Knowledge City,
Koperkhairne,
Navi Mumbai – 400 710

Dear Sirs,

1. We have examined the attached restated consolidated financial information of Reliance Power Limited (formerly Reliance Energy Generation Limited upto July 6, 2007) ('RPL' or 'the Company') and its subsidiaries (together referred to as 'Group') which has been prepared from the audited consolidated financial statements for the year ended March 31, 2007 and for the six months period ended September 30, 2007, as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B, Part II of Schedule II of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended to date (SEBI Guidelines) and in terms of our engagement agreed upon with you in accordance with our engagement letter in connection with the proposed issue of Equity shares of the Company.
2. In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with you, we further report that:
 - (a) The Restated Consolidated Summary Statement of Assets and Liabilities of the Company for the financial year ended March 31, 2007 and for the six months period ended September 30, 2007 as set out in Annexure II to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Note and Changes in Significant Accounting Policies (Refer Annexure V).
 - (b) The Restated Consolidated Summary Statement of Profit or Loss of the Company for the financial year ended March 31, 2007 and for the six months period ended September 30, 2007 as set out in Annexure I to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Note and Changes in Significant Accounting Policies (Refer Annexure V)
 - (c) The Restated Consolidated Summary Statement of Cash Flow of the Company for the financial year ended March 31, 2007 and for the six months period ended September 30, 2007 as set out in Annexure III to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Note and Changes in Significant Accounting Policies (Refer Annexure V)
 - (d) Based on above, we are of the opinion that the restated consolidated financial information for the financial year ended March 31, 2007 and for the six months period ended September 30, 2007 have been made after incorporating:
 - (i) adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
 - (ii) Adjustments for the material amounts in the respective financial years to which they relate.
 - (iii) And there are no extra-ordinary items that need to be disclosed separately in the accounts or qualifications requiring adjustments.

3. We have also examined the following other consolidated financial information set out in Annexures prepared by the management and approved by the Board of Directors relating to the Group for the year ended March 31, 2007 and for the six months period ended September 30, 2007.

- (vii) Schedules of Consolidated Financial Statement, as restated, enclosed as Annexure IV
- (viii) Summary of accounting ratios, as restated, enclosed as Annexure VI
- (ix) Details of Rate of Dividend declared, enclosed as Annexure VII
- (x) Capitalisation Statement, enclosed as Annexure VIII
- (xi) Statement of Tax Shelters, enclosed as Annexure IX
- (xii) Related Party Transactions, enclosed as Annexure X

In our opinion the financial information contained in Annexure I to X of this report read along with the Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (refer Annexure V) after making adjustments and regrouping as considered appropriate have been prepared in accordance with Part IIB of Schedule II of the Act and the DIP Guidelines.

4. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
5. Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed initial public offer of equity shares of the Company and should not be used for any other purposes except with our consent in writing. Our work has been carried out in accordance with the auditing standards generally accepted in the India and as per the Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India.

Partha Ghosh
Partner
Membership Number F-55913
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : December 28, 2007

C.D. Lala
Partner
Membership Number F-35671
For and on behalf of
Chaturvedi & Shah
Chartered Accountants

Place : Mumbai
Date : December 28, 2007

Annexure – I

SUMMARY STATEMENT OF CONSOLIDATED PROFITS & LOSSES AS RESTATED :

Particulars	(Rs. in Millions)	
	2006-07	Half Year ended 30.09.2007
Income		
Income from Contractual Services	22.5	-
Profit on redemption of Mutual Fund	-	32.1
Miscellaneous Income	0.0	0.2
Total Income	22.5	32.3
Expenditure		
Employees Cost	2.5	-
Administrative & General expenses	6.4	14.5
Bank / Corporate Guarantee Charges	8.2	-
Depreciation	-	-
Total Expenditure	17.1	14.5
Profit Before Tax	5.4	17.8
Provision for Tax		
Current Tax including Fringe Benefit Tax	3.8	6.0
Profit After Taxation as per audited accounts (A)	1.6	11.8
<u>Adjustments on account of Change in accounting policies</u>		
Profit on redemption of Mutual Fund (Refer Note No. (a) Part 1 A in Annexure V)	16.8	-
Total Adjustments	16.8	-
Tax Impact of adjustments (Refer Note No. Part 1 B in Annexure V)	5.7	-
Total of Adjustments after tax impact (B)	11.1	-
Net Profit /(Loss), as restated (A + B)	12.7	11.8
Profit & Loss Account at the beginning of the period	(1.5)	11.2
Profit/(Loss) available for appropriation as restated	11.2	23.0
BALANCE CARRIED FORWARD AS RESTATED	11.2	23.0

Annexure – II

SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES AS RESTATED:

		(Rs. in Millions)	
Particulars	As at 31.03. 2007	As at 30.09.2007 *	
ASSETS			
A	FIXED ASSETS		
	Gross Fixed Assets	900.1	1,033.7
	Less: Accumulated Depreciation	11.1	13.2
	Net Fixed Assets	889.0	1,020.5
	Capital work in progress (including capital advances)	359.7	977.7
		1,248.7	1,998.2
B	INCIDENTAL EXPENDITURE PENDING ALLOCATION / CAPITALIZATION	340.4	898.9
C	INVESTMENTS	412.3	16,665.1
D	CURRENT ASSETS, LOANS & ADVANCES		
	Cash & Bank Balances	8.8	14.3
	Sundry Debtors	22.5	-
	Loans & Advances	24.9	591.8
		56.2	606.1
E	LIABILITIES AND PROVISIONS		
	Secured Loans	-	-
	Unsecured Loans	-	-
	Current Liabilities and Provisions	46.0	99.2
		46.0	99.2
F	NET WORTH (A + B + C + D – E)	2,011.6	20,069.1
G	Represented by		
	Share Capital	2,000.4	20,000.0
	Reserves & Surplus	11.2	69.1
	NET WORTH	2,011.6	20,069.1

* Includes figures of amalgamating company

Annexure – III

CONSOLIDATED CASH FLOW STATEMENT AS RESTATED:

		(Rs. in Millions)	
Particulars	2006-07	Half Year ended 30.09.2007	
Net Profit / (Loss) before Taxation, as restated	22.2	17.8	
A Cash Flow from Operating Activities :			
Adjustment for :			
Depreciation	-	-	
		-	-
Operating Profit before working capital changes	22.2	17.8	
Adjustment for :			
	-	-	
Changes in Trade and Other Receivables	(40.1)	(32.4)	
Changes in Trade and Other Payables	27.2	(38.5)	
		(12.9)	(70.9)
		9.3	(53.1)
Income Taxes paid	(3.8)	(5.1)	
Net Cash from / (used) in Operating Activities	5.5	(58.2)	
B Cash Flow from Investing Activities :			
Purchase of Fixed Assets (including Incidental Expenditure pending allocation / capitalization)	(333.0)	(916.6)	
Purchase of Investment	(967.2)	(7,177.4)	
Sale of Investments	554.5	(745.7)	968.5
			(7,125.7)
Net Cash used in Investment Activities		(745.7)	(7,125.7)
C Cash Flow from Financing Activities :			
Proceeds from Share Application money	-	-	
Proceeds from Share Capital	976.3	7,999.6	
Repayment of borrowings	(233.4)	742.9	(815.6)
			7,184.0
Net Cash from Financing Activities		742.9	7,184.0
Net (Decrease)/Increase in cash and cash equivalents		2.7	0.1
Cash and cash equivalents at the beginning of year	5.8	8.8	
Add: Cash received on acquisition / amalgamation	0.3	5.4	
Cash and cash equivalents at the end of year / period	8.8	14.3	
Net (Decease) / Increase as above		2.7	0.1

ANNEXURE IV – A : DETAILS OF INCOME

(Rs. in Millions)			
Particulars	Nature of Income	As at 31.03.2007	As at 30.09.2007
Income from contractual services	Non-recurring	22.5	-
Profit on redemption of Mutual Fund	Non-recurring	-	32.1
Miscellaneous income	Non-recurring	0.0	0.2
Total		22.5	32.3
Income on restatement :			
Profit on redemption of Mutual Fund	Non-recurring	16.8	-

ANNEXURE IV – B : ADMINISTRATIVE AND OTHER GENERAL EXPENSES

(Rs. in Millions)		
Particulars	As at 31.03.2007	As at 30.09.2007
Cost of increase in share capital	6.0	5.0
Bidding costs	0.1	9.5
Audit fees	0.1	-
Diminution in value of investment	0.1	-
Other expenses	0.1	-
Total	6.4	14.5

ANNEXURE IV C – 1 : FIXED ASSETS As at 31.03.07

(Rs. in Millions)										
Particulars	Gross Block (at cost)				Depreciation				Net Block	
	As at 01.04.06	Additions*	Deductions	As at 31.03.07	Up to 01.04.06	For the year*	On Deductions	Upto 31.03.07	As at 31.03.07	As at 31.03.06
Goodwill on consolidation	-	0.0	-	0.0	-	-	-	-	0.0	-
<u>Assets:</u>										
Free Hold Land	659.1	-	-	659.1	-	-	-	-	659.1	659.1
Lease hold Land	-	226.8	-	226.8	-	0.9	-	0.9	225.9	-
Plant & Machinery	-	2.7	-	2.7	-	0.1	-	0.1	2.6	-
Building	7.6	2.2	-	9.8	7.4	2.2	-	9.6	0.2	0.1
Furniture, Fixtures & Office Equipment	0.3	0.2	-	0.5	0.1	0.0	-	0.1	0.4	0.3
Vehicles	-	0.3	-	0.3	-	0.2	-	0.2	0.1	0.2
Computers	0.6	0.2	-	0.8	0.1	0.1	-	0.2	0.6	0.5
Total	667.6	232.4	-	900.1	7.7	3.4	-	11.1	889.0	660.2

* includes opening balance on acquisitions

ANNEXURE IV C – 2 : FIXED ASSETS : As at 30.09.2007

Particulars	(Rs. in Millions)									
	Gross Block (at cost)				Depreciation				Net Block	
	As at 01.04.07	Additions*	Deductions	As at 30.09.07	Upto 01.04.07	For the period*	On Deductions	Upto 30.09.07	As at 30.09.07	As at 31.03.07
Goodwill on consolidation	0.0	1.1	-	1.1	-	-	-	-	1.1	0.0
<u>Assets:</u>										
Free Hold Land	659.1	59.2	-	718.3	-	-	-	-	718.3	659.1
Lease hold Land	226.8	70.0	-	296.8	0.9	1.6	-	2.5	294.3	225.9
Plant & Machinery	2.7	-	-	2.7	0.1	0.0	-	0.2	2.6	2.6
Building	9.8	0.1	-	9.9	9.6	0.2	-	9.8	0.1	0.2
Furniture, Fixtures & Office Equipment	0.5	1.6	-	2.1	0.1	0.1	-	0.2	2.0	0.4
Vehicles	0.3	1.5	-	1.8	0.2	0.0	-	0.3	1.5	0.1
Computers	0.8	0.1	-	0.9	0.2	0.1	-	0.3	0.6	0.6
Total	900.1	133.6	-	1,033.7	11.1	2.0	-	13.2	1,020.5	889.0

* includes opening balances on acquisitions

ANNEXURE IV C – 3 : CAPITAL WORK-IN-PROGRESS

Particulars	(Rs. in Millions)	
	As at 31.03.2007	As at 30.09.2007
<u>Capital Work-in-progress</u>		
(including capital advance payments) :		
Advance for Land acquisition	190.0	269.1
Advance against supply of capital assets		430.2
Advance for Electrical Connection	2.0	2.0
Advance for Water connection	90.1	90.1
Land acquisition charges	-	10.6
Boundary Wall-under Construction	77.6	77.6
Building under construction	-	61.9
Guest House under construction	-	36.2
Total	359.7	977.7

ANNEXURE IV D : INCIDENTAL EXPENDITURE PENDING ALLOCATION / CAPITALIZATION

Particulars	(Rs. in Millions)	
	As at 31.03.2007	As at 30.09.2007
Advertisement Expenses	2.3	11.6
Bank / Corporate Guarantee Charges	44.5	132.4
Depreciation	11.1	12.8
Electricity Expenses	2.6	3.9
Fringe Benefit Tax	1.0	1.2
Miscellaneous Expenses	28.9	93.5
Printing and Stationery	2.9	3.3
Professional / Consultancy Fees	87.3	195.2
Rates & Taxes	11.1	52.4
Repairs & Maintenance	3.2	3.4
Salaries & Other Cost	103.4	125.1
Site Expenses	21.9	239.7
Telephone Expenses	0.6	2.6
Traveling & Conveyance	19.1	22.0
Vehicle Hire Charges	3.7	7.2
Less: Tender fees received (net of tax)	(3.2)	(7.4)
TOTAL	340.4	898.9

ANNEXURE IV – E : INVESTMENTS

Particulars	(Rs. in Millions)	
	As at 31.03.2007	As at 30.09.2007
<u>Long Term Investments</u>		
In Equity Shares (Unquoted, at cost) :-		
i) Other companies -	0.1	
Less: Diminution in value	(0.1)	-
(A)	-	-
<u>Current Investments (Quoted)</u>		
i) In Mutual Fund Investments :-		
Reliance Floating Rate Fund	-	1,511.4*
Reliance Liquid Fund-Treasury Plan	-	1,511.1*
Reliance Liquidity Fund	-	6,361.5*
Reliance Liquidity Fund	-	661.7*
Reliance Liquidity Fund	412.3	6,619.4
(Aggregate Market Value of Quoted investments is higher than the book values) (B)	412.3	16,665.1
Total (A + B)	412.3	16,665.1

* acquired on amalgamation

ANNEXURE IV – F : SUNDRY DEBTORS

Particulars	(Rs. in Millions)	
	As at 31.03.2007	As at 30.09.2007
Debts outstanding for a period exceeding six months	-	-
Others:- Unsecured, considered good	22.5	-
Total	22.5	-

ANNEXURE IV – G : LOANS AND ADVANCES

Particulars	(Rs. in Millions)	
	As at 31.03.2007	As at 30.09.2007
Advance for expenses	23.8	118.6
Deposits paid	-	472.0
Fringe Benefit Tax	1.0	1.2
Other Receivables	0.1	0.0
Total	24.9	591.8

ANNEXURE IV – H : CURRENT LIABILITIES AND PROVISIONS

Particulars	(Rs. in Millions)	
	As at 31.03.2007	As at 30.09.2007
<u>Current Liabilities</u>		
Creditors for expenses	32.5	95.5
Other Liabilities	5.2	0.2
Minority Interest	-	0.0
<u>Provisions</u>		
For Income Tax (net of advance tax)	5.4	0.1
For Fringe Benefit Tax	1.1	1.3
Provisions for gratuity & leave encashment	1.8	2.0
Total	46.0	99.2

ANNEXURE IV – I : SHARE CAPITAL

Particulars	As at 31.03.2007	As at 30.09.2007
No. of shares of Rs. 10/- each, fully paid-up	50,000	-
No. of shares of Rs. 10/- each, Rs. 2/- paid-up	999,950,000	-
No. of shares of Rs. 10/- each fully paid-up*	-	2,000,000,000
Share Capital (Rs. in millions)	2,000.4	20,000.0

* Refer Note 3(g) of Notes to Restated Financial Statements in Annexure V

ANNEXURE IV – J : RESERVES AND SURPLUS

Particulars	(Rs. in Millions)	
	As at 31.03.2007	As at 30.09.2007
General Reserve	-	46.1*
Profit & Loss Account	11.2	23.0
Total	11.2	69.1

* acquired on amalgamation

ANNEXURE: V

Significant Accounting Policies and Notes to Consolidated Statements of Profits & Losses and Assets & Liabilities, as restated:

1. Notes On Adjustments to Restated Consolidated Statements of Profits & Losses and Assets & Liabilities:

A. Changes in accounting policies

- a) Profit on redemption of Mutual Fund of Rs. 16.8 million for the year ended March 31, 2007 which was accounted as reduction in Incidental expenditure pending capitalization / amortization by the Parent Company has now been restated and considered as income restated in the Profit and Loss account in line with the accounting policy followed in the half year ended September 30, 2007

B. Current Tax Impact of Adjustments

Current tax impact of adjustments pertains to tax effect on restatement adjustments provided at the tax rate applicable in the respective years.

2. Significant Accounting Policies

a) Principles of Consolidation

The consolidated financial statements relate to Reliance Power Limited (the Parent Company) and its subsidiary companies and have been prepared in accordance with Accounting Standard 21-“Consolidated Financial Statements”. The financial statements of the Parent and its subsidiary companies (together “Group”) have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company’s separate financial statements. The financial statements of the subsidiaries used in consolidation are drawn up to the same reporting date.

b) Method of Accounting

The financial statements are prepared under historical cost convention, on accrual basis of accounting, and in accordance with the provisions of Companies Act, 1956 and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and referred to in Section 211(3C) of the Companies Act, 1956 of India.

c) Revenue Recognition

The Group follows the mercantile system of accounting and recognizes all significant items of income and expenditure on accrual basis.

d) Fixed Assets and Capital Work-in-progress:

The gross block of Fixed Assets is stated at cost of acquisition or construction, including any cost attributable to bringing the assets to their working condition for their intended use.

Capital Work-in-progress includes expenditure incurred (including advance payment) directly on construction of capital assets forming part of the projects under construction.

e) Incidental Expenditure pending allocation / capitalization:

Any expenditure indirectly related to the projects under construction and incidental to setting up project facilities, borrowing costs incurred prior to the date of commencement of commercial operations are shown under “Incidental Expenditure and pending allocation / capitalization“. These expenses are net off other income (net of tax) accruing prior to commencement of commercial operations. These expenses are eventually capitalized and allocated to various capital assets created on completion of construction of the project and commencement of commercial operations

f) Depreciation / Amortization:

Depreciation is provided on the straight line method, at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Lease hold land is depreciated over the lease period in respect of Rosa Power Supply Company Limited and Vidarbha Industries Power Ltd.

g) Investments:

Long- term investments are stated at cost. In case of long term investments, provision/ write down is made for diminution in value, other than temporary in nature. Current investments are valued at lower of cost or fair value.

h) Accounting for Taxes on Income:

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from “timing differences” between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future. However, in respect of unabsorbed depreciation or carry forward loss, the deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realized in future. Provision for Fringe Benefits Tax is made on the Fringe Benefits provided / deemed to have been provided during the year at the rate and the values applicable to the relevant assessment year.

i) Foreign Currency Transactions:

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transactions. Gains and losses, if any, at the year-end in respect of monetary assets and monetary liabilities not covered by the forward contracts are recognized in the Profit and Loss Account. Premium in respect of forward contracts, if any, is accounted over the period of the contract. Foreign currency assets and liabilities are translated at the exchange rate prevailing at year end and increase / decrease added / adjusted to carrying cost of assets and liabilities upto March 31, 2007.

j) Accounting of Employee Benefits:

Group’s contribution to provident fund and superannuation fund are charged to the Profit and Loss Account. Gratuity and leave encashment are charged to the Profit and Loss Account on the basis of actuarial valuation.

k) Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

l) Provisions:

The Group recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources.

m) Impairment of Assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

3. Notes to Accounts:-

a) Scheme of Amalgamation of Reliance Public Utility Private Limited with the Parent Company: -

- i. Pursuant to the Boards' approval dated August 2, 2007 and the sanction of the Honorable Bombay High Court to the scheme of Amalgamation, the assets and liabilities of the erstwhile **Reliance Public Utility Pvt. Ltd. (RPUPL)**, were transferred to and vested in the Parent Company with effect from the appointed date viz., September 29, 2007 in accordance with the Scheme so sanctioned. The Scheme has accordingly, been given effect to in the Accounts.
- ii. The amalgamation has been accounted for under the "Pooling of Interests method" as prescribed by Accounting Standard 14 (AS-14) issued by the Institute of Chartered Accountants of India. Accordingly the assets of Rs. 10,046.1 million, liabilities of Rs. 0.0 million and other reserves of the erstwhile RPUPL as at September 29, 2007 have been taken over at their book values. As a result, reserves of the erstwhile RPUPL aggregating to Rs. 46.1 millions have been credited to the General Reserve of the Parent Company. There were no differences in accounting policies of RPUPL and the Parent Company.
- iii. In terms of the Scheme, each shareholder of the erstwhile RPUPL was entitled to receive one equity share of Rs. 10/- each fully paid up for every one equity share held by him in the erstwhile RPUPL as on the record date determined for the purpose. Accordingly, 1,000,000,000 shares of Rs. 10/- each fully paid up of the Parent Company have been allotted to the shareholders of the erstwhile RPUPL. These equity shares rank pari - pasu with the existing equity shares of the Parent Company.
- iv. The figures for the previous years do not include figures for the erstwhile RPUPL and accordingly the current period's figures are not comparable to those of the previous year.

b) The list of subsidiaries considered in the consolidated financial statements are:

Name of the subsidiary	Date of acquisition / incorporation	Country of incorporation	Proportion of ownership interest
. a) Sasan Power Limited	07-Aug-2007	India	100%
. b) Rosa Power Supply Company Limited	01-Nov-2006	India	100%
. c) Maharashtra Energy Generation Limited	28-Aug-2007	India	100%
. d) Vidarbha Industries Power Limited	30-Aug-2007	India	100%
. e) Tato Hydro Power Private Limited	07-Sep-2007	India	100%
. f) Siyom Hydro Power Private Limited	07-Sep-2007	India	100%
. g) MP Power Generation Private Limited	07-Sep-2007	India	100%
. h) Urthing Sobla Hydro Power Private Limited	13-Sep-2007	India	80%
. i) Kalai Power Private Limited	26-Sep-2007	India	100%

c) These consolidated financial statements do not include consolidated financial statements for the year ended March 31, 2003, 2004, 2005 and 2006 as there was no subsidiary company prior to 1st November 2006.

d) Secured Loan: The Group does not have any borrowed funds.

e) **Contingent Liabilities :**

Particulars	(Rs. in Millions)	
	As at 31.03.2007	As at 30.9.2007
Bank Guarantee issued	-	3,000.0

f) **Capital Commitments:**

Particulars	(Rs. in Millions)	
	As at 31.03.2007	As at 30.9.2007
Estimated amount of contracts remaining to be executed on capital account and not provided for :-	20,844.8	20,712.6

g) As at September 30, 2007 the face value of equity share of the parent Company was Rs. 2 per share (fully paid-up). However, the Board of Directors at its meeting held on November 29, 2007 have approved the consolidation of five equity share of Rs. 2 each into one equity share of Rs. 10 each fully paid-up and at the Extraordinary General meeting held on November 29, 2007, the shareholders have also approved the aforesaid proposal of consolidation of the equity shares. In view of the above, the financial information along with annexures have been adjusted on a retrospective basis to facilitate comparison, wherever applicable, to reflect the face value of Rs. 10 per share (fully paid-up) instead of Rs. 2 per share (fully paid-up) as at September 30, 2007.

h) The Group operates in only one segment, namely Generation of Power hence there are no reportable segments under Accounting Standard 17 'Segment Reporting' issued by the Institute of Chartered Accountants of India.

i) The figures of previous years have been regrouped and rearranged wherever found necessary.

j) Figures below Rs. 50,000/- are rounded off and represented by '0.0' in the financial statements. Wherever figures are NIL they are represented by '-'.

ANNEXURE VI

SUMMARY OF ACCOUNTING RATIOS :

Particulars	2006-07	Half Year ended 30.09.2007
Face Value per Equity share (Rs.)*	10	10
Basic & Diluted Earning per share (Rs.)	0.08	0.04
Return on Net worth (%)	0.63	0.06
Net Asset Value per Equity share (Rs.)	10.06	10.03
Weighted Average Number of Equity shares	160,018,658	267,796,721

* Refer Note 3(g) of Notes to Restated Financial Statements in Annexure V.

Notes:-

- 1) The ratios have been computed as per the following formulae:

$$\text{Basic Earning per share (Rs.)} = \frac{\text{Net Profit attributable to Equity Shareholders}}{\text{Total no. of Equity shares outstanding during the year/period}}$$

$$\text{Diluted Earning per share (Rs.)} = \frac{\text{Net Profit attributable to Equity Shareholders after adjustments related to dilutive potential Equity shares}}{\text{Total no. of weighted Average Equity shares outstanding at the year / period ended plus potential no. of Equity shares}}$$

$$\text{Return on Net Worth (\%)} = \frac{\text{Net Profit after tax}}{\text{Net worth excluding revaluation reserve at the end of the year/ period}}$$

$$\text{Net Asset Value per Equity share (Rs.)} = \frac{\text{Net worth excluding revaluation reserve}}{\text{Total no. of Equity shares outstanding during the year / period}}$$

- 2) Net Profit, as restated and appearing in the statement of Profit and losses has been considered for the purpose of computing the above ratios. These ratios are computed on the basis of the restated financial statements of the company.
- 3) Earnings per share calculations have been done in accordance with Accounting Standard 20 - "Earning per share" issued by the Institute of Chartered Accountants of India.

ANNEXURE VII

DETAILS OF RATES OF DIVIDEND:

Class of Shares	As At 31.03.2007	As at 30.09.2007
Parent Company		
Equity Shares – Face Value*	10	10
- Final Dividend	Nil	Nil
Subsidiaries		
Equity Shares – Face Value	10	10
- Final Dividend	Nil	Nil

* Refer Note 3(g) of Notes to Restated Financial Statements in Annexure V

ANNEXURE VIII

CAPITALIZATION STATEMENT:

Particulars	(Rs. in Millions)	
	Pre Issue As on 30.09.2007	Post Issue*
Short Term Debt	Nil	
Long Term Debt	Nil	
Total Debt	Nil	
Shareholder's Funds :		
Share Capital	20,000.0	
Reserves and Surplus	69.1	
Total Shareholder's Funds	20,069.1	
Long Term Debt / Shareholders Funds	Nil	

* Share Capital and Reserves, post-issue can be ascertained only after the conclusion of the book building process

Notes:-

Long term Debt / Equity ratio has been calculated as per the following formula :

$$= \frac{\text{Long term Debt}}{\text{Share holders fund}}$$

ANNEXURE IX

STATEMENT OF TAX SHELTERS :

Particulars	(Rs. in Million)	
	Year Ended 31.03.2007	Half Year ended 30.09.2007
Tax rate (including surcharge)	33.66%	33.99%
Net Profit / (Loss) before tax as restated	22.2	17.8
Tax at notional rates (A)	7.5	6.1
Adjustments :	-	-
Disallowance of expenditure under Income Tax (B)	(5.9)	(14.5)
Long Term Capital Gain taxable at lower rate (C)	-	22.0
Net Adjustments (B+C)	(5.9)	7.5
Tax Savings / (Liability) thereon (D)	(2.0)	0.1
Tax liability (A-D)	9.5	6.0

ANNEXURE X

RELATED PARTY TRANSACTIONS :

As per Accounting Standard – 18 issued by the Institute of Chartered Accountants of India, the Group's related party transactions are described below :

A. Parties where control exists : NIL

B. Other related parties with whom transactions have taken place during the year / period :

(i) Investing Parties :

a)	Reliance Energy Limited	50%
b)	AAA Project Ventures Private Limited	50%

(ii) Details of transactions and closing balance during the year / period

	(Rs. in Millions)	
Particulars	2006-07	Half Year ended 30.09.07
Profit & Loss Heads :-		
Bank / Corporate Guarantee charges		
Reliance Energy Limited (Investing Party)	8.2	-
Balance Sheet Heads : -		
<u>Share Capital</u>		
Reliance Energy Limited (Investing Party)	1,000.2	10,000.0
AAA Project Ventures Pvt. Ltd. (Investing Party)	1,000.2	10,000.0
<u>Current Liabilities and Provisions</u>		
Reliance Energy Limited (Investing Party)	8.2	91.3
Transaction during the year /period :-		
<u>Equity Contribution :</u>		
Reliance Energy Limited (Investing Party)	1,000.2	8,999.8
AAA Project Ventures Private Ltd (Investing Party)	1,000.2	8,999.8

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with "Financial Information—Financial Statements", including the notes related thereto, and other financial data appearing elsewhere in this Prospectus. Certain statements set forth below constitute "forward-looking statements." Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in "Risk Factors" and "About the Company—Our Business."

Unless otherwise specifically mentioned, the following discussion relates to the Company on a consolidated basis and is based on the Restated Consolidated Financial Statements of the Company, including the notes related thereto, which have been prepared in accordance with Indian GAAP, the accounting standards referred to in Section 211(3C) of the Companies Act and the other applicable provisions of the Companies Act. The Company's fiscal year ends on March 31 of each year, and all references to a particular fiscal year are to the twelve months ended March 31 of that year. The Company's historical financial performance should not be considered as indicative of future financial performance.

Overview

We are a company that is part of the Reliance ADA group and were established to develop, construct and operate power projects domestically and internationally. We are currently developing 13 medium and large size domestic power projects with a planned combined installed capacity of 28,200 MW. Of these 13 projects, 6 Identified Projects will be allocated Net Proceeds from this Issue. We are also developing 7 other projects and we may consider developing or acquiring new power generation projects, domestically and internationally, in the future.

Until November 2006, we had minimal operations that principally related to the development of the Dadri project and to pre-qualification activities in connection with bidding on thermal power projects. In November 2006, we acquired RPSCL, a special purpose vehicle ("SPV"), and subsequently began construction of the Rosa Phase I coal-fired power project through RPSCL. Between April and September 2007, we established or acquired 8 other SPVs, including Sasan Power Ltd, which we acquired in August 2007, and we are currently developing 9 of our current projects through them. With the exception of the Dadri project, we plan to invest in our power projects through such SPVs. The financial and operating results of these SPVs are included in our consolidated financial statements, while our non-consolidated financial statements only reflect the results of operations of our Dadri project and other general corporate activities occurring at Reliance Power.

On September 29, 2007, RPUPL, an entity previously owned by our shareholders, merged with the Company pursuant to a scheme of amalgamation. Pursuant to the merger, all of the assets, liabilities and reserves of RPUPL have been merged with those of the Company. RPUPL's assets of Rs. 10,046.1 million consisted of Rs. 10,045.8 million in mutual funds investments and Rs. 0.3 million in bank balances. RPUPL's liabilities consisted of a provision for tax in the amount of Rs. 36,224. In addition, RPUPL's accumulated profits of Rs. 46.1 million were transferred to the general reserve of the Company. 1,000 million equity shares of the Company of Rs. 10 each were issued to the shareholders of RPUPL, which were the same as our shareholders.

As at September 30, 2007 the face value of equity share of the Company was Rs. 2 per share (fully paid-up). However, the Board of Directors and the shareholders on November 29, 2007 subsequently approved the consolidation of five equity share of Rs. 2 each into one Equity Share of Rs. 10 each fully paid-up. In view of the above, the financial information along with the annexures have been adjusted on a retrospective basis to facilitate

comparison, wherever applicable, to reflect the face value of Rs. 10 per share (fully paid-up) instead of Rs. 2 per share (fully paid-up) as at September 30, 2007.

We have relied on capital contributions from our shareholders to fund our business since our inception, and we expect to continue to have limited or no operating cash flows over the next several years. Our plans for the development and construction of our power projects will require substantial capital expenditures, which we expect to fund through the Net Proceeds of this Issue, additional equity and/or debt financing and, as our projects are completed, increasingly from operating cash flows. There can be no assurance that we will generate net profits or positive cash flow in the future. See “—Liquidity and Capital Resources” and “Risk Factors—2. We cannot assure you that our power projects will commence operations as expected.”

Our historical financial statements are of limited value to a prospective investor in evaluating our prospects or determining whether to purchase the Equity Shares, because we currently have no power projects in operation. Our prospects must be considered in light of the risks and uncertainties inherent in new business ventures. Additionally, you should not evaluate our prospects and viability based on the performance of our Promoters, including REL. Instead, in addition to the other information contained in this Prospectus, you should consider the information contained below in this section and some of the key factors that we expect will affect our reported results and our financial condition in the future, such as the macroeconomic factors discussed under “About the Company—Industry Overview” and the risks discussed under “Risk Factors.”

Factors Affecting our Results of Operations

At present, our revenues and expenses relate principally to the investment of our capital contributions. Upon completion of this Issue, we intend initially to invest a portion of the Net Proceeds in interest bearing liquid instruments, including money market mutual funds, bank deposits, fixed income securities and other liquid instruments approved by our Board of Directors, and therefore we will also report revenues from those investments. These investments may include investments in mutual funds managed or financial products sold by one of our affiliates, RCL. As we complete our power projects, we expect to record revenues and expenses increasingly from the operation of these power projects.

Revenue

We are currently planning to develop 7 coal-fired thermal projects, 2 gas-fired thermal projects and 4 hydroelectric projects. We expect to derive our revenues primarily from the sale of electricity to state-owned and private distribution companies and industrial consumers. We also intend to explore the possibility of registering certain of our projects with the CDM executive board for the issuance of CERs that we may sell.

We are currently planning to sell electricity pursuant to a mix of off-take arrangements, including long-term PPAs and short-term PPAs. Out of an installed capacity of 28,200 MW of power generation that we are planning to develop, we have entered into two definitive off-take arrangements for 4,560 MW of power. CAPL, the SPV developing the Krishnapatnam project, has entered into a 25 year PPA for 4000 MW. We expect that CAPL will be transferred to us by January 29, 2008. Our RPSCL subsidiary that is developing the Rosa Phase I and the Rosa Phase II projects entered into a 25-year PPA in November 2006 for the Rosa Phase I project. Our SPL subsidiary, which is developing the Sasan project, has also entered into a 25-year PPA. See “About the Company—Our Business—Description of Projects Under Development—Rosa Phase I – 600 MW Power Project, Uttar Pradesh—Off-take Arrangement” and “—Sasan – 3,960 MW Coal-Fired Power Project, Madhya Pradesh—Off-take Arrangement.”

We expect to derive a sizeable portion of our revenues from long-term PPAs with state-owned and private distribution companies and industrial consumers. Given that our revenue structure under each long-term PPA that we enter into is set over the life of the contract, and fluctuates subject to the built-in adjustment mechanisms contained in each such contract, being committed under such contracts will prevent us from renegotiating such agreements or from entering into agreements with other parties, should market prices increase in the future. In addition, we intend to enter into short-term PPAs that will create additional variability in our revenues, as it will not

be possible to ensure that we will be able to enter into such arrangements for all our available capacity or to extend or renew the short-term PPAs that are in place. This could expose our business to market risks, including risks related to the price of electricity and increased competition.

We expect that revenues from our hydroelectric projects may be affected by an increase or decrease in water flows in the watersheds, as the amount of electricity generated by hydroelectric power systems is dependent upon available water flow. Water flow varies each year, depending on factors such as rainfall, snowfall and rate of snowmelt. Accordingly, our revenues from such projects may be subject to substantial variations in water flow or other climatic conditions. See “Risk Factors—29. Meteorological changes and changes in water flow may affect our prospective hydroelectric generation capacity.”

Expenditures

Capital Expenditures

Our principal capital expenditure requirements involve the development and construction of our power projects. Where appropriate, we plan to invest in supercritical or subcritical PPC technology for our coal-fired power projects and combined cycle gas turbine technology for our gas-fired power projects. Although these investments are designed to maximize our operational efficiency and margins, they will require significant capital expenditures. We currently estimate that in order to complete all 13 of the power projects that we are planning to develop and construct, we will be required to incur capital expenditures of approximately Rs. 1,121,286.0 million.

We intend to enter into fixed price contracts with reputable contractors for the development of our power projects. The contractors for our Butibori and Shahapur Coal and Shahapur Gas projects are currently being chosen through an internationally competitive bidding process. We intend to conduct international competitive bidding for most of our other projects as well. While we intend to enter into fixed price, construction contracts, between the time that we budget our costs and the time we enter into the respective contracts, our costs may exceed the budgeted amounts due to limited availability of third party contractors and the availability, cost and quality of raw materials used in construction, including cement and steel. We believe that the significant increase in power generation projects under development in India will increase demand for third-party contractors and raw materials. In addition, the price and supply of raw materials will also depend on additional factors not under our control, including general economic conditions, competition, production levels, transportation costs and import duties.

While our intention is to select most of our EPC contractors through international competitive bidding, we have also entered into a non-binding MOU with REL under which we may approach Reliance Energy for the provision of certain EPC services. See “About the Company—Description of Certain Key Contracts—Memorandum of Understanding with Reliance Energy.” The EPC arrangement with Reliance Energy, if we decide to pursue it, is expected to be on a lump sum, fixed price basis. Reliance Energy would be entitled to subcontract the design and manufacture of the BTG packages and hydro turbines, and the related power equipment for the hydro based projects, to one or more reputable companies. Reliance Energy may also engage a reputable consultant for the engineering aspects of the project, including integration activities.

The completion targets for our power projects are estimates and are subject to risks, including, among other things, contractor performance shortfalls, unforeseen engineering problems, force majeure events, unanticipated cost increases and delays in obtaining property rights and government approvals, any of which could give rise to delays, cost overruns or the termination of a project’s development. The failure to complete development as planned, or in accordance with agreed specifications, could result in higher costs, penalties or liquidated damages, lower returns on capital or reduced future earnings. We could also be required to draw additional funds from external sources. In addition, if we are unable to complete our power project facilities, we may not be able to recover our investment from these projects.

In the future, we may also acquire other businesses, technologies and products that we believe are a strategic fit with our business. For example, we may consider expanding our generation capacity by acquiring other power generation projects, either in development or already in operation.

Operating Expenditures

Once a power project enters commercial operation, we expect that our expenditures for that project will consist primarily of the fixed costs associated with operating the power project (principally interest, depreciation, and operation and maintenance costs), and variable costs associated with fuel. The primary fuels we expect to use for our thermal projects are coal and natural gas. Based on current estimates, once all 13 power projects are completed, our seven coal-fired projects will account for 51.8% of our total installed capacity while our two gas-fired projects will account for 36.5% of our total installed capacity. We will seek to exploit economies of scale in sourcing fuel as a result of the size of our project development portfolio and our affiliation with REL, which currently has 941 MW of power projects in operation.

We intend to source coal for our projects through long-term coal supply arrangements, including with domestic suppliers such as our affiliate, RNRL, with international suppliers or through access to captive coalmines. To date, we have entered into fuel supply arrangements for two of our projects: Rosa Phase I and Sasan. Fuel for our Rosa Phase I project will be sourced under a coal supply agreement with Central Coalfields Ltd. (“CCL”), from mines approximately 870 km from the project site. Fuel for our 3,960 MW coal-fired power project in Sasan will be supplied from captive pithead coalmines, approximately 25 km from the project site. See “About the Company—Our Business—Description of Projects Under Development—Rosa Phase I – 600 MW Power Project, Uttar Pradesh—Fuel Supply” and “—Sasan – 3,960 MW Coal-Fired Power Project, Madhya Pradesh—Fuel Supply.” One of the three coal blocks allotted to our Sasan project is the subject of litigation between the Ministry of Coal and third parties. See “Legal and Other Information—Outstanding Litigation and Material Developments.”

We intend to import coal from private companies for our Shahapur Coal project and our Krishnapatnam project. We have entered into a non-binding MOU with Reliance Natural Resources under which we have agreed to enter into good faith negotiations concerning the supply of imported coal to Shahapur Coal that would be sourced through RNRL. The terms and conditions of the coal supply agreement, including price, will be negotiated on an arm’s length basis and be competitive and consistent with prevailing market conditions. See “About the Company—Description of Certain Key Contracts —Memorandum of Understanding for the Supply of Coal.”

We intend to source gas for our gas-based projects, Shahapur Gas and Dadri, through long-term gas supply arrangements, primarily with our affiliate, RNRL. RNRL is engaged in sourcing, supplying and transporting gas, coal and liquid fuels. Under a non-binding MOU with RNRL, we have agreed to enter into good faith negotiations for the provision of gas to our Shahapur Gas, Dadri and other prospective gas-fired projects that we may develop in the future. The terms and conditions of this arrangement will be negotiated on an arm’s length basis and will be competitive and consistent with prevailing market conditions. See “About the Company—Description of Certain Key Contracts —Memorandum of Understanding with RNRL.” Although we expect that RNRL will supply all or a significant amount of the gas requirements of our Shahapur Gas and Dadri projects, these supplies are currently the subject of litigation, which may endanger the availability or the pricing of fuel for these projects. To the extent we are not able to source gas under a definitive agreement with RNRL, we will need to seek alternative supplies of gas from third party suppliers. For more information, see “Risk Factor-12. Our operations will have significant fuel requirements, and we may not be able to ensure the availability of fuel at competitive prices.”

Once our hydroelectric projects enter commercial operation, their expenditures are expected to consist primarily of the fixed costs associated with operating the projects, which are principally expected to consist of interest, depreciation and operation and maintenance costs.

We expect that we will book depreciation by following the depreciation schedules set forth in the Companies Act. The rates derived from these depreciation schedules may be, on average, higher than the depreciation rates provided in the CERC tariff regulations, which set forth the amounts that we are allowed to recover under applicable tariffs on certain projects, including Rosa Phase I. This increase in non-cash depreciation charges may have an adverse impact on our future profits.

Critical Accounting Policies

Our financial statements have been prepared in accordance with Indian GAAP. Our significant accounting policies are set forth in Annexure: V to our consolidated financial statements included on page 177 of this Prospectus. Indian GAAP requires that we adopt accounting policies and make estimates that our directors believe are most appropriate in the circumstances for the purposes of giving a true and fair view of our results of operations and the understanding of our financial condition and results of operations. The preparation of our financial statements requires us to make difficult, complex and subjective judgment in selecting the appropriate estimates and assumptions that affect the amounts reported in our financial statements. By their nature, these judgments are subject to an inherent degree of uncertainty. These judgments are based on our historical experience, terms of existing contracts, our observance of trends in the industry and information available from other outside sources, as appropriate. There can be no assurance that our judgments will prove correct or that actual results reported in future periods will not differ from our expectations reflected in our accounting treatment of certain items.

While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results, we believe that the following critical accounting policies warrant additional attention:

Revenue Recognition

We recognize all significant items of income and expenditure on an accrual basis, except in case of those with significant uncertainties. Income from our project construction and supervision services is recognized per the terms of the respective service agreement and on the basis of services rendered. Once our power projects enter into operation, revenue from the sale of energy will be recognized on an accrual basis in accordance with the provisions of the relevant PPAs. We expect most of our PPAs to follow a competitive bidding process and to provide for payment of fixed tariffs by the purchaser based on the availability of the respective project during the year and its fuel cost at a predetermined station heat rate.

Fixed Assets

The gross block of fixed assets is stated at cost of acquisition or construction, including any cost attributable to bringing the assets to their working condition for their intended use. Cost of acquisition is inclusive of freight, duties, levies and all incidentals attributable to bringing the asset to its working condition. Assets under installation or under construction as at the balance sheet date are shown as capital work in progress (other than incidental expenditure pending allocation or capitalization).

Incidental expenditure pending allocation or capitalization includes any expenditure indirectly related to projects under construction and incidental to setting up project facilities, borrowing costs incurred prior to the date of commencement of commercial operations and pre-operative expenses for trial runs. These expenses are net of sales from any trial runs and other income (net of tax) accruing prior to commencement of commercial operations. These expenses are eventually capitalized and allocated to various capital assets created on completion of construction of the project and commencement of commercial operations.

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to prepare for intended use or sale. Other borrowing costs not attributable to the acquisition of any qualifying asset are recognized as expenses in the period in which they are incurred.

All fixed assets are assessed for any indication of impairment at the end of each financial year. On such indication, the impairment (being the excess of carrying value over the recoverable value of the asset) is charged to the profit and loss account in the respective financial year. The impairment loss recognized in prior years is reversed where the recoverable value exceeds the carrying value of the asset upon re-assessment in subsequent years.

Investments

Long-term investments are valued at cost until there is a permanent diminution of their value. Current investments are valued at cost or market value whichever is lower. Cost of acquisition is inclusive of expenditure incidental to acquisition. Income from investments is recognized in the year in which it is accrued and stated at gross of tax deducted at source.

Depreciation

Depreciation is calculated on a straight-line basis at the rates specified under Schedule XIV to the Companies Act 1956. Leasehold improvements are amortized over the period of the lease or estimated useful life, whichever is shorter. Temporary structures are charged-off at 100% of their cost.

Consolidated Results of Operations

The discussion below of our consolidated results does not include a discussion of our results for the years ended March 31, 2003, 2004, 2005 or 2006, as we did not have any subsidiary companies prior to April 1, 2006. For a discussion of our results on a non-consolidated basis, please see the “Non-Consolidated Results of Operations” section below.

	For the year ended March 31, 2007	For the six months ended September 30, 2007
	(Rs. in millions)	
Income	22.5	32.3
Expenditure		
Employee costs	2.5	-
Administrative and general expenses	6.4	14.5
Bank and corporate guarantee charges	8.2	-
Total	17.1	14.5
Profit before tax	5.4	17.8
Current tax	3.8	6.0
Profit after tax	1.6	11.8
Adjustments due to changes in accounting policies		
Profit on redemption of mutual fund investments	16.8	-
Tax impact of adjustments	5.7	-
Total adjustments after tax	11.1	-
Profit after tax, as restated	12.7	11.8

Six Months Ended September 30, 2007

Income

For the six months ended September 30, 2007, on a consolidated basis, we generated revenues of Rs. 32.3 million principally from our investments. At September 30, 2007, we had approximately Rs. 16,665.1 million invested in various money market schemes under the Reliance Mutual Fund, a fund managed by our affiliate, Reliance Asset Management Company Limited.

Expenditure

For the six months ended September 30, 2007, total operating expenses were Rs. 14.5 million. Our expenditure during this period consisted of administrative and general expenses, which consisted of Rs. 9.5 million in expenses related to preparing documentation on our unsuccessful bids for power projects and Rs. 5.0 million in stamp duties and other expenses related to an increase in our authorized share capital.

Profit After Tax

Our profit after tax for the six months ended September 30, 2007, was Rs. 11.8 million.

Year Ended March 31, 2007

Income

For fiscal year 2007, we generated revenues of Rs. 39.3 million. The sources of these revenues were Rs. 22.5 million from project construction and supervision services and Rs. 16.8 million from mutual fund investments. The project construction and supervision services (which we have not continued), consisted principally of supervising the modernization and improvement of various power distribution systems owned by REL. The mutual fund investment revenue consisted of earned profits on the redemption of mutual fund investments. Although these profits were initially accounted for as a reduction in incidental expenditure pending capitalization, due to a change in our accounting policies after March 31, 2007, these profits are now accounted for as income for fiscal year 2007.

Expenditure

In fiscal year 2007, we had total operating expenses of Rs. 17.1 million. The main components of our expenditure during this period were Rs. 8.2 million in bank and corporate guarantee charges, related to pre-bidding expenses in connection with power projects, and Rs. 6.4 million in administrative and general expenses, which consisted principally of stamp duty charges in connection with an increase in our authorized capital. Although our employee costs are generally capitalized to a specific power project, in fiscal year 2007 we also incurred employee costs of Rs. 2.5 million in connection with our project construction and supervision services.

Profit After Tax

Our restated profit after tax for fiscal year 2007 was Rs. 12.7 million.

Non-consolidated Results of Operations

	For the year ended March 31,			For the six months ended September 30, 2007
	2005	2006	2007	
	(Rs. in millions)			
Income	-	-	22.5	32.3
Expenditure				
Employee costs	-	-	2.5	-
Administrative and general expenses	0.1	1.1	6.4	14.5
Bank or Corporate Guarantee charges	-	-	8.2	-
Total	0.1	1.1	17.1	14.5
Profit (loss) before tax	(0.1)	(1.1)	5.4	17.8
Provision for tax	-	(0.2)	(3.8)	(6.0)
Profit (loss) after tax	(0.1)	(1.3)	1.6	11.8
Adjustments due to changes in accounting policies				
Profit on redemption of mutual fund investments	-	-	16.8	-
Tax impact of adjustments	-	-	5.7	-
Total of adjustments after tax	-	-	11.1	-
Profit after tax, as restated	(0.1)	(1.3)	12.7	11.8

For the Six Months Ended September 30, 2007

Income

For the six months ended September 30, 2007, on a non-consolidated basis, we generated revenues of Rs. 32.3 million principally from our investments. At September 30, 2007, we had approximately Rs. 16,625.7 million invested in various money market schemes under the Reliance Mutual Fund.

Expenditure

For the six months ended September 30, 2007, our total operating expenses were Rs. 14.5 million. The only component of our expenditure during this period was administrative and general expenses, which consisted of Rs. 9.5 million in expenses related to preparing documentation on our unsuccessful bids on power projects and expenses of Rs. 5.0 million in stamp duties and other expenses related to an increase in our authorized share capital.

Profit After Tax

Our profit after tax for the six months ended September 30, 2007 was Rs. 11.8 million.

Year Ended March 31, 2007 Compared with Year Ended March 31, 2006

Income

Our restated income increased to Rs. 39.3 million in fiscal year 2007 from nil in fiscal year 2006, due to Rs. 22.5 million in project construction and supervision services revenue, and Rs. 16.8 million from mutual fund investments in fiscal year 2007. The project construction and supervision services we provided in fiscal year 2007 (which we have not continued) consisted principally of supervising the modernization and improvement of various power distribution systems owned by REL. The mutual fund investment revenue consisted of earned profits on the redemption of mutual fund investments. Although these profits were initially accounted for as a reduction in incidental expenditure pending capitalization, due to a change in our accounting policies after March 31, 2007, these profits are now accounted for as income for fiscal year 2007.

Expenditure

Our total expenditure increased to Rs. 17.1 million in fiscal year 2007 from Rs. 1.1 million in fiscal year 2006. This increase was primarily due to Rs. 8.2 million in bank and corporate guarantee charges, and administrative and general expense charges, which increased from Rs. 1.1 million to Rs. 6.4 million in fiscal year 2007. We also incurred Rs. 2.5 million in employee costs in fiscal year 2007, related to our project construction and supervision services.

Profit (loss) After Tax

In fiscal year 2007, we had a restated profit after tax of Rs. 12.7 million, compared with a loss of Rs. 1.3 million in fiscal year 2006.

Year Ended March 31, 2006 Compared with Year Ended March 31, 2005

Income

We had no income generating operations in 2005 or 2006.

Expenditure

Our total expenditure increased to Rs. 1.1 million in fiscal year 2006, from Rs. 0.1 million in fiscal year 2005. This

increase was primarily due to an increase in administrative and general expenses.

Profit (loss) After Tax

Our net loss before tax increased to Rs. 1.3 million in fiscal year 2006, from Rs. 0.1 million in fiscal year 2005.

Liquidity and Capital Resources

The power generation business is capital intensive. Our strategic plan to construct the 13 thermal and hydroelectric power projects that we currently intend to develop will require significant design, development and construction capital and the funding of operating losses during the start-up phase of each project.

We have had limited or no operating cash flows since our inception. We expect to continue to experience limited cash flows from operating activities for the foreseeable future due to continuing developmental and construction activities associated with our 13 current power projects. There can be no assurance that we will attain positive cash flows from operations in subsequent periods. Until sufficient cash flow is generated, we will be required to utilize our current and future capital resources to meet our cash flow requirements and we will need to issue additional equity and/or debt securities or to secure loans to complete our projects.

Consolidated Cash Flow Data

	For the year ended March 31, 2007	For the six months ended September 30, 2007
	(Rs. in millions)	
Net Cash from / (used in) Operating Activities	5.5	(58.2)
Net Cash used in Investing Activities	(745.7)	(7,125.7)
Net Cash from Financing Activities	742.9	7,184.0
Net Increase in Cash and Cash Equivalents	2.7	0.1

Net Cash used in Operating Activities

For the six months ended September 30, 2007, we used Rs. 58.2 million in cash for operating activities, mainly due to a decrease of Rs. 38.5 million in trade and other payables due principally to repayments of share application money and project expenses and corporate guarantee charges. In addition, we had an increase of Rs. 32.4 million in trade and other receivables, due to payments of deposits of Rs. 35.7 million in connection with our acquisition of the SPVs related to the Tato II and Siyom hydroelectric projects in this period and increase in advance for expenses, which were partially offset by a Rs. 22.5 million recovery of contract revenue that was billed in fiscal year 2007. During fiscal year 2007, we generated Rs. 5.5 million in cash from operating activities, which was principally related to a increase in trade and other payables of Rs. 27.2 million mainly due to unpaid corporate guarantee charges and other expenses related to Dadri Project, and a decrease in trade and other receivables of Rs. 40.1 million mainly due to outstanding receivables of contract revenue.

Net Cash used in Investing Activities

For the six months ended September 30, 2007, we used Rs. 7,125.7 million in cash for investing activities. The main component of this amount was a net investment of Rs. 6,208.9 million in the Reliance Mutual Fund. In addition, we had purchases of fixed assets of Rs. 916.8 million, consisting principally of property and equipment purchases of Rs. 635.8 million for the Rosa Phase I power project, Rs. 172.0 million for the Sasan power project, Rs. 48.0 million for the Dadri power project, and Rs. 55.6 million in pre-operative expenses for the Urthing Sobla project and Rs. 5.0 million for land acquisitions for the Butibori project. During fiscal 2007, we used Rs. 745.7 million in cash for investing activities, including net investments of Rs. 412.7 million in the Reliance Mutual Fund

and purchases of fixed assets of Rs. 333.0 million, related to the construction of the Rosa Phase I power project and the development of the Dadri power project.

Net Cash from Financing Activities

For the six months ended September 30, 2007, our net cash flow from financing activities was Rs. 7,184.0 million, comprising Rs. 7,999.6 million raised through equity from our shareholders in the form of share capital contributions and Rs. 815.6 million in repayment of borrowings in connection with the Shahapur project and Sasan project that we acquired in 2007. Rs. 7,999.6 million represents the balance due for the Company's shares that were previously issued to our shareholders and which were fully paid with these contributions. During fiscal year 2007, our net cash flow from financing activities was Rs. 742.9 million, consisting of Rs. 976.3 million raised through equity from our shareholders in the form of share capital contributions, partially offset by a repayment of borrowings of Rs. 233.4 million in connection with the RPSCL SPV.

Non-consolidated Cash Flow Data

	For the year ended March 31,			For the six months ended September 30, 2007
	2005	2006	2007	
	(Rs. in millions)			
Net Cash from (used in) Operating Activities	3.7	(3.1)	7.4	(4.4)
Net Cash used in Investing Activities	(720.5)	(138.0)	(981.8)	(7,998.1)
Net Cash from Financing Activities	723.4	140.0	976.3	7,999.6
Net Increase (decrease) in Cash and Cash Equivalents	6.6	(1.1)	1.9	(2.9)

Net Cash from Operating Activities

For the six months ended September 30, 2007, on a non-consolidated basis, we used Rs. 4.4 million in net cash flows in operating activities, related principally to a decrease of Rs. 26.1 million in trade and other receivables and a decrease of Rs. 43.2 million in trade and other payables, which was related to suppliers of capital goods and corporate guarantees. During fiscal year 2007, we generated Rs. 7.4 million in cash from operating activities, mainly due to an increase in trade and other payables of Rs. 27.2 million and an increase in trade and other receivables of Rs. 38.2 million which was related to contract revenue and other advances. During fiscal year 2006, we used Rs 3.1 million in cash for operating activities.

Net Cash used in Investing Activities

For the six months ended September 30, 2007, we used Rs. 7,998.1 million in cash for investing activities. The main component of this amount was net investments of Rs. 7,269.2 million in the Reliance Mutual Fund and granting of loans and advances to subsidiaries of Rs. 680.9 million. During fiscal 2007, we used Rs. 981.8 million in cash for investing activities, including a net purchase of investments of Rs. 412.7 million, Rs. 397.2 million in grants of loans and advances to subsidiaries and purchases of fixed assets of Rs. 171.9 million, which were related to property and equipment purchases in connection with the development of the Dadri power project. During fiscal 2006, we used Rs. 138.0 million in cash for investing activities, including purchases of fixed assets of Rs. 138.1 million, related to property and equipment purchases in connection with the development of the Dadri power project.

Net Cash from Financing Activities

For the six months ended September 30, 2007, our net cash flow from financing activities was Rs. 7,999.6 million, raised through equity from our shareholders in the form of share capital contributions. Rs. 7,999.6 million represents the balance due on the Company's shares that were previously issued to our shareholders and which were

fully paid with these contributions. During fiscal year 2007, our net cash flow from financing activities was Rs. 976.3 million, also raised through share contributions from our shareholders. During fiscal year 2006, our net cash flow from financing activities was Rs. 140.0 million, also raised through share contributions from our shareholders.

Historical and Planned Capital Expenditure

As of December 28, 2007, we had spent Rs. 311.2 million on all of our projects other than the Rosa Phase I project, on which we had spent a total of Rs. 1735.0 million. In addition, before our acquisitions of project-related SPVs in 2006 and 2007, their respective shareholders had spent an aggregate of Rs. 626.6 million in connection with these current projects, an amount that is approximately equal to the consideration we paid as part of our acquisition of these SPVs. All of our SPV acquisitions have been accounted for using the purchase method of accounting, with only nominal amounts of the purchase price allocated to goodwill.

In fiscal year 2008, we expect to spend Rs. 5,457.3 million on the Rosa Phase I project, and Rs. 19,051.8 million on our other 12 projects under development. In fiscal years 2009, 2010, 2011 and 2012, we expect to spend Rs. 79,569.9 million, Rs. 173,067.0 million, Rs. 277,285.0 million and Rs. 278,250.0 million, respectively, on all of our projects. See “Introduction—Objects of the Issue—Investment in Subsidiaries to part-finance the construction and development costs of the Identified Projects.”

Set forth in the table below are, with respect to each of the six Identified Projects that are currently under development or construction, the amounts that were spent on these projects by us and by the previous owners of the SPVs as of December 28, 2007, and the total estimated project costs to completion.

Identified Projects	Amount deployed as of September 30, 2007	Estimated Cost to Completion
(Rs. In Millions)		
Rosa Phase I	1,970.6	27,020.0
Rosa Phase II	0.5	24,600.0
Butibori	100.8	14,050.0
Sasan	412.5	183,420.0
Shahapur Coal	542.0*	48,000.0
Urthing Sobla	82.4	20,800.0
Total	3,108.8	317,890.0

* Rs. 436 million has been paid as deposit to Government for acquisition of land.

In addition to the six Identified Projects, we also have seven additional power projects that are in various stages of development. On an aggregate basis, we expect that our estimated cost to complete these seven additional projects will be Rs. 803,396.0 million.

Other than for the Rosa Phase I and Rosa Phase II projects, we have not signed contracts with EPC contractors for the supply of equipment and construction of our projects. We may have to revise our cost estimates as and when such EPC contracts are awarded. In addition, exchange rate fluctuations, changes in design or configuration of the project, incremental rehabilitation and other pre-operative expenses and external factors such as geological assessments, which may not be within the control of our management, may entail rescheduling and revising our estimated costs.

We will be required to raise additional capital to complete these 13 power projects, as our currently available cash resources are not sufficient to fund all of our planned operating expenses and capital expenditures. We will require even higher levels of additional capital if we procure rights to develop additional projects in the future. We will seek to obtain additional funding through additional issuances of equity and/or debt securities or by securing new loans.

Indebtedness

As of December 28, 2007, we had raised Rs. 20,000 million from our shareholders to provide funding for the beginning of our operations, and we had indebtedness of Rs. 852.7 million. We are targeting to finance our 13 projects under development or construction on an aggregate basis of 20% to 30% capital contribution from the Company and 70% to 80% in third-party debt. However, our actual ratio of equity to debt with respect to the financing of these projects will depend on the circumstances at the time and any specific project may be financed on different terms.

As of December 28, 2007, we had rupee debt facilities of Rs. 19,450 million and non-rupee currency denominated debt facilities of US\$50 million. We are required to use both of these facilities to finance the Rosa Phase I project. The loans will mature on October 1, 2022. The interest rate for the rupee facility for the first year after the initial drawdown is 10.5% per year. Thereafter, the interest rate is reset yearly based on various indices. The interest rate on the foreign currency facility is LIBOR plus 2.35% per year. As of December 28, 2007 Rs. 852.7 million was outstanding under the Rupee loan and no amounts were outstanding under the US dollar denominated loan. We expect that our borrowings under the Rupee and US dollar loans will continue to increase as draw downs are made to satisfy payment obligations for the Rosa Phase I EPC contract.

We have mandated certain banks and financial institutions to arrange up to US\$6 billion in syndicated loans for us on a secured basis to fund the Identified Projects.

Our subsidiaries have also received in-principle sanction letters totalling Rs. 179,440 million from the following financial institutions to part finance five of the identified Projects.

Sl. No.	Subsidiary	Project	Name of the Bank/ Financial Institution	In-Principle sanctions received
1.	RSPCL	Rosa II	Axis Bank	Rs. 19,680 million
2.	MEGL	Shahpur Coal	ICICI Bank	Rs. 28,800 million
3.	SPL	Sasan	ICICI Bank	Rs. 110,050 million
4.	VIPL	Butibori	ICICI Bank	Rs. 8,430 million
5.	USHPPL	Urthing Sobla	ICICI Bank	Rs. 12,480 million

Although these mandates and sanction letters include preliminary term sheets, these term sheets are indicative only and are subject to conditions and commercial negotiations. We may not be able to fulfil all or any of these conditions or reach agreement on commercial terms with these banks and financial institutions, in which case they would have no obligation to arrange such loans for us.

RINL, a Promoter of the Company has given a guarantee dated December 31, 2007 that it shall arrange or provide up to Rs. 228,855.0 million in financing for the Identified Projects in the event the Company is unable to arrange debt financing for that amount. Each of RCL and Reliance ADA Group Private Limited, two Promoter Group Companies, have also adopted resolutions dated October 18, 2007 that they shall arrange or provide up to Rs. 254,312 million in financing for the Identified Projects in the event the Company is unable to arrange debt financing for that amount. Also, see “Material Contracts and Documents for Inspection” on page 314 of this Prospectus.

Off-Balance Sheet Arrangements

The Company has issued a number of performance bank guarantees, in an aggregate amount of Rs. 3,000 million, to various power procurers who have entered into PPAs with our subsidiary, SPL. RPSCL has also obtained a letter of credit for 90% of the value of the Rosa Phase I EPC contract in favour of SEC.

Quantitative and Qualitative Disclosure about Market Risk

Price of Fuel

Once our power projects enter commercial operation, we will be dependent upon our suppliers for our coal and natural gas requirements. With respect to those PPAs where fuel is not a complete pass through expense, we will be subject to variations in the price of coal and natural gas at rates fixed by such companies. For example, although the cost of fuel is a pass through expense under our PPA for Rosa Phase I based on certain normative assumptions as set out in CERC guidelines, for our Sasan project we will not be able pass through any increase in the cost of extracting and processing coal from our captive coal blocks, except in the case of certain changes in law.

Exchange Rate Risk

While substantially all of our revenues will be denominated in rupees, we expect to incur indebtedness denominated in non-rupee currencies to finance the development of our power project projects. As of September 30, 2007, we had no amounts of non-rupee currency borrowings outstanding as we have not yet drawn our US\$50 million loan facility for the Rosa Phase I project. When we incur foreign currency obligations in the future, any depreciation of the rupee against these currencies will increase the rupee cost to us of servicing and repaying our non-rupee currency borrowings.

Interest Rate Risk

Interest rate risk arises when we are exposed to changes in the fair value of our interest rate sensitive financial instruments and borrowings, which arise from changes in market interest rates. We have arranged floating rate facilities for our Rosa Phase I project and we expect to incur additional floating rate obligations in the future to finance our other projects under development. In addition, we will be exposed to interest rate risk if we refinance our existing or future debt obligations. See “Risk Factors—8. The terms of our off-take arrangements may not match the terms of our financing arrangements.”

Information required as per Clauses 6.10.5.2 and 6.10.5.5 of the SEBI Guidelines

Unusual or infrequent events or transactions. There have been no events, to our knowledge, other than as described in this Prospectus, which may be called “unusual” or “infrequent.”

Significant economic changes that materially affected or are likely to affect income from continuing operations. Other than as mentioned under “Factors Affecting our Results of Operation” beginning on page 206 of this section, to our knowledge, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations. Other than as described elsewhere in this Prospectus, particularly in “Risk Factors” and this section beginning on pages xiii and 169, respectively, of this Prospectus, to our knowledge, there are no trends or uncertainties that have or are expected to have a material adverse impact on revenues or income of the Company from continuing operations.

Future changes in relationship between costs and revenues, in case of events such as future increase in labor or material costs or prices that will cause a material change are known. Other than as described elsewhere in this Prospectus, particularly as mentioned under “Factors Affecting our Results of Operation” beginning on page 206 of this section, to our knowledge there are no known factors that might affect the future relationship between costs and revenues.

The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices. Changes in revenues on a non-consolidated basis during the last three years are as explained under “Non-Consolidated Results of Operation” beginning on page 211 of this section.

In the opinion of the Board of Directors, no circumstances have arisen since the date of the last financial statements as disclosed in this Prospectus, which materially and adversely affect or is likely to affect the trading or profitability of the Company, or the value of its assets, or its ability to pay its liabilities within the next twelve months.

FINANCIAL INDEBTEDNESS

As of December 28, 2007, there are no secured borrowings in the Company or any of our subsidiaries except the borrowings of RPSCL.

RPSCL:

S. No.	Agreement with Lender	Nature of borrowing/ Debt	Amount Sanctioned	Repayment and Interest	Security
1.	Common Rupee Loan Agreement dated June 25, 2007 between RPSCL and the Banks and Financial Institutions (United Bank of India, Syndicate Bank, Canara Bank, Vijaya Bank, Small Industries Development Bank of India, Life Insurance Corporation of India, Industrial Development Bank of India, India Infrastructure Finance Company Limited) (Rupee Lenders) and Industrial Development Bank of India Limited (Lenders' Agent) and IDBI Trustee Services Limited (Security Trustee)	Rupee Term Loan	Rs. 19,450 million (we have drawn down Rs. 852.7 million)	Principal shall be repaid in 48 equal quarterly installments commencing from the date of expiry of six months from COD i.e. from October 01, 2010. Interest shall be payable on the first day of each calendar month after the date of initial drawdown. i) The applicable interest rate up to the first 12 months from the initial drawdown will be 10.50% p.a. ii) after this period, for every 12 month period, the rate shall be reset to the highest of the following rates on each Reset Date (defined as the first day of each 12 month period): a) 1.75% p.a. over and above the annualized 5 year G-Sec rate, or b) 200 bps below the prevailing bank prime lending rate of Canara Bank; or	(i) first mortgage and charge of all the immovable properties. (ii) first charge by way of hypothecation on all of borrower's movable properties. (iii) first charge on borrower's operating cash flows, book debts and all receivables and revenues from the project, current assets, commissions, and other revenues. (iv) first charge/assignment of- all right, title, interest, benefits, claims and demands of the borrower in the project documents, clearances and uncalled capital of the borrower. All right, title, interest, benefits, claims and demands in any letter of credit, guarantee, performance bond provided by any party to the project documents, insurance policies. (v) first charge on the letter of credit, escrow accounts, trust & retention accounts, DSRA and other reserves and bank accounts of the borrowers. (vi) an undertaking from Reliance Power not to create any encumbrances, restriction, etc on upto 51% of the equity in the borrower or dilute its shares below 51% of equity. (vii) The borrower shall create the security interest within 180 days from the initial drawdown date. (viii) The borrower shall make out a clear and marketable title to the project assets and its other properties to the satisfaction of the security trustee and lenders' agent. Further security: (i) borrower to notify Rupee Lenders all its acquisitions of immovable properties. (ii) Additional security as required if the security furnished is not adequate such that the fixed asset coverage ratio is not less than 1.05. (iii) Trust and Retention Accounts: the borrower shall enter into Trust & Retention Account Agreement to establish special purpose no-lien accounts with the account bank and make firm arrangements for prompt deposit of all project proceeds to the credit of the relevant accounts and for transfer by the account bank of the proceeds among various accounts and

S. No.	Agreement with Lender	Nature of borrowing/ Debt	Amount Sanctioned	Repayment and Interest	Security
				c) 175 bps below the bank prevailing prime lending rate of Vijaya Bank; or d) 9.75%.	utilization thereof in the manner and priority as may be specified.
2.	RPSCL and Axis Bank Limited (Foreign Currency Lenders) and Industrial Development Bank of India Limited (Lenders' Agent) and IBDI Trustee Services Limited (Security Trustee)	Foreign Currency Term Loan	US\$ 50 million (No amount has been drawn down)	Principal shall be payable in 48 equal quarterly installments commencing from the date of expiry of six months from COD i.e. from October 01, 2010. Interest shall be payable on the first day of each calendar quarter after the date of initial drawdown. The Applicable Interest Rate is the sum of the relevant USD LIBOR plus 2.35% per annum.	The obligations of the borrower shall be secured by: (i) first mortgage and charge of all the immovable properties. (ii) first charge by way of hypothecation on all of Borrower's movable properties. (iii) first charge on borrower's operating cash flows, book debts and all receivables and revenues from the project, current assets, commissions, and other revenues. (iv) first charge on all intangible assets of the borrower. (v) first charge/assignment of- all right, title, interest, benefits, claims and demands of the borrower in the project documents, clearances and uncalled capital of the borrower. All right, title, interest, benefits, claims and demands in any letter of credit, guarantee, performance bond provided by any party to the project documents, insurance policies. (vi) first charge on the letter of credit, escrow accounts, trust & retention accounts, DSRA and other reserves and bank accounts of the borrowers. (vii) an undertaking from Reliance Power not to create any encumbrances, restriction, etc on upto 51% of the equity in the borrower or dilute its shares below 51% of Equity. (viii) The borrower shall create the security interest within 180 days from the initial drawdown date. (ix) The borrower shall make out a clear and marketable title to the project assets and its other properties to the satisfaction of the security trustee and lenders' agent. Further security: (i) borrower to notify Foreign Currency Lenders all its acquisitions of immovable properties. (ii) additional security as required if the security furnished is not adequate such that the fixed asset coverage ratio is not less than 1.05. (iii) Borrower to undertake to notify the Foreign Currency lenders in writing and furnish a copy of any new project documents.

S. No.	Agreement with Lender	Nature of borrowing/ Debt	Amount Sanctioned	Repayment and Interest	Security
					(iv) Trust and Retention Accounts: the Borrower shall enter into trust and retention agreement to establish special purpose no-lien accounts with the account bank and make firm arrangements for prompt deposit of all project proceeds to the credit of the relevant accounts and for transfer by the account bank of the proceeds among various Accounts and utilization thereof in the manner and priority as may be specified.

Under the said loan agreements, RPSCL cannot without the approval of the lenders:

- issue any loan, debentures, equity or preference capital or accept deposits from public or change its capital structure or create or permit to subsist any security interest without the approval of the lenders;
- purchase, cancel or redeem any of our share capital or issue any further share capital or transfer, sell, assign, hypothecate the share capital;
- enter into any material contract with respect to the project with promoters except on arm's length terms;
- invest in long term investments, maintain any other accounts than as required by these agreement;
- undertake any new project, expand, modernize or change scope of project,

It is required to maintain a debt service reserve for an amount equal to 2 quarters interest and principal payment obligations from the cash flows available after meeting its debt service obligations during operational phase/ or provide a letter of credit for the same amount within 6 months.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated herein, there is no outstanding or pending litigation, suit, criminal or civil prosecution proceeding initiated for offence (irrespective of whether specified paragraph of Part I of Schedule XIII of the Companies Act) or litigation for tax liabilities against us, our Subsidiaries, Promoters, Promoter Group or Directors and there are no defaults, non payments or overdues of statutory dues, institutional or bank dues or dues towards holders of debentures, bonds and fixed deposits and arrears of preference shares, other than unclaimed liabilities of the Company, or its Subsidiaries and no disciplinary action has been taken by SEBI or any stock exchange against us, our Subsidiaries, Promoters, Promoter Group Companies or Directors.

I. Cases involving Reliance Power Limited

A case was filed by one Mr. Ram Kumar against Reliance Power in the Civil Judge, (Junior Division), Ghaziabad, in 2005 in relation to a dispute pertaining to the land acquisition process for the Dadri project. Plaintiff has filed the suit for mandatory injunction against Reliance Power on the ground of unlawful encroachment of 0.506 hectares of land falling under plot No. 378M in village Dhoulana. The case is pending.

II. Other Material Development in relation to the Company

An aggregate of 198 complaints and representation letters were filed with various governmental agencies including SEBI, the Department of Company Affairs and the Government of India against the Company, its Promoters and the proposed IPO. Out of these, 39 were representation letters were in support of the proposed IPO of the Company and 159 were complaints against the Company, its Promoters and the proposed IPO. All 198 letters were replied to by the Company. All allegations made in the said 159 complaints were refuted.

A table showing the nature of complaints and the responses thereto is given below:

Nature of Complaint	Response
REL assigned/transferred various projects, which constitute substantial part of its business, without complying with the requirements of Section 293(1)(a) of the Companies Act, 1956, and without obtaining approval of the Shareholders in General Meeting.	There was no transfer of Undertaking by REL to the Company attracting the provisions of Section 293(1)(a) of the Companies Act. The Company and REL are in compliance with the applicable provisions of law.
The Company, set up as a 50:50 joint venture between REL and AAA Project, was intended for concealment and diversion of projects at the cost of REL shareholders.	Keeping in view the overall assessment of fund requirements for the REL's various businesses, and the desired risk profile, the Board of Directors of REL decided way back in its meeting held on April 14, 2005 that the power generation projects will be taken up through a separate company viz. Reliance Power Limited (formerly Reliance Energy Generation Limited) and REL's equity exposure in the Company will be limited to 50%. This matter was decided by the Independent Directors on the Board of REL. This fact was disclosed appropriately and was in public domain.

Nature of Complaint	Response
<p>The erstwhile RPUGL, which amalgamated with the Company, was a shell company and the merger of RPUGL was effected without disclosing all material facts to the High Court for ulterior motives and to flout DIP Guidelines on Promoters Contribution.</p>	<p>RPUGL was not a shell company and its amalgamation with the Company was based on sound business rationale. All facts required by the Hon'ble High Court for passing such an order were duly submitted. The Company is in compliance with the DIP Guidelines including in relation to Promoters Contribution. For more details, see "About the Company – History and Certain Corporate Matters – Scheme of Amalgamation" on page 130 of this Prospectus.</p>
<p>The Company fixed face value of its shares at Rs. 2 with ulterior motives.</p>	<p>The face value of shares was fixed at Rs. 2 to enable widest retail participation in the proposed IPO and an exemption was sought from SEBI to fix the issue price below Rs. 500 per equity share. However, the request for the said exemption was subsequently withdrawn and the shares were consolidated with a face value of Rs. 10. For more details, see "Introduction – Capital Structure" on page 25 of this Prospectus.</p>

A public interest litigation (writ petition) was also filed before the Bombay High Court alleging violations similar to those alleged in the complaints as described above. The Bombay High Court by its order dated November 1, 2007 disposed off the petition and directed SEBI 'to deal with and dispose off the representations of the petitioners'. In light of this order, the Petitioners withdrew the petition from the High Court. Pursuant to this order SEBI examined and disposed off the representations of the complainants by way of its order dated December 27, 2007.

SEBI concluded that there were two issues: (1) whether there was a violation of the Companies Act with respect to the transfer of any project by REL to Reliance Power, and (2) whether the shares acquired by promoters of Reliance Power pursuant to the scheme of amalgamation were eligible for computing the promoters' contribution under the SEBI DIP Guidelines. On the first issue, SEBI noted that it had no jurisdiction to review Companies Act matters, but that the Ministry of Corporate Affairs has stated in a letter to SEBI that prima facie there does not appear to be evidence at this stage to establish a violation of Section 293 of the Companies Act and that it is open to shareholders of REL to seek redressal under the Companies Act if they perceive any mismanagement or oppression by the management of REL. On the second issue, SEBI concluded that it is bound by the order of the Bombay High Court approving the amalgamation scheme and directed that the equity shares acquired by the promoters of the Company pursuant to the amalgamation would be eligible for computation of the promoters' contribution, subject to the following conditions:

1. The entire promoters' quota i.e. 20% of the capital in the Company shall be locked-in for a period of five years from the date of allotment in the proposed IPO; and
2. The Company and the lead merchant banker appointed by it in respect of its proposed IPO shall ensure that all disclosures as per the Companies Act, DIP Guidelines and as per the observations/changes suggested by SEBI on the DRHP filed on behalf of the Company.

An appeal has been filed before the Securities Appellate Tribunal against the said SEBI order seeking the relief that the Issue should not be allowed to proceed until the appeal is disposed off. The appeal is pending.

The Securities Appellate Tribunal heard the counsel for the parties on January 4, 2008 and declined to grant an order staying the Issue. The said appeal was adjourned to January 14, 2008. On January 14, 2008, the SAT passed an order adjourning the proceedings to January 21, 2008 in light of the Supreme Court order

dated January 11, 2008 staying the further proceedings in Gujarat High Court in Special Civil Application Nos. 173 and 174 of 2008. The Appellant filed an application before the Supreme Court seeking clarification that the orders passed by the Supreme Court does not operate as a bar on hearing of the appeal by SAT. On January 18, 2008 the Supreme Court passed order directing the said application to be listed after two weeks.

Suit in Bombay City Civil Court

Two individuals, Mr. Ghanshyam R Mehta and Mr. Bhavesh R Mehta filed Small Cause Suit No. 43 of 2008 on January 8, 2008 before the Bombay City Civil Court at Bombay, *inter alia*, seeking revocation and cancellation of the permission for the Issue and an order for restraining the Company from allotting the shares in the Issue.

On January 11, 2008, the Hon'ble Supreme Court after hearing the application made by the Company ordered stay of the proceedings in this suit. The Supreme Court further passed an order that the IPO may be proceeded with despite any ex-parte interim order that may be passed by any other court/ authority / tribunal.

Two Special Civil Applications filed before the Ahmedabad High Court

On January 8, 2008, two Special Civil Applications Nos. 173 of 2008 and 174 of 2008 (in the nature of public interest litigation petitions) were filed before the Ahmedabad High Court, *inter alia*, seeking annulment of SEBI order dated December 27, 2007 and staying the Issue. On January 9, 2008 the Company filed an application before the Supreme Court of India for transfer of these two Special Civil Applications and seeking stay of the proceedings before the Ahmedabad High Court. The Supreme Court of India was pleased to order issue of notice returnable within two weeks and to stay the proceedings in the both the said Special Civil Applications. Consequently, the Ahmedabad High Court adjourned both the cases with a direction that the matters be listed for hearing only after the stay is vacated or permitted to be proceeded with. These Special Civil Cases were sought to be withdrawn but on January 17, 2008 but the Ahmedabad High Court directed the petitioners to seek permission from the Supreme Court.

Public Interest Litigation challenging Dadri Project Land Acquisition Notification

One Sahyog Samiti filed public interest litigation before the Supreme Court of India, *inter alia*, seeking quashing of the notification issued by the Government of Uttar Pradesh for acquisition of land for the Dadri Project, being developed by the Company. This petition was heard by the Court of Chief Justice of India on January 8, 2008. The Hon'ble Court refused to admit the plea for quashing this notification and passed an order deleting the name of the Company and the prayer for quashing the notification of acquisition of land for Dadri project from the scope of the said petition.

III. Cases involving Subsidiaries of Reliance Power Limited.

A. Sasan Power Limited

Chatrasal Block is one of the three coal mine blocks allocated to the Sasan Thermal Power Project. Satna Power Corporation Private Limited challenged the allocation of the Chatrasal Block to National Thermal Power Corporation Limited through a writ petition before the Delhi High Court. SPL, to whom the said Block has been subsequently transferred, has been made a party to the dispute. The said writ petition was dismissed vide order dated May 2, 2006 and the appeal against the same is pending before the Division Bench of the Delhi High Court.

B. Maharashtra Energy Generation Limited

A public interest litigation was filed by Shetkari Sangarsh Limited before the Bombay High Court in 2006 where the petitioner has challenged the setting up of thermal power plant at Shahapur by MEGL on the ground that legal/ proper environment clearance has not been obtained and the setting up of the power plant

would have disastrous consequences for the environment. On August 23, 2007, the Bombay High Court passed an order observing that MEGL should not take any steps for implementation/commencement of the thermal power project without obtaining all requisite permissions and clearances. It also directed MEGL to notify the Court of the receipt of requisite permissions and approvals before taking steps for implementation/commencement of the thermal power project. Further, the Bombay High Court passed an order dated September 11, 2007 clarifying that the pendency of this petition will not be an impediment in applying, processing and granting various permissions and final clearance by authorities in accordance with law. The Company has received environmental clearance from the MOEF for the project and a necessary application has been filed before the High Court to proceed with the implementation the project. On January 17, 2008, the Bombay High Court directed MEGL to proceed after obtaining all approvals and noted the availability of MoEF clearance for the MEGL project. The Bombay High Court also directed Shetkari Sangarsh Samiti to file additional separate affidavits for all individuals who are affected by the land acquisition.

C. Siyom Hydro Power Private Limited

One Mr. Ravindra Nath filed a writ petition in January 2006 before the High Court of Delhi against the Union of India and other authorities against an order of the National Environment Appellate Authority (NEAA). He had filed an appeal before the NEAA against the environmental clearance granted by the Ministry of Environment and Forests to the Siyom Hydro Electric Project on the grounds that the environment clearance granted on several grounds including non-compliance with EIA notifications, inadequate EIA study, no proper public hearing and no opportunity being given to the petitioner for being heard. NEAA dismissed this appeal on the ground that he was not an affected person. SHPPL filed an application in December 2007 before the High Court of Delhi seeking to implead itself in the writ petition as a necessary party to assist the High Court, Delhi in arriving at a just and fair decision and also to safeguard its own interests. The matter is pending.

IV. Cases involving our Directors

Mr. Anil Dhirubhai Ambani

Criminal cases

1. There are three criminal complaints filed against Mr. Anil Dhirubhai Ambani and certain other entities and individuals pertaining to disputes with regard to the slump sale of the wind energy division of NEPC to Southern Wind Farms Limited (a company in which one of the Reliance ADA group companies holds shares). These complainants have alleged that SWFL has not paid the required consideration for the sale and that the accused threatened the NEPC directors when the consideration was demanded. Two of these complaints relate to a plot of land belonging to the wind energy unit where it has been alleged that the accused threatened the complainant from entering the land and that the accused trespassed the land and illegally removed machinery from the factory situated on the plot of land. The complainants have moved the High Court, Madras, to get FIR registered against the accused. In one of the petitions, the High Court has directed the police to register the FIR.
2. There are two criminal cases filed against Mr. Anil Dhirubhai Ambani and others before the Special Court for Economic Offences, Jaipur by two holders of the optionally fully convertible debentures under Section 63 of the Companies Act. The complainants have alleged that false statements were made by the erstwhile Reliance Polypropylene Limited (which is not an affiliate of the Reliance ADA group) in the prospectus pertaining to a public issue of optionally fully convertible debentures. The Court took cognizance of the allegations levied by the complainant and issued summons to Mr. Anil Dhirubhai Ambani and others. They have filed a Revision Petition before the Sessions Court, Jaipur, which is pending disposal.
3. One Mr. Bharat Bhushan Singh has filed a criminal case against Mr. Anil Dhirubhai Ambani and others in the court of the Chief Judicial Magistrate, Patna. The complainant has alleged non transfer of 200 shares in the erstwhile Reliance Petroleum Limited. The court has taken cognizance of the offences alleged and issued summons to Mr. Anil Dhirubhai Ambani and others under Section 403 and 420 read with section

120-B of the Indian Penal Code. Pending disposal of a petition for quashing of the case filed by the accused, the Patna High Court has stayed the proceedings before the Chief Judicial Magistrate, Patna.

4. One Mr. Vilas Kumar Khetan has filed a criminal case against Mr. Anil Dhirubhai Ambani and others in the Court of the Chief Judicial Magistrate, Patna. He has alleged that he had purchased 300 shares of erstwhile Reliance Petroleum Limited and lodged them for transfer in his name. As the transferred shares were not returned to him, he filed this case alleging cheating and criminal breach of trust.
5. There are three cases filed against Mr. Anil Dhirubhai Ambani and others in various criminal courts alleging forgery of documents and criminal conspiracy. The complainants have claimed that they have not applied for a phone connection but have been receiving bills. The matters are pending. (In two of these cases, RCOM has also been made a party to the dispute).
6. Chheda Medical Consultancy Services Private Limited and others have filed a criminal case against Mr. Anil Dhirubhai Ambani and 5 others in the Bhoiwada Court, Mumbai. The documents of the case are not traceable from the time when the matter was transferred from 7th court to 29th court at Bhoiwada Court, Dadar. The matter has been kept for arguments before issue of process. (RCOM has also been made a party to this matter).
7. One Mr. Pannalal Swaroop has lodged a criminal complaint against Mr. Anil Dhirubhai Ambani and 2 others in the Manikpur Police Station, Mumbai, under Sections 415, 416, 420, 465, 467 & 471 read with Section 34 of the Indian Penal Code for cheating, forgery, causing wrongful loss to him and wrongful gains. He has claimed that by changing the plan for subscription for his mobile phone, RCOM had cheated him and lakhs of other subscribers. The matter is pending. (RCOM has also been made a party to this matter).
8. It was learnt by the Company through an e-mail dated January 4, 2008 received from one Mr. V M Raste that he has filed a private criminal complaint against Mr. Anil Dhirubhai Ambani and some other directors of Reliance Capital Limited in connection with certain shares of Reliance Energy Limited sold by Reliance Capital Limited. The Company has informed him that no notice of filing of such case or any court taking cognizance of such case has been received by Mr. Anil Dhirubhai Ambani. The said V.M. Raste has also forwarded the case papers to some of the Book Running Lead Managers.

Consumer cases

There are 16 cases and one appeal filed against Mr. Anil Dhirubhai Ambani in various district consumer dispute resolution fora and the Punjab State Consumer Dispute Resolution Forum respectively. The cases relate to deficiency of service by RCOM and involve an amount of Rs. 3.60 million. (In some of these cases, RCOM has also been made a party to the dispute).

Labour cases

There are 2 cases filed against Mr. Anil Dhirubhai Ambani and 8 others in the Labour Court, Patna. In these cases, the applicants have alleged that they were deployed through a contractor and after about seven months of services, their services were discontinued without giving any notice or paying one month's notice pay or compensation. They have filed these applications challenging their termination and amongst others have also sought reinstatement of their services.

Civil case

One Mr. Mohaideen Kadar has filed a case before the Civil Judge, Ilyangudi against Mr. Anil Dhirubhai Ambani and RCOM praying for permanent injunction against the construction of tower for a base transmitter station on his land. The case is pending before the court.

Election Cases

There are four election petitions filed in the Allahabad High Court where Mr. Anil Dhirubhai Ambani has also been made a party. In June 2004, Mr. Anil Dhirubhai Ambani was elected to the Rajya Sabha unopposed. The election petitions were filed against this election. Subsequently, in March 2006, Mr. Anil Dhirubhai Ambani resigned from his membership of Rajya Sabha. He has since then filed applications in all election petitions for deletion of his name from the respondents since the relief claimed by the applicants for setting aside his election has become infructuous. The applications are pending disposal in the Allahabad High Court.

V. Cases involving Promoters

A. Mr. Anil Dhirubhai Ambani

For litigations involving Mr. Anil Dhirubhai Ambani, see “Cases involving Directors” above.

B. Reliance Energy Limited

Cases filed against REL

Tax related cases

The Sales Tax Officer, Pallakad has filed a special leave petition before the Supreme Court of India alleging that REL is liable to pay entry tax and penalty of Rs. 850 million plus interest as demanded by the Sales Tax Officer vide their notice dated November 15, 2006. The petitioner has challenged the Judgement of Kerala High Court which has allowed the REL petition and has set aside the notices issued by the petitioners. The case is still pending before the Court.

Civil cases

1. There are 84 cases which have been filed against REL in the various civil court and High Courts challenging the bill or excess bill or supplementary bill or final assessment order issued by REL on account of grounds such as tampering, stopped meter, unauthorised extension of load These cases involve an amount of Rs. 20.23 million.
2. There are five cases, which have been filed against REL in various civil courts disputing the disconnection or notice of disconnection or recovery notice issued by REL to them for non payment of bill or supply given to others. These cases involve an amount of Rs. 4.52 million.
3. There are three cases, which have been filed against REL in various civil courts challenging the notice of theft issued by REL to them. These cases have no financial implication on this company.
4. There are nine cases which have been filed against REL in various civil courts and High Courts challenging the transfer of arrears and have pleaded for a new connection. The cases involve an amount of Rs. 1.81 million.
5. There are two pending cases involving REL which pertain to dispute involving work orders of amount aggregating to Rs. 0.69 million. These cases are at various stages of adjudication.

Investor Related Disputes

1. There are some investor related disputes in which REL is involved out of which, 12 cases relate to loss of share certificates transferred to third parties and which were dematerialized. 35 cases relate to loss of share certificates transferred to third parties and which were not dematerialized. It has been claimed in this dispute that the shares are required to be recovered/ or the claimant be compensated for settlement as the

shares have been transferred out. If the matters are decided against REL, it may have a financial impact on REL to the extent of such compensation.

2. There are some investor related disputes in which REL has been made a party, but these cases would not have any financial impact on REL. Out of these, 7 cases have already been resolved and are awaiting withdrawal/dismissal orders. 9 cases relate to disputes between brokers, buyers, sellers and requirement of succession certificates. There are also certain cases which do not have an immediate impact on REL. Of these, 24 cases relate to loss/ non- receipt of share certificates sent for transfer and the shares stand in the name of the plaintiff. The cases are pending at various levels of adjudications.
3. 10 cases have been filed after the demerger of RIL, where parties have claimed that they have lost shares pursuant to the demerger. These cases relate to 229 shares in total. REL has not been made a party in all of these cases. In 6 cases where REL has been made a party, the cases relate to ownership of shares and shares to be allotted subsequent to the demerger. Such cases relate to 672 shares in total.

Criminal Contempt Cases

One Mr. Sanjay Gujar has filed a criminal contempt case in the Labour Court, Mumbai against REL alleging that REL has not paid the back wages, as directed by the order of the Bombay High Court dated November 13, 2006 in Writ Petition No. 4554/2006. REL's contention is that they have already made the payment of back wages as per the directions of the High Court. This case involves an amount of Rs. 0.25 million.

Labour cases

There are 17 cases involving REL in the various labour/industrial courts in Mumbai and the Bombay High Court and also includes a writ petition in the Bombay High Court. These cases involve different issues like implementing the clause regarding employment of kin of deceased employees, discussing issues of the employees with other unions, restraining REL from terminating services of the applicant or implementing the order of transfer, challenging an enquiry filed against an employee, allegation of REL engaging in unfair labour practices, for reinstatement and back wages and claiming contribution with respect to contract workers. These cases are pending at various stages of adjudication before the various courts. These cases involve an aggregate amount of Rs. 2.58 million.

Regulatory Matters

1. TPCL has filed a civil appeal before the Supreme Court of India against REL alleging that REL had offered certain rebate with effect from 1998 to retain high value consumers and prevent their migration to TPCL. MERC by its order dated February 20, 2004, disallowed such rebate and treated this rebate of Rs. 3,500 million as a notional income while computing the aggregate revenue requirement for the period 1998 to 2004. REL has challenged the said order by filing an appeal before the Appellate Tribunal for Electricity (ATE). The said appeal was allowed by ATE and the order of MERC was set aside. TPCL has challenged the judgment by filing a second appeal before the Supreme Court of India and the said appeal is pending.
2. TPCL has filed a civil appeal before the Supreme Court of India against REL claiming that REL should pay the standby charges to them at the same rate per KVA as TPCL pays to MSEB. REL has contended that the part of standby charges payable by TPCL to MSEB is recovered through tariff and hence they are not liable to pay at the same rate as TPCL pays to MSEB. REL has claimed that it is entitled to refund of Rs. 5,540 million from TPCL in the dispute of sharing stand by charges with MSEB as directed by the Appellate Tribunal for Electricity. REL has received Rs. 2,270 million from TPCL pending disposal of the appeal, as directed by the Supreme Court of India.
3. TPCL has filed a civil appeal before the Supreme Court of India against an order of ATE passed in favour of REL. REL had filed a case against TPCL in MERC claiming that TPCL did not have a valid and subsisting license granted to it by MSEB to supply electricity to retail consumers and instead has a bulk supply licence. TPCL had claimed that it has a valid licence to supply electricity to retail consumers.

MERC ordered in the favour of TPCL against which REL went on an appeal to ATE, which upheld the stand of REL. An appeal has been filed against this judgement in the Supreme Court of India by TPCL.

Arbitration Proceedings

1. A matter is pending before an arbitral tribunal in relation to a dispute between Oil and Natural Gas Corporation Limited (ONGC) and REL. ONGC vide its statement of claim dated December 15, 2006 has contended that REL owes ONGC a sum of Rs. 43 million, being the amount incurred by ONGC on the project activities of REL for supplying gas and associate condensate. REL filed a reply refuting ONGC's claim. The arbitration petition is pending.
2. There are three pending disputes involving REL before different arbitral tribunals which have been initiated by companies who were awarded contracts for different services by REL. REL has claimed that the work is not being done and delay was caused, due to which they tried to recover dues and damages. REL attempted to recover the amount payable by encashing bank guarantees, etc., which has been challenged by these companies. These cases involve an amount of Rs. 10 million.

Consumer Cases

There are 102 pending consumer cases filed against REL involving disputes pertaining to claiming of refunds, compensation for cost of damages, deficiency of service, rectification of bills, mental anguish, restoration of connection and electrocution. The amount included in these cases is Rs. 9.14 million.

Cases filed by Reliance Energy Limited

Labour Cases

There are four cases filed by REL in the labour courts pending before various Labour/Industrial Courts. The cases have been filed on the following grounds:

- i) The Bombay Electric Workers Union (BEW) had given a call for illegal strike in March, 1996 for the solution of various problems such as promotion policy, medical reimbursement scheme, housing loan scheme to be implemented as per the agreement, employees' children to be absorbed in the REL's service etc.
- ii) Breach of order of the Industrial Disputes Court restraining BEW Union, its office bearers/members and employees of the company from carrying out any labour agitations or any other demonstration within 100 meters radius from the company's premises.
- iii) Restraint the BEW Union to hold dharanas and agitation at all the company's offices in Mumbai and also at Bhaidas Auditorium where REL organizes its AGM.
- iv) Appeal against an order of the lower court, which allowed the claim of the applicant and allowed reinstatement with payment of back wages.

Consumer cases

Three appeals have been filed by REL against the decisions of the respective consumers forums which are pending before the Maharashtra State Consumer Dispute Redressal Commission, Mumbai in the State Commission. The issues involved in these cases include claiming of refunds, compensation for cost of damages, deficiency of service, rectification of bills, mental anguish, restoration of connection and electrocution. The amount involved in these cases is Rs. 0.2 million.

Arbitration Proceedings

1. REL has filed an arbitration petition in the Bombay High Court, challenging the award dated June 30, 2007 in relation to an arbitration proceeding which was conducted under the Arbitration Act, 1940. This petition relate to disputes and differences arising out of a contract entered into by the parties for the work of development of land for a 220 KV sub-station. The claimants (Joy Construction) claimed an amount of Rs. 4.80 million on various counts including claim for work carried out, loss of profit and damages. The amount involved in the case is Rs. 5.53 million. The matter is pending.
2. A dispute is under arbitration between REL and Bharat Petroleum Corporation Limited. In response to notice inviting tenders for electrical distribution system revamp job for Kochi Refineries Limited, REL had submitted a tender. The work for an amount of Rs. 233.5 million had to be executed within 15 months. There was a delay of 14 months in completion of the contract. The respondents have failed to settle the amount due to REL. After three years, REL has filed for arbitration for claiming outstanding dues. The amount involved in this matter is Rs. 105.4 million.
3. A dispute between REL and M/s Petronet MHB Limited is pending before an arbitral tribunal. REL has claimed that the respondent has wrongly deducted Rs. 4.63 million from the claimant on account of liquidated damages for delay with respect to a turn key agreement. REL is in the process of filing its reply to the interrogatories.

Cases under Section 138, Negotiable Instruments Act, 1881

There is one case filed by the REL involving Section 138 of the Negotiable Instruments Act. The cheque involved in this case was issued towards billing. The case involves an amount of Rs. 0.17 million.

Regulatory Proceedings

1. REL has filed an appeal before the Appellate Tribunal of Electricity. REL had debited an amount (approximating Rs. 130 million) from the account of Tata Power Company Limited on account of reverse flow of power to TPCL system. An earlier order of MERC directed REL to refund the amount debited from the account of TPCL on account of reverse flow of power to TPCL system. The matter is pending.
2. REL has filed an application before the Maharashtra Electricity Regulatory Commission requesting an approval of purchase of power during the months of April, May and June 2007 from new sources and rates at source and approval of transmission losses and open access charges for intervening transmission corridors as applicable as actuals up to REL-D's network. The matter is pending before the commission.
3. REL has filed an application before the Maharashtra Electricity Regulatory Commission. REL has applied for a waiver of the minimum targets of RPS for the year 2006-2007. It has also sought the reduction of minimum targets to 2.4% from 4% for the year 2007-2008. The matter is pending before the commission.
4. REL has filed a petition before the Maharashtra Electricity Regulatory Commission against TPCL. REL has claimed that it is entitled for allocation of 762 MW of TPCL's generation capacity. TPCL has been offering the remaining 500 MW of its generating capacity to REL after giving 800 MW to BEST and 477 MW to its distributions arms. MERC has disposed the matter. REL filed an appeal against the said order of MERC before the Appellate Tribunal for Electricity. The matter is pending.
5. REL has filed an appeal against TPCL before the Appellate Authority against the orders of MERC. Tata Power Company Limited has filed a petition before the Maharashtra Electricity Regulatory Commission in March 2002 claiming Rs. 1,250 million from REL towards "Take or Pay and Additional Energy Charges" pursuant to an agreement dated January 31, 1998. REL has refuted this claim. The petition is pending before MERC. The petition was disposed off by MERC in favour of TPCL and subsequently an appeal was filed by REL.

Writ Petitions

1. REL is in the process of setting up a FGD Plant at its Dahanu Thermal Power Station where it was required to furnish a bank guarantee to the tune of Rs. 3,000 million as security for setting up the plant. While it has furnished the bank guarantee, it has claimed that it is not liable to furnish the bank guarantee and has filed a writ petition in the Bombay High Court challenging this.
2. REL has filed a writ petition in the Bombay High Court challenging the order of the Tahasildhar, Dahanu dated September 13, 2007 directing REL to pay Rs. 720 million to the Government of Maharashtra towards unearned income for sale of the Dahanu Thermal Power Station land by BSES Limited to REL. REL has contended that there has only been a change of name of the company from BSES Limited to Reliance Energy Limited and the corporate entity remains the same. The writ petition is pending.

IV. Cases involving Promoter Group Companies

A. Reliance Capital Limited

Cases filed against Reliance Capital Limited

Civil cases

1. One Mr. Harinarayan Bajaj & Ors have filed a suit against RCL in the Bombay High Court which pertains to loans of Rs. 100 million granted by RCL to the plaintiff secured by a pledge of shares. The loan amount was recovered by enforcement of security. The plaintiff has alleged that sale of part of the shares was not correct and has claimed refund of shares and benefits accrued on the said shares. The case involves 322,172 shares of Sesa Goa Limited and also Rs. 14.9 million towards accrued dividend and interest. At present, the proceeds of sale are deposited in court and the matter is pending.
2. Ms. Bharatiben & Ors. have filed a suit against RCL in the Bombay High Court which pertains to equity shares delivered by Manubhai Maneklal to RCL (as a custodian) in connection with the transactions carried out by Reliance Enterprises Limited. The Plaintiffs are the heirs and legal representatives of late Manubhai Maneklal who have filed the suit for recovery against RCL. The case involves an amount of Rs. 75.7 million. At present the case is listed for recording evidence of the parties.

Investor Related Disputes

1. There are some investor related disputes with respect to shares of RCL which involve 28 cases where RCL has to purchase shares from the open market and deliver the same to the complainants. There are 23 cases where shares have to be recovered/compensated for settlement as the same have been transferred out. There are 9 cases in relation to monetary claims against RCL. These cases relate to 46,943 shares and involve an amount of Rs. 0.9 million.
2. There are certain investor related disputes in which RCL has been made a party, but there would be no financial impact on RCL. Out of these, 30 cases are in relation to settlement involving a broker or third parties, 53 cases which involve the complainant making a payment to RCL or providing suitable indemnities. There are 23 cases where settlement is pending completion of procedural formalities. In addition, there are 25 cases where copies of relevant court documents/complaints are not available with RCL.
3. There are 10 investor related disputes filed after the demerger of Reliance Industries Limited, where parties claim to have lost shares pursuant to the demerger. These cases relate to 215 shares in total. RCL has not been made a party in all these cases. In 6 cases filed where RCL has been made a party, the cases relate to ownership of shares and shares to be allotted subsequent to the demerger. Such cases relate to 671 shares in total.

Cases filed by Reliance Capital Limited

Recovery suits

There are 13 cases filed by RCL in the Bombay High Court for recovery of dues in respect of the financial assistance or bill discount facility granted by it to the defendants. The cases involve an aggregate of Rs. 667.7 million and are at various stages of adjudication.

Cases under Section 138, Negotiable Instruments Act, 1881

There are 51,843 cases filed by RCL in various criminal courts with respect to dishonour of cheques which were given for purchase of mobiles. The cases involve an amount of Rs. 91.99 million and are at various stages of adjudication.

B. Reliance Natural Resources Limited

Cases filed against RNRL

1. There are seven cases filed against RNRL where the legal heirs of shareholders have filed these cases claiming succession certificates. 4,495 shares of RNRL are involved. All these cases are in the initial stages of filing.
2. There are 14 cases filed against RNRL where the plaintiffs have claimed ownership of 2,544 shares of RNRL along with subsequent demerged company shares. RNRL is in the process of replying to the same.

Cases filed by RNRL

Pursuant to the scheme of demerger of RIL, the gas based energy undertaking was to be transferred to RNRL from RIL. The parties had entered into a Gas Supply Master Agreement on January 12, 2006 ("GSMA"), which provided that RNRL is entitled to a fixed amount of gas from the KG D-6 basin operated by RIL. RNRL filed a company application against Reliance Industries Limited ("RIL") in the Bombay High Court claiming that the agreement was not in conformity with the requirements under the scheme and rendered the demerger of the Gas Based Energy Undertaking under the scheme unworkable. The respondents' claimed that the High Court did not have jurisdiction and that the scheme was implemented. The court by way of its judgment delivered on October 15, 2007 held that the GSMA is in breach of the scheme and that it would be appropriate for both parties to renegotiate, reconsider and settle the terms of the existing GSMA afresh within four months and extended the operation of its interim order protecting RNRL's entitlement for four months. Following the commencement of the negotiations, RIL subsequently filed an appeal before the High Court, Bombay on December 14, 2007 against the earlier judgment of the Bombay High Court. On December 17, 2007, RNRL also filed an appeal before the the High Court, Bombay challenging certain inconsistent observations that crept into the judgment.

C. Reliance Communications Limited

Cases filed against Reliance Communications Limited

Investor Related Disputes

1. There are three cases filed against RCOM where the legal heirs of shareholders have filed these cases claiming succession certificates. 3,698 shares RCOM are involved. All these cases are in the initial stages of filing.
2. There are 13 cases filed against RCOM where the plaintiffs have claimed ownership of 1,374 shares of RCOM along with subsequent demerged company shares. RCOM has received plaint copies in all these cases and is in the process of replying to the same.

Civil Cases

There are 80 civil cases filed against RCOM (in some of the cases, the Manager, Managing Director, Chief Managing Director, Chairman of RCOM have been made parties) in the different civil courts relating to money recovery and civil disputes. The cases are currently pending before the court and are at various stages of adjudication. These cases involve an amount of Rs. 13.06 million.

Consumer Cases

1. There are 868 cases filed against RCOM (in some of the cases, the Manager, Managing Director, Chief Managing Director, Chairman of RCOM have been made parties) in various district consumer dispute resolution fora. The cases relate to deficiency of service by RCOM and involve an amount of Rs. 84.95 million. (In some of these cases, Mr. Anil Dhirubhai Ambani has also been made a party to the dispute).
2. There are 52 appeal cases filed against RCOM in various state consumer dispute resolution fora. The cases involve an amount of Rs. 2.05 million and are at various stages of adjudication.

Tower construction cases

There are 285 tower related cases filed against RCOM in various courts with respect to disputes pertaining to construction of base transmission stations. These cases are at various stages of adjudication and involve an amount of Rs. 9.26 million. (In some of these cases, Mr. Anil Dhirubhai Ambani has also been made a party to the dispute)

Tax cases

There are 5 cases filed against RCOM in various tax tribunals and High Courts with respect to tax assessment and payment. These cases are at various stages of adjudication and involve an amount of Rs. 53.28 million.

Labour cases

There are 8 cases filed against RCom in various labour tribunals with respect to various labour issues pending at various stages of adjudication. These cases involve an amount of Rs. 3.4 million.

Regulatory Cases before TDSAT

1. Mahanagar Telephone Nigam Limited (MTNL) has filed an application in the Supreme Court of India against a Telecom Disputes Settlement & Appellate Tribunal (TDSAT) judgement and order passed in favour of RCOM. RCOM had filed a petition against MTNL inter alia challenging the unilateral and exorbitant determination and revision of charges towards infrastructure sharing and also unilateral deduction of RCOM's IUC payments in TDSAT. The appeal was allowed by TDSAT and MTNL has approached the Supreme Court of India against this order. The impugned order has been stayed till such time as both parties file their respective replies. The case involves an amount of Rs. 20 to 30 million till the validity of the licence.
2. BSNL (Bharat Sanchar Nigam Limited) has filed an appeal against the Telecom Regulatory Authority of India (TRAI), Association of Unified Telecom Service Providers of India (AUSPI) and Cellular Operators Association of India (COAI) challenging regulation dated February 2, 2007 notified by TRAI being the Telecommunication India Connection (Port Charges) Amendment Regulation, 2007, on the ground that it is without jurisdiction and without any basis.
3. BSNL has filed an appeal against RCOM, AUSPI and COAI challenging regulation dated March 21, 2007, notified by TRAI being Telecommunication Interconnection Usage Charges (Eighth Amendment) Regulation 2007 which is applicable for the year 2007-08. The case involves an amount of Rs. 250 million.

4. An appeal has been filed by BSNL against TRAI in TDSAT inter-alia challenging Explanatory Memorandum 84 to IUC Regulation dated October 29, 2003, issued by TRAI imposing uniform carriage charge of 20 paise on calls terminating from mobile network on Level II TAX and doing away with distance based carriage charge. AUSPI is a respondent in the case. The case involves an amount of Rs. 15 million per month. The case is listed for hearing.
5. BSNL has filed a case against TRAI and AUSPI before TDSAT challenging TRAI's directive dated September 11, 2006 by which TRAI held that terminating network operator is entitled only to termination charges and not to additional revenue sharing for roaming call charges. The appeal has been dismissed and as of the date of this Prospectus, no further appeal has been preferred against the dismissal order
6. COAI has filed a case against RCOM, BSNL, DOT (Department of Telecommunications) and TRAI before TDSAT on the issue of access deficit charge on fixed wireless services of RCOM under the brand name 'Unlimited Cordless'. COAI is seeking refund of access deficit charge till January 30, 2005. The case involves an amount of Rs. 20 million.
7. BSNL has filed an appeal against TRAI before TDSAT inter alia challenging that part of the IUC Regulations, whereby quantum of ADC receivable by BSNL has been reduced. AUSPI has been impleaded as a respondent.
8. CIAO has filed a petition challenging DOT's decision to permit both GSM and CDMA spectrum under the same licence.

Cases before the Supreme Court of India

1. BSNL filed an appeal before TDSAT challenging TRAI's directive, by which it held that terminating network operator is entitled only to termination charges and not to additional revenue sharing for roaming call charges, TDSAT dismissed the appeal, against which an appeal was filed by BSNL.
2. MTNL has filed an appeal before the Supreme Court of India against a TDSAT judgment. RCOM had filed a petition against MTNL inter alia challenging the unilateral and exorbitant determination and revision of charges towards infrastructure sharing and also unilateral deduction of RCOM's IUC payments. The appeal was allowed by TDSAT, against which MTNL approached the Supreme Court. The order of TDSAT has been stayed.
3. DOT filed an appeal against the TDSAT judgment on the validity of the definition of Adjusted Gross Revenue (AGR) in licenses issued by DOT. A petition was filed by AUSPI against the Union of India and TRAI before TDSAT, challenging the same. TDSAT had referred the matter back to TRAI for its recommendations. Against this order, DOT filed an appeal before the Supreme Court, which dismissed the appeal and granted liberty to DOT to raise their contentions before TDSAT, which decided the petition against them. An appeal is filed against this order.

Criminal Cases

There are 18 criminal cases filed against RCOM in various criminal courts against various other parties on grounds of fraud and cheating. There is no financial implication in any of these cases.

Cases filed by Reliance Communications Limited

Cases filed under Section 138, Negotiable Instruments Act, 1881

There are 18,963 cases filed by RCOM under Section 138, Negotiable Instruments Act, 1881 against various defendants which relate to dishonour of cheques received by RCOM towards payment of bill amounts. These cases involve an amount of Rs. 106.48 million. These cases are at various stages of adjudication.

Consumer cases

There are 119 cases where appeals have been filed by RCOM in various state consumer dispute resolution fora against the orders of the various consumer dispute resolution fora. The cases involve an amount of Rs. 3.27 million. All these cases are currently pending before the dispute resolution fora.

Civil cases

There are 246 civil cases filed by RCOM in various civil courts relating to recovery of dues and involve an amount of Rs. 14.73 million. The cases are at various stages of adjudication.

Criminal Cases

There are 2,851 criminal cases filed by RCOM in various criminal courts against various other parties on grounds of fraud and cheating. The cases involve an amount of Rs. 61.01 million and are at various stages of adjudication.

Lok Adalat Cases

There are 1,638 cases filed by RCOM before the District Legal Services Authority for recovery of dues. In all these cases, a notice has been sent to the respondent. The cases involve claims worth Rs. 3.36 million.

Tower cases

There are 5 cases filed by RCOM against different defendants with respect to disputes pertaining to tower construction for base transmitter station in various courts. These cases involve an amount of Rs. 14.45 million and are at various stages of adjudication.

Regulatory Cases

Cases before the Supreme Court of India

1. RCOM has filed an appeal before the Supreme Court of India against Bharat Sanchar Nigam Limited (BSNL), against the judgement and order by the TDSAT in RCOM's petition inter alia challenging the directives issued by the (TRAI and Department of Telecommunications (DOT) respectively on the FWP services of RCOM). The Supreme Court of India has admitted RCOM's appeal and granted stay against disconnection and/or encashment of bank guarantee on a deposit of Rs. 400 million in addition to the amount of Rs. 80 million already deposited. The case is listed for final hearing and involves an amount of Rs. 5,400 million.
2. RCOM has filed an appeal before the Supreme Court of India against the Department of Telecommunications which had imposed a penalty of Rs. 1500 million on RCOM for alleged violation of license conditions in relation to Home Country Direct services. TDSAT upheld the imposition of penalty by DOT. The aforesaid amount has been paid by way of deposit to DOT. The case is listed for hearing and involves an amount of Rs. 1500 million.
3. RCOM has filed an appeal before the Supreme Court of India against TRAI against a TDSAT judgement and order. RCOM had filed a petition before the TDSAT challenging the levy of transit charge of Rs. 0.19 by BSNL on RCOM for accessing CellOne subscribers. The Cellular Operators have already obtained a relief with respect to transit charges from TDSAT by an order earlier. The matter is pending in the Supreme Court of India. The only issue pending relates to refund for the period since the order till the date of implementation of agreement for direct connectivity.

Cases before the High Court

1. RCOM has filed a petition before the Delhi High Court against BSNL submitting that interconnect agreement provides for arbitration and hence the dispute on the Home Country Direct (HCD) matter should be referred to the arbitration. BSNL has submitted that the matter should be referred to the TDSAT since TDSAT has the jurisdiction to hear matters between the two service providers despite there being a provision for arbitration. An appeal has been filed before the Division Bench of the High Court on the issue of jurisdiction of the High Court. An amount of Rs. 3,190 million has already been paid by RCOM in this matter. An arbitration application has been filed in the case by RCOM under Section 8 and 11 of the of the Arbitration and Conciliation Act, 1996 seeking orders to refer the parties to arbitration in pursuance of arbitration agreement contained in the Interconnect Agreement between RCOM and BSNL with respect to the disputes regarding HCD. The case is still pending before the court.
2. RCOM has filed an arbitration application in the Delhi High Court under sections 8 and 11 of the of the Arbitration and Conciliation Act, 1996 seeking orders to refer the parties to arbitration in pursuance of arbitration agreement contained in the interconnect agreement between RCOM and MTNL with respect to the disputes regarding HCD. The case is still pending before the High Court.

Cases before TDSAT

1. RCOM has filed a reconciliation petition against BSNL in TDSAT for compliance with the provisions of the Interconnect Agreement regarding reconciliation of bills. The matter is pending.
2. RCOM has filed a reconciliation petition against BSNL in TDSAT challenging the circular issued by BSNL inter alia amending and modifying Clauses 7.6.0 to 7.6.3 of the Interconnect Agreement entered into between the parties.
3. RCOM has filed a petition against BSNL in TDSAT against the judgement, inter alia seeking implementation of the judgement and order given by TDSAT on the issue of charges for passive links passed in favour of RCOM. The matter is adjourned to a later date and involves an amount of Rs. 20 million.
4. There are 2 limitation petitions filed by RCOM against BSNL and MTNL in TDSAT in relation to cases pending before TDSAT on Home Country Direct services. The cases have been adjourned to a later date and involve an amount of Rs. 3,190 million and an amount of Rs. 3,400 million respectively.
5. AUSPI has filed a petition against Union of India and TRAI in TDSAT inter-alia questioning the validity of the definition of adjusted gross revenue in the licenses issued by the DOT. Refund of excess license fee collected has also been sought. A further prayer for a direction to DOT to implement the recommendation of TRAI dated August 31, 2000 and October 31, 2000 made in regard to definition of adjusted gross revenue has also been sought. TDSAT has decided the case in favour of the petitioners. DOT has filed an appeal in the Supreme Court and the case is listed for hearing.
6. AUSPI has filed a petition against Union of India, DOT and others before TDSAT challenging inter alia the charging of royalty for the use of microwave spectrum from the date of earmarking in 2005 instead of charging from the date of issue of the operating license. The petition also pertains to the date of coming into effect of the revenue share regime.
7. COAI has filed a case against BSNL and TRAI in TDSAT challenging the circular dated February 28, 2006 and February 5, 2006 issued by BSNL in which they made a demand of revenue share on national and international roaming calls and imposition of charges which has been claimed is not permissible under the IUC Regulations of February 23, 2006 on the grounds that such calls are premium in nature and the operators are themselves treating them differentially by charging a higher tariff from their subscribers for such calls. Also a prayer has been made for order for refund of additional amounts wrongly collected on national and international roaming calls by BSNL from the Petitioners, together with interest thereupon as per the applicable rates for delay. The petition was dismissed and appeal filed, which again was dismissed. As of the date of this Prospectus. BSNL has appealed against TDSAT order in Supreme Court, however, no stay has been given in the matter.

8. RCOM has filed a petition against BSNL seeking interim relief against disconnection notices issued by BSNL's Kerala Unit. The amount involved in this case is Rs. 9.65 million.
9. RCOM has filed a petition against allocation of spectrum in excess of the license mandated quantum to the existing private GSM Operators and seeking to reclaim the excess already allocated and further to stop issuing any additional spectrum to the existing private GSM Operator

D. Adlabs Films Limited

Civil Cases

1. There are three civil cases filed against Kulbhushan Gupta & others and one civil case against K B Pictures and another in the Bombay High Court where the plaintiffs have claimed monies from Kulbhushan Gupta and K B Pictures with regard to exhibition of a film. As Adlabs is the custodian of the film which is the subject matter of the dispute, they have been made defendants. Adlabs has claimed that it has no liability in these suits and that K B Pictures and Kulbhushan Gupta owes Adlabs Rs. 11.08 million as processing charges/ loan monies. The cases are pending for disposal before the High Court.
2. One Mr. Samdarshi Jaiswal has filed a civil case against one Mr. Mahendra Dhariwal and others in the Civil Judge (Junior Division), Chandigarh. The plaintiffs have claimed monies from Mahendra Dhariwal and others with regard to exhibition of a film. As Adlabs is the custodian of the film which is the subject matter of the dispute, they have been made defendants. Adlabs has claimed that it has no liability in this suit. The plaintiff has also filed a contempt application arising out of the suit matter. The matter is listed for hearing.

Criminal Cases

One Mr. Sunil Babna has filed a complaint against Eklavya Vision & others in Judicial Magistrate I Class, Patna. The complainant has alleged that he has been cheated of monies by the defendant and that Adlabs has colluded with the defendant in causing him wrongful loss. The case involves an amount of Rs. 3.03 million and is pending in the Court.

Excise Matters

There are 2 cases filed by the Commissioner, Central Excise against Adlabs before the Bombay High Court. The Commissioner, Central Excise has demanded central excise duty amounting to Rs. 20.84 million including a penalty of Rs. 16.76 million with interest and Rs. 21.5 million including a penalty of Rs. 21.7 million to be recovered vide its orders dated August 18, 2006 and August 9, 2006 respectively. The matter is pending.

GOVERNMENT APPROVALS

On the basis of the list of approvals below, we are permitted to carry on our business activities. We have also applied to the concerned governmental authorities for approvals as required to be obtained to continue our activities.

I. Incorporation Details

1. Reliance Power

- Certificate of Incorporation as Bawana Power Private Limited dated January 17, 1995 under the Companies Act.
- Fresh Certificate of Incorporation given by Additional Registrar of Companies, Mumbai for change of name from Bawana Power Private Limited to Reliance Delhi Power Private Limited dated February 3, 1995.
- Fresh Certificate of Incorporation given by Assistant Registrar of Companies, Mumbai for change of name from Reliance Delhi Power Private Limited to Reliance EGen Private Limited dated February 17, 2004.
- Fresh Certificate of Incorporation given by Assistant Registrar of Companies, Mumbai for change of name from Reliance EGen Private Limited to Reliance Energy Generation Private Limited dated March 10, 2004.
- Certificate of Change of Name given by Assistant Registrar of Companies, Mumbai for change of name from Reliance Energy Generation Private Limited to Reliance Energy Generation Limited dated March 31, 2004.
- Fresh Certificate of Incorporation given by Deputy Registrar of Companies, Mumbai for change of name from Reliance Energy Generation Limited to Reliance Power Limited dated July 7, 2007.

2. Sasan Power Limited

- Certificate of Incorporation dated February 10, 2006 under the Companies Act.
- Certificate of Commencement of Business dated July 28, 2006.

3. Rosa Power Supply Company Limited

- Certificate of Incorporation dated September 1, 1994 under the Companies Act.
- Certificate of Commencement of Business dated October 26, 1994 issued by the Registrar of Companies, Uttar Pradesh.

4. Maharashtra Energy Generation Limited

- Certificate of Incorporation as Reliance Capital Ventures Limited dated June 29, 2005 under the Companies Act.
- Certificate of Commencement of business dated June 30, 2005.
- Fresh Certificate of Incorporation given by Deputy Registrar of Companies, Mumbai for change of name from Reliance Capital Ventures Limited to Jaguar Corporate Services Limited dated July 25, 2005.

- Fresh Certificate of Incorporation given by Deputy Registrar of Companies, Mumbai for change of name from Jaguar Corporate Services Limited to Maharashtra Energy Generation Limited dated October 10, 2005.

5. Vidarbha Industries Power Limited

- Certificate of Incorporation dated December 27, 2005, granted to Reliance Natural Resources Limited under the Companies Act.
- Fresh Certificate of Incorporation Consequent to change of name from Reliance Natural Resources Limited to Reliance Mineral Resources Limited dated January 6, 2006.
- Fresh Certificate of Incorporation Consequent upon change of Name from Reliance Mineral Resources Limited to Vidarbha Industries Power Limited dated August 24, 2006.

6. Tato Hydro Power Private Limited

Certificate of Incorporation dated September 7, 2007.

7. Siyom Hydro Power Private Limited

Certificate of Incorporation dated September 7, 2007.

8. Urthing Sobla Hydro Power Private Limited

Certificate of Incorporation dated September 13, 2007.

9. MP Power Generation Private Limited

Certificate of Incorporation dated September 7, 2007.

10. Kalai Power Private Limited

Certificate of Incorporation dated September 26, 2007.

II. Approvals in relation to the Issue

- In-principle listing approvals for the Issue dated October 15, 2007 and October 31, 2007 from BSE and NSE respectively.

III. Approvals in relation to our Projects

We are required to obtain certain approvals from the concerned Central / State government departments and other authorities for setting up our projects and operating the same. These include:

- Approvals from various departments of the Government of India depending on the nature of the project. For example, approval from the Ministry of Coal related to development of captive coal block, environmental approvals from the Ministry of Environment and Forests, and chimney height approvals from the Ministry of Defence and Ministry of Civil Aviation;
- Approvals such as consents to establish and operate a project, environmental clearances and authorizations to draw water, from concerned departments of state governments;

- Approvals from Ministry of Power to obtain benefits associated with mega power project status, depending upon the nature and size of the project;
- Techno Economic Clearance from CEA for the hydroelectric projects; and
- Any other approvals that may be required by local authorities on a case to case basis.

We apply for approvals, licenses and registrations at the appropriate stage of development of each project. We have listed below key approvals that have been obtained or applied for by us along with certain significant approvals that we have identified at this time and that will need to be applied for on a project-by-project basis. In relation to the Kalai II and MP Power projects, since we are at the preliminary stage of the development process, we have not made any applications for the required approvals and such approvals shall be applied for in the due course. The failure to obtain these approvals can result in delays or prevent a project from being commissioned. See “Risk Factors— We require certain approvals and licenses in the ordinary course of business, and the failure to obtain or retain them in a timely manner or at all may adversely affect our operations” on page xxi of this Prospectus.

1. **Rosa Phase I (RPSCL)**

- No Objection Certificate dated October 14, 2005 issued by the Uttar Pradesh Pollution Control Board for setting up of 2 X 300 MW thermal power project, to RPSCL. The NOC is conditional on the project proponent obtaining approvals regarding water and air pollution control mechanism, site clearance from MoEF and other project related approvals.
- Approval dated August 31, 1994 issued by the Air Headquarters, Ministry of Defence for clearance of construction of thermal power station chimney at Rosa, District Shahjahanpur.

The aforesaid approval was granted to Indo Gulf Fertilizers & Chemical Corporation Limited. An application dated September 18, 2007, has been made by RPSCL to the Air Headquarters, Vayu Bhavan, requesting them to transfer the said approval to RPSCL.

- Approval dated October 27, 2004 issued by the Airport Authority of India to RPSCL for granting NOC to the proposed construction of chimney for the 2 X 300 MW thermal power plant, which is valid for a period of four years.
- Approval dated March 14, 2006 issued by the Ministry of Environment & Forests, GOI granting environmental clearance for setting up of 600 MW Rosa Phase I which is valid for five years.

2. **Rosa Phase II (RPSCL)**

- Approval dated March 20, 2007 issued by the Ministry of Environment and Forests granting terms of reference for undertaking detailed EIA study for the purpose of obtaining environmental clearance in accordance with the provisions of the EIA notification, 2006.
- Approval dated December 1, 2006, issued by the Chief Secretary, Government of Uttar Pradesh granting permission to expand the capacity of the project from 600 to 1200 MW provided that the project developer will complete the work of the 600 MW project as per the time frame specified by the electricity regulatory authority and further approvals will be obtained from the electrical regulatory authority for the increased capacity.

The following are the applications made by the project undertaking company for the project.

- Application dated July 27, 2007 to the Uttar Pradesh Pollution Control Board for submission of EIA for the proposed expansion of Rosa Power Project- 2 x 300 MW (stage II).

- Application dated January 16, 2007 to the Ministry of Coal for request to grant an additional long term coal linkage for 4.7 mtpa
- Application dated June 6, 2007 to the Wing Commander, Joint Director Operations (ATS), Air Headquarters for NOC for construction of chimney for Rosa Phase II.
- Application dated June 6, 2007 to the Airports Authority of India for granting NOC for construction of 275 meters high chimney for Rosa Phase II.

3. **Butibori (VIPL)**

- Approval dated August 30, 2006 issued by the Maharashtra Industrial Development Corporation granting allotment of land for the Butibori Project.
- Consent dated December 31, 2007 from the Maharashtra Pollution Control Board to establish the power plant.

The following are the applications made by the project undertaking company for the project

- Application dated July 3, 2007 to the Airport Controller, Airports Authority of India, for NOC for construction of twin flue single chimney of 130 meters height for the proposed project in Butibori.
- Application dated July 3, 2007 to the Ministry of Defence, Government of India, for NOC for construction of twin flue single chimney of 130 meters height for the proposed project in Butibori.
- Application dated May 5, 2006 to the Ministry of Coal, for long term coal linkage for group captive power Project at Butibori.

4. **Sasan (SPL)**

- Approval dated September 21, 2007 issued by the Ministry of Power granting mega project status to the Sasan UMPP.
- Approval dated January 12, 2007 issued by the Airports Authority of India granting NOC to the construction of the proposed Chimney which is valid for four years.

The aforesaid approval was granted to PFC. An application dated September 18, 2007, has been made by SPL to the Airports Authority of India, requesting them to transfer the said approval to SPL.

- Approval dated November 23, 2006 issued by the Ministry of Environment & Forests granting environmental clearance under the provisions of EIA Notification, 1994 which is valid for five years.
- Approval dated July 6, 2006 issued by the Madhya Pradesh Pollution Control Board granting NOC for obtaining environmental clearance under the provisions of EIA Notification, 1994.
- Approval dated February 13, 2007 issued by the Madhya Pradesh Pollution Control Board granting permission to establish the thermal power plant.
- Approval dated September 13, 2006 issued by the Ministry of Coal granting 'in principle' approval of the Central Government to the working of the Moher- Amlori coal blocks by SPL.

The aforesaid approval was granted to PFC. An application dated September 18, 2007, has been made by SPL to the Ministry of Coal, requesting them to transfer the said approval to SPL.

- Approval dated October 26, 2006 issued by the Ministry of Coal granting 'in principle' approval of the Central Government to the working of the Chhatrasal coal blocks by SPL.

The aforesaid approval was granted to PFC. An application dated September 18, 2007, has been made by SPL to the Ministry of Coal, requesting them to transfer the said approval to SPL.

- Notification dated August 8, 2006, for land acquisition under Section 4 of the Land Acquisition Act and notification dated August 10, 2007 under Section 6 of the Land Acquisition Act.
- Approval dated July 18, 2006 issued by the Irrigation Department, Government of Madhya Pradesh, granting water use for the Sasan Project.

The following approvals shall be applied for in the due course:

- Approval of the Ministry of Railways for the transportation of coal.

5. **Shahapur (MEGL)**

- Approval dated September 19, 2006 issued by the Raigad Irrigation Division granting water use to the Shahapur Project.
- Approval dated March 6, 2007 issued by the AAI granting NOC to the construction of the proposed chimney.
- Consent Order dated November 29, 2006 issued by the MPCB granting Consent to Establish for a period up to the Commissioning of the Unit. Letter of Intent dated August 1, 2007 issued by Maharashtra Maritime Board granting approval for construction of captive jetty at Shahapur in Dharamtar creek to unload coal for imported coal based power plant, which is valid for 18 months. This letter of intent shall be acted upon only after obtaining Ministry of Environment and Forest, Government of India.
- Approval dated November 21, 2007 issued by the Ministry of Environment & Forests granting environmental clearance under the provisions of EIA Notification, 1994 which is valid for five years.

The following are the applications made by the project undertaking company for the project

- Application dated November 5, 2005 to the Ministry of Power for the grant of Mega Power Project Status.
- Letter dated September 13, 2006 from the Maharashtra Coastal Zone Management Authority to the Ministry of Environment & Forests granting preliminary NOC to the Shahapur project and requesting the Ministry of Environment & Forests, Government of India to issue a preliminary NOC and to approve the proposal to enable MEGL to acquire land.

The following approval shall be applied for in the due course:

- Approval from the Ministry of Environment and Forest, Government of India for setting up of a captive jetty.

6. **Urthing Sobla (USHPPL)**

Currently the DPR for this project is under preparation. The following approvals shall be applied for due course:

- Techno-economic clearance from the CEA.
- Water and air pollution clearance from the State Pollution Control Board.
- Environmental clearance from the Ministry of Environment and Forests.

The following approvals have been applied for:

- Application dated November 27, 2006 to the Ministry of Environment & Forests for grant of Environment Clearance for the project.
- Application dated December 12, 2006 to the Ministry of Power to forward the application for clearance from the Ministry of Defence for the development of the project.

7. **Dadri Power Project (Reliance Power)**

- Approval dated September 14, 2004 issued by the Airports Authority of India for NOC to the construction of the proposed Natural Draft Cooling Tower (height clearance).
- Approval dated May 7, 2007 issued by the Ministry of Defence, Government of India, granting NOC to the construction of chimneys for the Dadri Project.
- Approval dated April 27, 2004 issued by the Ministry of Power granting status of “Mega Power Project” to the Dadri Project.
- Approval dated June 29, 2005 issued by the Ministry of Environment and Forests granting environmental clearance to the Dadri Project which is valid for 5 years.
- Approval dated August 20, 2004 issued by the Uttar Pradesh Pollution Control Board granting NOC with regard to environmental issues, which is valid for 5 years.
- Approval dated June 21, 2005 issued by the Irrigation Division, GoUP granting Water Use to the Company.

8. **Tato II and Siyom hydro power projects (THPPL and SHPPL)**

Currently the DPRs for these projects are under preparation. The following approvals shall be applied for in the due course:

- Site clearance from the Ministry of Environment and Forest, Government of India.
- Techno-economic clearance from the CEA.
- Water and air pollution clearance from the State Pollution Control Board.
- Environmental clearance from the Ministry of Environment and Forests.

- Approval from the Ministry of Defence for defence clearance

IV. Miscellaneous

Tax Related Registrations

S. No.	Name of the Company	PAN	TAN
1.	Reliance Power	AACCR2365L	MUMR15841A
2.	RPSCL	AABCR8917M	MUMR19494G
3.	SPL	AAKCS0723M	DELS30939G
4.	MEGL	AADCR0413L	MUMR18718A
5.	VIPL	AADCR1892D	MUMR19415E
6.	THPPL	AACCT7438G	MUMT14131F
7.	SHPPL	AALCS1390R	MUMS57146F
8.	USHPPL	AAACU9227G	MUMU052774
9.	MPPGPL	AAFCEM2071B	MUMM32621B
10.	KPPL	AADCK1667K	MUMK17221B

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board has, pursuant to a circular resolution dated November 29, 2007 authorized the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act. The shareholders of the Company have authorized the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the EGM of the Company held on November 29, 2007.

Prohibition by SEBI and RBI

The Company, its directors, its Promoters, their directors or person(s) in control of the Company's Promoters, Subsidiaries and affiliates and companies with which the directors are associated with, as directors or promoters have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

Neither the Company, its directors, its Promoters, nor the companies promoted by the promoters have been declared as wilful defaulter by RBI or any other government authority and there have been no violation of securities laws committed by them in the past or no such proceeding are pending against the Company or them.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Clause 2.2.2 of the SEBI Guidelines, which states as follows:

"2.2.2 An unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets both the conditions (a) and (b) given below:

(a) (i) *The issue is made through the book-building process, with at least 50% of the issue size being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.*

OR

(a) (ii) *The "project" has at least 15% participation by Financial Institutions/ Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded*

AND

(b) (i) *The minimum post-issue face value capital of the company shall be Rs. 10 crores.*

OR

(b) (ii) *There shall be a compulsory market-making for at least 2 years from the date of listing of the shares, subject to the following:*

(a) *Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;*

(b) *Market makers undertake to ensure that the bid-ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%;*

(c) *The inventory of the market makers on each of such stock exchanges, as of the date of allotment of securities, shall be at least 5% of the proposed issue of the company.)"*

We are an unlisted company not complying with the conditions specified in Clause 2.2.1 of the SEBI Guidelines and are therefore required to meet both the conditions detailed in clause 2.2.2(a) and clause 2.2.2(b) of the SEBI Guidelines.

- We are complying with Clause 2.2.2(a)(i) of the SEBI Guidelines and at least 60% of the Net Issue are proposed to be allotted to QIBs (in order to comply with the requirements of Rule 19(2)(b) of the SCRR) and in the event we fail to do so, the full subscription monies shall be refunded to the Bidders.
- We are complying with the second proviso to Clause 11.3.5(i) of the SEBI Guidelines and Non-Institutional Bidders and Retail Individual Bidders will be allocated 10% and 30% of the Net Issue respectively.
- We are also complying with Clause 2.2.2(b)(i) of the SEBI Guidelines and the post-issue face value capital of the Company shall be Rs. 22,600 million which is more than the minimum requirement of Rs. 10 crore (Rs. 100 million).

Hence, we are eligible for the Issue under Clause 2.2.2 of the SEBI Guidelines.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted will be not less than 1,000.

Further, the Issue is subject to the fulfilment of the following conditions as required by Rule 19(2) (b) SCRR:

- A minimum 2,000,000 Equity Shares (excluding reservations, firm Allotments and promoters contribution) are offered to the public;
- The Net Issue size, which is the Issue Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 1,000 million; and
- The Issue is made through the Book Building method with allocation of 60% of the Net Issue size to QIBs as specified by SEBI.

Disclaimer Clause of SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS AND CO-BOOK RUNNING LEAD MANAGERS, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFTRED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS AND CO-BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE BOOK RUNNING LEAD MANAGERS AND CO-BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE

DATED OCTOBER 3, 2007 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

- (i) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**
- (ii) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, IT'S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.**

WE CONFIRM THAT:

- (A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- (B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- (C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;**
- (D) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND**

WHEN UNDERWRITTEN WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

The filing of the Draft Red Herring Prospectus does not, however, absolve the Company from any liabilities under section 63 or section 68 of the Companies Act or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Managers and Co-Book Running Lead Managers, any irregularities or lapses in the Draft Red Herring Prospectus.

All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Maharashtra, Mumbai in terms of section 56, section 60 and section 60B of the Companies Act.

Disclaimer from the Company, the BRLMs and the CBRLMs

The Company, the Directors, the BRLMs and the CBRLMs accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site would be doing so at his or her own risk.

The BRLMs and the CBRLMs accept no responsibility, save to the limited extent as provided in the MoU entered into between the BRLMs, the CBRLMs and the Company and the Underwriting Agreement to be entered into between the Underwriters and the Company.

All information shall be made available by the Company, the BRLMs and the CBRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither the Company nor the Syndicate is liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not Issue, sell, pledge, or transfer the Equity Shares of the Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

The BRLMs and the CBRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, the Company and their respective group companies, affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in commercial banking and investment banking transactions with the Company, for which they have received, and may in future receive, compensation.

For the avoidance of doubt, any reference to affiliates or associates of ABN AMRO Securities (India) Private Limited or ABN AMRO Asia Equities (India) Limited shall mean ABN AMRO Holding N.V. and its subsidiaries.

The Company is aware that reports and advertisements have appeared in the Indian Press suggesting that various statements about our Company have been made by our Company and our Chairman. Majority of these statements are consistent with the Prospectus or are clarifications in respect of queries posed in public interactions. Some of these statements, which are extraneous to the Prospectus have not been made in the context of the Company or are incorrectly reported.

INVESTORS SHOULD NOT RELY ON ANY PRESS REPORTS WHEN DECIDING WHETHER TO INVEST IN OUR EQUITY SHARES. THE INVESTORS ARE ADVISED TO RELY ONLY ON THE DISCLOSURES MADE IN THE PROSPECTUS IN THIS REGARD

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds) and to FIIs and Eligible NRIs. This sProspectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for observations. Accordingly, the Company's Equity Shares, represented thereby may not be Issued or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Disclaimer clause of the BSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. BSE has given vide its letter dated October 15, 2007, permission to the Company to use BSE's name in the Prospectus as one of the stock exchanges on which the Company's further securities are proposed to be listed. BSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. BSE does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or
- Warrant that the Company's securities will be listed or will continue to be listed on BSE; or
- Take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company;

and it should not for any reason be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer clause of the NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to NSE. NSE has given vide its letter dated October 31, 2007 permission to the Company to use the Exchange's name in the Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed. The Exchange has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus, nor does it warrant that the Company's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquires any of the Company's securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Prospectus has been filed with the Corporate Finance Department of SEBI, SEBI Bhavan, Block G, Plot No. C-4A, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Prospectus, along with the documents required to be filed under section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus required to be filed under section 60 of the Companies Act will be delivered for registration with RoC situated at Mumbai.

Listing

Applications have been made to the BSE and the NSE for permission for listing of the Equity Shares being issued through this Prospectus.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within eight days after the Company will become liable to repay it (i.e. from the date of refusal or within 15 days from the date of Bid/Issue Closing Date, whichever is earlier), then the Company along with every Director of the Company who is default shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,**

Shall be punishable with imprisonment for a term which may extend to five years.

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the auditors, the legal advisors, the Bankers to the Issue, the Bankers to the Company; and (b) the BRLMs, the CBRLMs, the Syndicate Members, the Escrow Collection Banks, the Registrar to the Issue, Development Consultants Private Limited and IDBI to act in their respective capacities, have been obtained and would be filed along with a copy of the Prospectus with the RoC as required under sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

In accordance with the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000, Chaturvedi & Shah, Chartered Accountants, and Price Waterhouse, Chartered Accountants, the Company's Joint Statutory Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in the Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

CRISIL and ICRA Limited, the IPO grading agencies engaged by us for the purpose of obtaining IPO grading in respect of this Issue, have given their written consent as experts to the inclusion of their report in the form and context in which they will appear in the Prospectus and such consents and reports will not be withdrawn up to the time of delivery of the Prospectus and the Prospectus to the Designated Stock Exchange.

Expert Opinion

Except the report of CRISIL Limited and ICRA Limited in respect of the IPO grading of this Issue annexed herewith and except as stated elsewhere in this Prospectus, the Company has not obtained any expert opinions.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. 1,190.5 million. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. All expenses with respect to the Issue would be paid by our Company.

The estimated Issue expenses are as under:

<i>Rs. in million</i>			
Activity	Expenses	Percentage of the Issue Expenses	Percentage of the Issue Size
Lead management, underwriting and selling commission	506.0	42.5%	0.4%
Advertising and Marketing expenses	300.0	25.2%	0.3%
Printing and stationery	200.0	16.8%	0.2%
Others (Monitoring agency fees, Registrar's fee, legal fee, listing fee, etc.)	180.0	15.1%	0.2%
Fees payable to Rating Agency	4.5	0.4%	0.0%
Total estimated Issue expenses	1,190.5	100.0%	1.0%

Fees Payable to the BRLMs, the CBRLMs and the Syndicate Members

The total fees payable to the Book Running Lead Managers, the Co-Book Running Lead Managers and the Syndicate Members will be as per the memorandum of understanding with the BRLMs and the CBRLMs, issued by our Company, a copy of which shall be available for inspection at our registered office.

Fees Payable to the Registrar to the Issue

The fees payable by our Company to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as the per the MoU between our Company and the Registrar to the Issue dated October 1, 2007.

The Registrar to the Issue will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

Previous Rights and Public Issues

We have not made any public or rights issues in India or abroad in the five years preceding the date of this Prospectus.

Issues otherwise than for Cash

Except as stated in the sections titled “Capital Structure” beginning on page 25 of this Prospectus, the Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on Previous Issues of the Company’s Equity Shares

Since this is the initial public issue of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Company’s Equity Shares since inception.

Companies under the Same Management

There are no listed companies under the same management within the meaning of erstwhile section 370 (1B) of the Companies Act, other than the Promoter Group companies, details of which companies are provided in the section “Our Promoters and Promoter Group” beginning on page 149 of this Prospectus.

Promise vs. Performance – Last Issue of Promoter Group Companies

For details of public issues by any of the Promoter Group Companies in the past, see “Our Promoters and Promoter Group” beginning on page 149 in this Prospectus.

Outstanding Debentures or Bonds

The Company does not have any outstanding debentures or bonds.

Outstanding Preference Shares

There are no outstanding preference shares issued by the Company except as described in the section “Capital Structure”.

Stock Market Data of the Company’s Equity Shares

This being an initial public issue, the Equity Shares are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding between the Registrar to the Issue and the Company will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, Depository Participant, and the bank branch or collection center where the application was submitted.

Disposal of Investor Grievances

The Company estimates that the average time required by the Company, or the Registrar to the Issue for the redressal of routine investor grievances shall be ten working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress

these complaints as expeditiously as possible.

The Company has appointed an Investors' Grievance Committee comprising , Mr. J.L. Bajaj, Chairman, Mr. S.L. Rao and Dr. V.K. Chaturvedi.

The Company has appointed Mr. Paresh Rathod as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Mr. Paresh Rathod
H Block, First Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710
Maharashtra, India
Tel: (91 22) 3038 6010
Fax: (91 22) 3037 6633
Email: reliancepower.ipo@relianceada.com

Mechanism for Redressal of Investor Grievances by Companies under the same management

Please see "Our Promoters and Promoter Group" on page 149 of this Prospectus.

Changes in the Auditors during last three years

Name	Date	Reason for change
Deloitte Haskins and Sells	September 25, 2004	Appointment
Deloitte Haskins and Sells	March 21, 2005	Resignation
Dalal and Shah	April 18, 2005	Appointment
Dalal and Shah	August 31, 2007	Resignation
Chaturvedi & Shah	September 01, 2007	Appointment
Price Waterhouse	October 17, 2007	Appointment as Joint Auditors

Capitalisation of reserves of profits since incorporation

There has been no capitalisation of reserves of profits of the Company since its incorporation.

Revaluation of assets since incorporation

There has been no revaluation of assets of the Company since its incorporation.

Interest of Promoters and Directors

For details, see "Our Promoters and Promoter Group" and "Our Management" beginning on pages 149 and 139 of this Prospectus.

Payment or benefit to Officers of the Company

Except as stated otherwise in this DRHP no amount or benefit has been paid or given or is intended to be paid or given to any of the Company's officers except the normal remuneration for services rendered as directors, officers or employees since the inception of the company. None of the beneficiaries of loans and advances and sundry debtors are related to the directors of the Company.

Other Disclosures

Except as stated in this Prospectus, the Promoters, Promoter Group or the directors of the Promoter company or the

Directors have not purchased or sold any securities of the Company during the period of six months preceding the date on which this prospectus is filed with SEBI.

Purchase of Property

Other than as disclosed in the section titled “Objects of the Issue” on page 35 of this Prospectus there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Prospectus, other than property, in respect of which:

- The contract for the purchase or acquisition was entered into in the ordinary course of business, or the contract was entered into in contemplation of the Issue, or that the Issue was contemplated in consequence of the contract; or
- The amount of the purchase money is not material.

Except as stated in the section titled “Objects of the Issue” on page 35 of this Prospectus, the Company has not purchased any property in which any of its Promoter and/or Directors, have any direct or indirect interest in any payment made thereunder.

SECTION VII: ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of the Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, the Stock Exchanges, the RBI, RoC and/ or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of allotment. See “Main Provisions of the Articles of Association of the Company” beginning on page 287 for a description of the Articles of Association of the Company.

Mode of Payment of Dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each and the Issue Price is Rs. 450 per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares subject to the applicable laws.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, regulations, rules and guidelines and the Memorandum and Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a show of hands in person or a poll either in person or by proxy;
- Right to receive annual reports and notices to members;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
-
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, rescission, transfer and transmission and/or consolidation/splitting, see “Main Provisions of Articles of Association of the Company” on page 287 of this Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialised form for all investors. **Since trading of our Equity Shares will be in dematerialised mode, the tradable lot is one equity share.**

Allocation and allotment of Equity Shares through this Issue will be done only in electronic form in multiples of 1 Equity Share to the successful Bidders subject to a minimum Allotment of 15 Equity Shares. For details of allocation and allotment, see “Issue Procedure” on page 259 of this Prospectus.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of the sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form available on request at the registered office of the Company or at the Registrar and Transfer Agent of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by our Board, elect either:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Net Issue (including allocation of at least 60% of the Net Issue to QIBs) to the extent of the amount including devolvement to the members of the Syndicate, if any, within 60 days from the Bid/ Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after we become liable to pay the amount, we shall pay interest as per Section 73 of the Companies Act.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of prospective

allottees to whom the Equity Shares will be allotted will be not less than 1,000.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Mumbai, India.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Application in Issue

Equity Shares being issued through this Prospectus can be applied for in the dematerialised form only.

Withdrawal of the Issue

The Company, in consultation with the BRLMs and the CBRLMs, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before Allotment, without assigning any reason therefore.

ISSUE STRUCTURE

Issue of 260,000,000 Equity Shares of Rs. 10 each for cash at a price of Rs. 450 per Equity Share (including share premium of Rs. 440 per share) aggregating Rs. 115,632 million (net of Retail discount), including Promoter's Contribution of 32,000,000 Equity Shares of Rs. 10 each for cash at a price of Rs. 450 per Equity Share aggregating 14,4000 million and Net Issue to Public of 228,000,000 Equity Shares of Rs. 10 each aggregating Rs. 101,232 million (net of Retail Discount). The Issue will constitute 11.5% of the post-Issue paid-up capital of the Company and the Net Issue will constitute 10.1% of the post-Issue paid-up capital

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	At least 136,800,000 Equity Shares must be allocated to QIBs.	At least 22,800,000 Equity Shares shall be available for allocation.	At least 68,400,000 Equity Shares shall be available for allocation.
Percentage of Issue Size available for allocation	At least 60% of the Net Issue (of which 5% shall be available for allocation for Mutual Funds)*. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	At least 10% of the Net Issue. The unsubscribed portion in this category will be available for allocation to QIBs and Retail Individual Bidders*	At least 30% of the Net Issue. The unsubscribed portion in this category will be available for allocation to QIBs and Non Institutional Bidders*
Basis of allocation if respective category is oversubscribed	Proportionate (a) 6,840,000 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) 129,960,000 Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 15 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000, net of Retail Discount and in multiples of 15 Equity Shares thereafter.	15 Equity Shares and in multiples of 15 Equity Share thereafter
Maximum Bid	Not exceeding the size of the Net Issue subject to regulations as applicable to the Bidder	Not exceeding the size of the Net Issue subject to regulations as applicable to the Bidder	Such number of Equity Shares per Retail Individual Bidder so as to ensure that the Bid Amount does not exceed Rs. 100,000.##
Mode of Allotment	Compulsorily in dematerialised form	Compulsorily in dematerialised form	Compulsorily in dematerialised form
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions, as specified in Section 4A of the Companies Act: FIIs registered with SEBI scheduled	NRI, Resident Indian individuals, HUFs (in the name of <i>karta</i>), companies, corporate bodies, societies	Individuals (including HUFs in the name of <i>karta</i>) applying for Equity Shares such that the Bid Amount per Retail

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	commercial banks, mutual funds, venture capital funds registered with SEBI, multilateral and bilateral development financial institutions, foreign venture capital investors registered with SEBI, State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million	and trusts.	Individual Bidder does not exceed Rs. 100,000 in value.
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form.	Amount applicable to Non-institutional Bidder at the time of submission of Bid cum Application Form.	Amount applicable at the time of submission of Bid cum Application Form depending upon the Payment Method.
Margin Amount	10% of the Bid Amount in respect of bids placed by QIB Bidder on Bidding.	In case of Bidders opting for Payment Method I – Rs. 115.0 per Equity Share and in case of Bidders opting for Payment Method II - Full Bid Amount on Bidding	In case of Bidders opting for Payment Method I – Rs. 115.0 per Equity Share and in case of Bidders opting for Payment Method II - Full Bid Amount on Bidding

Amount Payable per Equity Share	Payment Method-I			Payment Method-II		
	Retail Individual Bidders and Non-Institutional Bidders			Any Category		
	Face Value	Premium	Total	Face Value	Premium	Total
	(per share)					
On Application	2.5	112.5	115.0	10.0	440.0 [#]	450.0 [#]
By Due Date for Balance Amount Payable	7.5	327.5 [#]	335.0 [#]	-	-	-
Total	10.0	440.0 [#]	450 [#]	10.0	450.0 [#]	450.0 [#]

* Subject to valid Bids being received at or above the Issue Price. At least 60% of the Net Issue shall be available for allocation on a proportionate basis to QIB Bidders. 5% of the QIB Portion shall be available to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. Further, at least 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. If the aggregate demand by Mutual Funds is less than 6,840,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids. Under-subscription, if any, in any category except in the QIB category would be met with spill-over from other categories at our sole discretion, in consultation with the BRLMs and the CBRLMs. If a minimum allotment of 60% of the Issue is not made to the QIBs, the entire subscription monies shall be refunded.

** In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

Retail Discount, as applicable, to be adjusted.

At the Cut-off Price, the maximum number of Equity Shares that can be Bid for by Retail Individual Bidders is 225

Bidding/Issue Programme

BID/ISSUE OPENED ON

January 15, 2008

Bids and any revision in Bids will be accepted **only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time) during the Bid/Issue Period as mentioned above at the bidding centres mentioned in the Bid cum Application Form **except that on the Bid/Issue Closing Date, Bids and any revision in Bids shall be accepted only between 10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded until (i) 5.00 p.m. in case of Bids by QIB Bidders, Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) until such time as permitted by the BSE and the NSE, in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids and any revision in Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last date. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLMs, CBRLMs and Syndicate members will not be responsible. Bids will be accepted only on Business Days.

The Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI Guidelines provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Issue Opening Date.

In case of revision in the Price Band, the Issue Period will be extended for such number of days after revision of Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLMs, the CBRLMs and at the terminals of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

In terms of Rule 19(2)(b) of the SCRR, this being an issue for less than 25% of the post Issue paid up equity capital of the Company, this Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be allocated on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIBs Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, at least 30% of the Net Issue shall be available for allocation on a proportionate basis to the Retail Individual Bidders and at least 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be submitted only through the BRLMs, the CBRLMs and/ or their affiliates. Our Company, in consultation with the BRLMs and the CBRLMs, may reject any Bid procured from QIBs, by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons thereof shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that the Equity Shares would be allotted to all successful Bidders only in the dematerialised form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form, bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Prospectus. The Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the filing of the Prospectus with the RoC, allocation of Equity Shares, and dispatch of the CAN, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in the Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians, Eligible NRIs applying on a non-repatriation basis	White
Non-residents, NRIs, or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue

Who can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
2. Indian nationals resident in India who are majors, in single or joint names (not more than three);
3. Hindu Undivided Families or HUFs in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of

sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;

4. Eligible NRIs on a repatriation basis or a non-repatriation basis, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue. Non-Residents can Bid for partly paid Equity Shares only if they have obtained the approval of the RBI to subscribe to partly paid Equity Shares and the said approval is submitted along with the Bid cum-Application Form;
5. FIIs registered with SEBI on a repatriation basis or a non-repatriation basis, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
6. State Industrial Development Corporations;
7. Insurance companies registered with the Insurance Regulatory and Development Authority, India;
8. Provident funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in Equity Shares;
9. Pension funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in Equity Shares;
10. Companies and corporate bodies registered under the applicable laws in India and authorised to invest in Equity Shares;
11. Venture Capital Funds registered with SEBI;
12. Foreign Venture Capital Investors registered with SEBI, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
13. Indian Mutual Funds registered with SEBI;
14. Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI guidelines and regulations, as applicable);
15. Multilateral and bilateral development financial institutions;
16. Trusts registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorised under their constitution to hold and invest in Equity Shares;
17. Scientific and/or industrial research organisations in India authorised under their constitution to invest in equity shares; and
18. Any other QIBs permitted to invest in the Issue under applicable law or regulation.

As per existing regulations, OCBs cannot Bid in the Issue.

Note: The BRLMs, the CBRLMs and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs, the CBRLMs and Syndicate Members may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis.

Bidders are advised to ensure that any single Bid from them does not exceed the investments limits or maximum number of Equity Shares that can be held by them under applicable laws, rules, regulations, guidelines and approvals.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 6,840,000 Equity Shares, Allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

In accordance with the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share of the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

Bids by Eligible NRIs

1. Bid cum Application Forms have been made available for Eligible NRIs at the registered and corporate office of the Company and Members of the Syndicate.
2. Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (white in colour).

Non-Residents Indians require the approval of the RBI for subscribing to partly paid up Equity Shares and copy of such approval should be submitted along with the Bid-cum-Application Form in case an application is made under Payment Method-1.

Bids by FIIs

In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-Issue paid up capital of the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total paid up capital of the Company or 5% of the total paid up capital of the Company, in case such sub-account is a foreign corporate or an individual. With the approval of the Board of Directors and the Shareholders by way of a special resolution, the aggregate FII holding limit has been increased to 74% of the post-Issue paid-up capital of the Company.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub-account may issue, deal or hold, offshore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities or their investment manager or advisor which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

In accordance with the current regulations, the following provisions are applicable for investments by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund. Further, Venture Capital Funds can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. The Company, the BRLMs and the CBRLMs do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. The Company, the BRLMs and the CBRLMs are not liable to inform the investors of any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

(a) For Retail Individual Bidders:

The Bid must be for a minimum of 15 Equity Shares and in multiples of 15 Equity Share thereafter, so as to ensure that the total Bid Amount (including revision of Bids, if any) payable by the Bidder does not exceed Rs. 100,000, net of Retail Discount. At the Cut-off Price, the maximum number of Equity Shares that can be Bid for by Retail Individual Bidders is 225. *(Investors may note that Total Bid amount is not just the amount payable at application but the entire amount payable for the bid including the amount payable by Due Date for Balance Amount Payable)* In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of option to bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and subscribe to Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

(b) For Non-Institutional Bidders and QIB Bidders:

The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 15 Equity Shares. A Bid cannot be submitted for more than the Net Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by the regulatory and statutory authorities governing them. **Under the existing SEBI Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders do not have the option of bidding at Cut-off Price.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Prospectus.

Bidding Process:

1. The Company filed the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.

2. The members of the Syndicate circulated copies of the Prospectus along with the Bid cum Application Form to potential investors.
3. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus along with the Bid cum Application Form can obtain the same from our registered office/corporate office or from any of the members of the Syndicate.
4. Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLMs, the CBRLMs or Syndicate Members or their authorised agent(s) to register their Bids.
5. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the member of the Syndicate. Bid cum Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected.

Bidders should refer to the section “Key Features of the Payment Method” on page 277 of this Prospectus.

Method and Process of Bidding

1. Our Company, the BRLMs and the CBRLMs declared the Bid/Issue Opening Date, the Bid/Issue Closing Date and Price Band in the Red Herring Prospectus to be filed with RoC and published the same in two widely circulated newspapers (one each in English and Hindi) and in a regional newspaper. This advertisement shall contain the disclosures as prescribed under the SEBI Guidelines. The BRLMs, the CBRLMs and Syndicate Members shall accept Bids from the Bidders during the Bidding/Issue Period. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the form prescribed in Schedule XX–A of the SEBI DIP Guidelines, as amended by SEBI Circular No. SEBI/CFD/DIL/DIP/17/2005/11/11 dated November 11, 2005.
2. The Bidding/Issue Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and Bidding/Issue Period will be published in two national newspapers (one each in English and Hindi) and in a regional newspaper and also by indicating the change on the website of the BRLMs, the CBRLMs and at the terminals of the members of the Syndicate and the Bidding/Issue Period may be extended, if required, by an additional three working days, subject to the total Bidding/Issue Period not exceeding 10 working days.
3. During the Bidding/Issue Period, investors who are interested in subscribing to our Equity Shares should approach the members of Syndicate or their authorised agents to register their Bid.
4. Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph titled “Bids at Different Price Levels” on page 266) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
5. The Bidder cannot Bid on another Bid cum Application Form after Bid(s) on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph “Build up of the Book and Revision of Bids” on page 268.
6. The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS, for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

7. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph “Terms of Payment and Payment into the Escrow Account” on page 266.
8. During the Bidding/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

Bids at Different Price Levels

1. The Price Band was fixed at Rs. 405 to Rs. 450 per Equity Share, Rs. 405 being the floor of the Price Band and Rs. 450 being the cap of the Price Band. The Bidders can Bid at any price within the Price Band in multiples of Re. 1.
2. Our Company in consultation with the BRLMs and the CBRLMs, can revise the Price Band during the Bidding/Issue Period, in which case the Bidding/issue Period shall be extended further for a period of three additional working days, subject to the total Bidding/Issue Period being a maximum of 10 working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
3. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and in a regional newspaper, and also by indicating the change on the website of the BRLMs, the CBRLMs and at the terminals of the members of the Syndicate.
4. Our Company, in consultation with the BRLMs and the CBRLMs, can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.
5. The Bidder has to Bid for the desired number of Equity Shares at a specific price. The Bidder can Bid at any price within the Price Band in multiples of Re.1. Retail Individual Bidders may Bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB Bidders or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
6. Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Payment Method based on the cap of the Price Band with the members of the Syndicate. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the respective Refund Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) Only those Bidders who opted for the Payment Method -2 shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Refund Account.
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 15 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

Escrow Mechanism

Our Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount (as applicable to the Payment Method opted by the Bidder) from Bidders in a certain category would be deposited in the Escrow Accounts. The Escrow Collection Banks will act in terms of this Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Banks for and on behalf of the Bidders. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Accounts to the Public Issue Account and the Refund Account as per the terms of the Escrow Agreement and this Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Account

Each Bidder shall provide the applicable Margin Amount, and shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (See "Payment Instructions" on page 276) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Each QIB shall provide their QIB Margin Amount only to a BRLM or a CBRLM and/ or their affiliates. Bid cum Application Forms accompanied by cash/Stockinvest/money order shall not be accepted. The Margin Amount based on the Bid Amount has to be paid at the time of submission of the Bid cum Application Form. An illustrative table of the Payment Method is provided herein the members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Accounts, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amount after transfer to the Public Issue Account of the Company shall be transferred to the Refund Account. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment, to the Bidders.

Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of submission of the Bid cum Application Form in accordance with the Payment Method chosen.

The Margin Amount payable by each category of Bidders is mentioned under the heading "Issue Structure" on page 277. Subject to the Payment Method Chosen, where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in Date. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be rejected. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid cum Application Form. QIB Bidders will be required to deposit a margin of 10% at the time of submitting of their Bids.

Different Payment Methods:

For Illustration of the Payment Methods available to the investors for applying in this Issue see “The Issue” on page 10 of this Prospectus.

Electronic Registration of Bids

1. The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
2. NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding/Issue Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges.
3. BSE and NSE will aggregate demand and price for Bids registered on their electronic facilities on a regular basis and display graphically the consolidated demand at various price levels. This information can be accessed on BSE’s website at “www.bseindia.com” or on NSE’s website at “www.nseindia.com”.
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor (Investors should ensure that the name given in the Bid cum application form is exactly the same as the Name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form);
 - Investor category –Individual, Corporate, QIBs, Eligible NRI, FII or Mutual Fund, etc;
 - Numbers of Equity Shares bid for;
 - Bid price;
 - Bid cum Application Form number;
 - Whether payment is made upon submission of Bid cum Application Form; and
 - Depository participant identification number and client identification number of the beneficiary account of the Bidder.
5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder’s responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
7. In case of QIB bidders, members of the syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders who Bid, Bids would not be rejected except on the technical grounds listed on page 279.

8. It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLMs or the CBRLMs are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the Promoter, the management or any scheme or project of our Company.
9. It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Prospectus has been cleared or approved by NSE or BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on NSE and BSE.

Build Up of the Book and Revision of Bids

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to NSE or BSE mainframe on a regular basis in accordance with market practice.
2. The book gets built up at various price levels. This information will be available with the BRLMs and the CBRLMs on a regular basis.
3. During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
4. Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
5. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.**
6. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Prospectus.
7. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
8. Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In the event of discrepancy of data between the Bids registered on the online IPO system and the physical Bid cum Application Form, the decision of the Company in consultation with the BRLMs and the CBRLMs, based on the physical records of Bid/cum Application Forms, shall be final and binding on all concerned.
9. While revising the Bid, the Bidder shall not change the Payment Method indicated originally.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLMs and the CBRLMs shall analyse the demand generated at various price levels and discuss pricing strategy with us.
2. Our Company in consultation with the BRLMs and the CBRLMs, shall finalise the Issue Price.
3. The allocation in the Issue to Non-Institutional Bidders and Retail Individual Bidders of at least 10% and 30% of the Net Issue respectively, and the allocation to QIBs for at least 60% of the Net Issue, would be on proportionate basis, in the manner specified in the SEBI Guidelines and this Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
4. In case of over-subscription in all categories, at least 60% of the Net Issue shall be available for allocation on a proportionate basis to QIB Bidders out of which 5% shall be available to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. However, if the aggregate demand by Mutual Funds is less than 5% of the QIB portion the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids. Further, at least 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in any category except in the QIB category would be met with spill-over from other categories at our sole discretion, in consultation with the BRLMs and the CBRLMs. If a minimum allocation of 60% of the Net Issue is not made to the QIBs, the entire subscription monies shall be refunded.

5. The BRLMs and the CBRLMs, in consultation with our Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
6. Allotment to eligible NRIs, FIIs registered with SEBI or Mutual Funds or FVCIs registered with SEBI will be subject to applicable laws, rules, regulations, guidelines and approvals.
7. We reserve the right to cancel the Issue any time after the Bid/Issue Opening Date but before the Allotment without assigning any reasons whatsoever.
8. **In terms of the SEBI Guidelines, QIBs shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.**
9. Our Company in consultation with the BRLMs and the CBRLMs, reserves the right to reject any Bid procured from QIB Bidders, by any or all members of the Syndicate. Rejection of Bids made by QIBs, if any, will be made at the time of submission of Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing.
10. The allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

- (a) We, the BRLMs, the CBRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price.

- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with RoC, termed as 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Advertisement regarding Price Band and Red Herring Prospectus

A statutory advertisement was issued by the Company after the filing of the Red Herring Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Price Band along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of Red Herring Prospectus and the Prospectus was included in the advertisement.

Issuance of Confirmation of Allocation Note

Subject to "Allotment Reconciliation and Revised CANs" as set forth below:

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs and the CBRLMs or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, the investor should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
- (b) The BRLMs, the CBRLMs and/ or their affiliates or the members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the Balance Amount Payable for all the Equity Shares allocated to such Bidder. Those QIB Bidders who have not paid the Bid Amount in full into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed as a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be allotted to such Bidder.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bid Applications received. Based on the electronic book, QIBs will be sent a CAN on or prior to February 2, 2008, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the physical book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange and specified in the physical book. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. It is not necessary that a revised CAN will be sent. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased Allotment of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bidding /Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Public Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account within two working days of the date of Allotment.
- (b) As per SEBI Guidelines, **Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the allottees.**
- (c) After the funds are transferred from the Escrow Accounts to the Public Issue Account on the Designated Date, the Company will allot the Equity Shares to the Allottees.
- (d) Successful Bidders will have the option to rematerialize the Equity Shares so allotted/transferred if they so desire as per the provisions of the Companies Act and the Depositories Act, rules, regulations and byelaws of the Depositories.

Investors are advised to instruct their depository participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

- a) Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of the Prospectus;
- b) Ensure that you Bid within the Price Band;
- c) Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in colour) as the case may be;
- d) Ensure that the details about your Depository Participant and Beneficiary Account are correct as Equity Shares will be Allotted in the dematerialised form only;
- e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- f) Ensure that you have been given a TRS for all your Bid options;
- g) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- h) Ensure that you mention your PAN allotted under the I.T. Act. In case the PAN has not been allotted, mention "Not allotted" in the appropriate place. (See "Issue Procedure - 'PAN' Number" on page 278); and
- i) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- j) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the depository participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

- j) If you are a Non-Resident Bidder and have opted for Payment Method-1 (i.e., applying for partly paid Equity Shares), attach the RBI approval for subscribing to partly paid Equity Shares.

Don'ts:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid/revise Bid to a price that is less than the Floor Price or higher than the Cap Price;
- (c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- (d) Do not pay the Bid amount in cash;
- (e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- (f) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders);
- (g) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Net Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Prospectus;
- (h) Do not bid at Bid Amount exceeding Rs. 100,000 (for Retail Individual Bidders);
- (i) Do not Bid for more than 225 Equity Shares at the Cut-off Price (for Retail Individual Bidders only)
- (j) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB;
- (k) Do not submit Bids accompanied by Stockinvest or postal order or money order; and
- (l) Do not submit the GIR number in stead of the PAN as the Bid is liable to be rejected on this ground.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and Eligible NRIs applying on non-repatriation basis and blue colour for Non Residents including, Eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI, applying on repatriation basis).
2. Made in single name or in joint names (not more than three, and in the same order as their Depository Participant details).
3. Completed in full, in BLOCK LETTERS in English and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum application Forms or Revision Forms are liable to be rejected.
4. The Bids from the Retail Individual Bidders must be for a minimum of 15 Equity Shares and in multiples of 15 Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.

5. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 15 Equity Shares thereafter. Bids cannot be made for more than the Net Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws and regulations.
6. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Depository Account and Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS, NEFT and RTGS) to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs, the CBRLMs or the Registrar or the Escrow Collection Banks nor the Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders receiving refunds through electronic transfer of funds, delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company, nor the Registrar, Escrow Collection Bank(s) nor the BRLMs or the CBRLMs, shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

The Company in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Equity Shares in Dematerialised form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

- (a) an agreement dated March 30, 2007 between NSDL, us and Registrar to the Issue;
- (b) an agreement dated September 3, 2004 between CDSL, us and Registrar to the Issue.

Bidders will be allotted Equity Shares only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares Allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.
5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
7. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
8. The trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Bids by NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI and multilateral and bilateral development financial institutions on a repatriation basis

Bids and revision to Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

2. By FIIs for a minimum of such number of Equity Shares and in multiples of 15 thereafter that the Bid Amount exceeds Rs. 100,000. For further details see “Issue Procedure-Maximum and Minimum Bid Size” on page 263.
3. In the names of individuals, or in the names of FIIs or Foreign Venture Capital Funds registered with SEBI and multilateral and bilateral development financial institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
4. In a single name or joint names (not more than three).

Bids by NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids by NRIs for a Bid Amount of more than Rs. 100,000 would be considered under the Non-Institutional Portion for the purposes of allocation;

Non-Residents can bid for partly paid Equity Shares only if they have obtained the approval of the RBI to subscribe to partly paid Equity Shares and the said approval is submitted along with the Bid-cum-Application Form.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Eligible NRIs and FIIs, and all such Bidders will be treated on the same basis with other categories for the purpose of allocation.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

Bids under Power of Attorney

1. In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
2. In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
3. In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
4. In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by Mutual Funds, venture capital funds registered with SEBI and FVCIs registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

5. We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we, the BRLMs and the CBRLMs may deem fit.

Payment Instructions

We shall open Escrow Accounts with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Accounts

1. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.
2. In case the above Margin Amount paid by the Bidders during the Bidding/Issue Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the Syndicate Member by the BRLMs and the CBRLMs or the Call Notice, as applicable to the category of Bidder based on the Payment Method selected by the Bidder.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - (a) In case of Resident QIB Bidders: **“Reliance Power IPO– QIB – R”**
 - (b) In case of Non Resident QIB Bidders: **“Reliance Power IPO– QIB– NR”**
 - (c) In case of Resident Retail and Non-Institutional Bidders: **“Reliance Power IPO - R”**
 - (d) In case of Non Resident Retail and Non-Institutional Bidders: **“Reliance Power IPO-NR”**
4. In case of Bids by Eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of NRO Account of the Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE or FCNR Account.
5. In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
6. In case of Bids by FIIs, FVCIs registered with SEBI the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to a Special Rupee Account.

7. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the Balance Amount Payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.
8. The monies deposited in the Escrow Accounts will be held for the benefit of the Bidders till the Designated Date.
9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Public Issue Account and the Refund Account.
10. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/Stockinvest/money orders/postal orders will not be accepted.

Key Features of the Payment Methods

For Key Features of the different Payment Methods, see "The Issue" on page 10 of this Prospectus.

Submission of Bid cum Application Form

All Bid/cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through Stockinvest will not be accepted in the Issue.

OTHER INSTRUCTIONS

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications are electronically strung on first name, address and applicants status. These applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/husbands name to determine if they are multiple applications.
2. Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/beneficiary ID. Applications with common DP ID/ beneficiary ID are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
3. Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

In cases where there are more than 20 valid applicants having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of KYC norms by the depositories.

We reserve the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

‘PAN’ Number

The Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. **Applications without this information and documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.**

Right to Reject Bids

In case of QIB Bidders, the Company in consultation with the BRLMs and the CBRLMs and/or their affiliates may reject Bids provided that the reason for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, we have the right to reject Bids based on technical grounds only. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder’s address at the Bidder’s risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on, *inter alia*, the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
2. Age of First Bidder not given;
3. Bids by minors;
4. PAN not stated and GIR number given instead of PAN;
5. Bids for lower number of Equity Shares than specified for that category of investors;
6. Bids at a price less than lower end of the Price Band;
7. Bids at a price more than the higher end of the Price Band;
8. Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders whose Bid Amount exceeds Rs. 100,000 and Bids for more than 225 Equity Shares at the Cut-off Price by Retail Individual Bidders only;
9. Bids for number of Equity Shares, which are not in multiples of 15;
10. Category not ticked;
11. Multiple Bids;
12. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
13. Bids accompanied by Stockinvest/money order/postal order/cash;
14. Signature of sole and/or joint Bidders missing;
15. Bid cum Application Form does not have the stamp of the BRLMs, the CBRLMs or the Syndicate Members;
16. Bid cum Application Form does not have the Bidder's depository account details;
17. Bid cum Application Form is not delivered by the Bidder within the time prescribed as per the Bid cum Application Form and this Prospectus and as per the instructions in this Prospectus and the Bid cum Application Form;
18. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary account number;
19. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations.
20. Bids by OCBs;
21. Bids by U.S. residents or U.S. persons excluding "qualified institutional buyers" as defined in Rule 144A under the Securities Act; and
22. Bids by person who are not eligible to acquire Equity Shares of our Company, in terms of all applicable laws, rules, regulations, guidelines and approvals.

23. Bids by Non-Residents for partly paid shares applying under Payment Method-1 without RBI approval for subscribing to such partly paid shares;

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Net Issue size less Allotment to Non-Institutional Bidders and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this portion is less than or equal to 68,400,000 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 68,400,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 15 Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 22,800,000 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 22,800,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 15 Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:

- (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
- (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
 - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, and not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;
- (b) In the second instance Allotment to all QIBs shall be determined as follows:
- (i) In the event of over subscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

- The aggregate allocation to QIB Bidders shall not be less than 136,800,000 Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds (“MF”)

A. Issue Details

Sr. No.	Particulars	Issue details
1	Issue size	200 million equity shares
2	Allocation to QIB (60%)	120 million equity shares
	Of which:	
	a. Allocation to MF (5%)	6 million equity shares
	b. Balance for all QIBs including MFs	114 million equity shares
3	No. of QIB applicants	10
4	No. of shares applied for	500 million equity shares

B. Details of QIB Bids

S.No	Type of QIB bidders#	No. of shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80

9	MF4	20
10	MF5	20
	Total	500

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 6 million Equity Shares to MF proportionately (see note 2 below)	Allocation of balance 114 million Equity Shares to QIBs proportionately (see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	11.40	0
A2	20	0	4.56	0
A3	130	0	29.64	0
A4	50	0	11.40	0
A5	50	0	11.40	0
MF1	40	1.2	9.12	10.32
MF2	40	1.2	9.12	10.32
MF3	80	2.4	18.24	20.64
MF4	20	0.6	4.56	5.16
MF5	20	0.6	4.56	5.16
	500	6	114	51.64

Please note:

- The illustration presumes compliance with the requirements specified in this Prospectus in “Issue Structure” on page 257.
- Out of 120 million equity shares allocated to QIBs, 6 million (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 million shares in QIB category.

The balance 114 million equity shares (i.e. 120 - 6 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 million equity shares (including 5 MF applicants who applied for 200 million equity shares).

- The figures in the fourth column titled “Allocation of balance 114 million equity shares to QIBs proportionately” in the above illustration are arrived as under:
 - For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 114 / 494
 - For Mutual Funds (MF1 to MF5)= (No. of shares bid for (i.e. in column II of the table above) less equity shares allotted (i.e., column III of the table above)] X 114/494
 - The numerator and denominator for arriving at allocation of 114 million shares to the 10 QIBs are reduced by 6 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, the Company shall finalize the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the CBRLMs and the Registrar to the Issue shall be

responsible for ensuring that the basis of Allotment is finalized in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- a) Bidders will be categorized according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d) In all Bids where the proportionate Allotment is less than 15 Equity Shares per Bidder, the Allotment shall be made as follows:
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be allotted a minimum of 15 Equity Shares.
- e) If the proportionate Allotment to a Bidder is a number that is more than 15 but is not a multiple of 1 (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.
- f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Letters of Allotment or Refund Orders

The Company shall give credit to the beneficiary account with depository participants within two working days from the date of the finalization of basis of allotment. Applicants residing at fifteen centers where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. We shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within fifteen days of closure of Bid / Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, the Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date; and
- The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

PAYMENT OF REFUNDS

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs nor the CBRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS – Payment of refunds would be mandatory done through ECS for applicants having an account at any of the following fifteen centers: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centers, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS. Refunds through ECS may also be done at other locations based on operational efficiency and in terms of demographic details obtained by Registrar from the depository participants.
2. Direct Credit – Applicants having bank accounts with the refund banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the refund bank(s) for the same would be borne by the Company.
3. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 5 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the refund bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment

of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. The process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value upto Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Disposal of applications and application moneys and interest in case of delay

The Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertake that:

- Allotment of Equity Shares shall be made only in dematerialized form within 15 (fifteen) days of the Bid/Issue Closing Date;
- Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and
- The Company shall pay interest at 15% (fifteen) per annum for any delay beyond the 15 (fifteen)-day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Interest on refund of excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 working days from the Bid/Issue Closing Date as per the Guidelines issued by the GoI, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No.

F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Undertakings by the Company

We undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;
- that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 working days of closure of the issue, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund
- that the refund orders or allotment advice to the Non Residents shall be dispatched within specified time; and
- that no further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

Utilisation of Issue proceeds

Our Board of Directors certify that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilised out of Issue referred above shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;
- details of all utilised monies out of the funds received under the Promoters Contribution shall be disclosed under an appropriate head in our balance sheet indicating the form in which such unutilised monies have been utilised; and
- details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in our balance sheet indicating the form in which such unutilised monies have been invested.

We shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding limit has been increased to 74%. Foreign investment limit is allowed up to 100% under automatic route in our Company.

Further, Non-Residents can bid for partly paid Equity Shares only if they have obtained the approval of the RBI to subscribe to partly paid Equity Shares and the said approval is submitted along with the Bid-cum-Application Form.

Subscription by foreign investors (Eligible NRIs/FIIs)

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

There is no reservation for Non Residents, Eligible NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor. All Non Residents, Eligible NRIs, FIIs and foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor applicants will be treated on the same basis with other categories for the purpose of allocation.

As per existing regulations, OCBs cannot participate in the Issue.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. The Company, the BRLMs and the CBRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that the each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

Table 'A'

The Regulations contained in Table 'A' in Schedule I to the Companies Act (Act 1 of 1956) shall not apply to the Company, except in so far as the same are repeated, contained or expressly made applicable in the Articles or by the said Act.

Share Capital

Article 3 provides that

- (A) The Authorised Capital of the Company shall be as per Capital Clause of the Memorandum of Association of the Company with power to increase or reduce the capital of the Company and/or the nominal value of the shares and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions with or without voting rights as may be determined by or in accordance with the Articles of Association of the Company or as may be decided by the Board of Directors or by the Company in General Meeting , as applicable, in conformity with the provisions of the Act, and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions and to consolidate or sub-divide the shares and issue shares of higher or lower denominations.
- (B) Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the Equity Shares in the event of winding up of the Company, the holders of the Equity Shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such Equity Shares and all surplus assets thereafter shall belong to the holders of the Equity Shares in proportion to the amount paid up or credited as paid up on such Equity Shares respectively at the commencement of the winding up.
- (C) Subject to the provisions of the Act and all other applicable provisions of law, the Company may issue shares either equity or any other kind with non-voting rights and the resolutions authorising such issue shall prescribe the terms and conditions of the issue.

Preference Shares

Article 4 provides that

(A) Redeemable Preference Shares

The Board shall subject to the provisions of the Act and the consent of the Company have power to issue on a cumulative or non-cumulative basis Preference Shares liable to be redeemed in any manner permissible under the Act and the Directors may, subject to the provisions of the Act, exercise such power in any manner as they deem fit and provide for redemption of such Shares on such terms including the right to redeem at a premium or otherwise as they deem fit.

(B) Convertible Redeemable Preference Shares

The Board shall subject to the provisions of the Act and the consent of the Company have power to issue on a cumulative or non-cumulative basis Convertible Redeemable Preference Shares liable to be redeemed in any manner permissible under the Act and the Directors may, subject to the provisions of the Act, exercise

such power in any manner as they deem fit and provide for redemption at a premium or otherwise and/or conversion of such Shares into such Securities on such terms as they may deem fit.

Provisions in Case of Preference Shares

Article 5 provides that

Upon the issue of Preference Shares pursuant to Article 0 above, the following provisions shall apply:

- (A) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for Dividend or out of the proceeds of a fresh issue of Shares made for the purposes of the redemption;
- (B) No such Shares shall be redeemed unless they are fully paid;
- (C) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's Securities Premium Account before the Shares are redeemed;
- (D) Where any such Shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of the profits which would otherwise have been available for Dividend, be transferred to a reserve fund, to be called "The Capital Redemption Reserve Account" a sum equal to the nominal amount of the Share redeemed; and the provisions of the Act relating to the reduction of the Share Capital of the Company shall, except as provided in the Act, apply as if the Capital Redemption Reserve Account were Paid up Share Capital of the Company;
- (E) The redemption of Preference Shares under this Article by the Company shall not be taken as reduction of Share Capital;
- (F) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up un-issued Shares of the Company to be issued to the Members as fully paid bonus Shares;

Share Equivalent

Article 6 provides that

The Company shall subject to the provisions of the Act, compliance with all applicable laws, rules and regulations, have power to issue Share Equivalents on such terms and in such manner as the Board deems fit including their conversion, repayment, and redemption whether at a premium or otherwise.

ADRs/GDRs

Article 7 provides that

The Company shall, subject to the provisions of the Act, compliance with all applicable laws, rules and regulations, have power to issue ADRs or GDRs on such terms and in such manner as the Board deems fit including their conversion and repayment. Such terms may include, at the discretion of the Board, limitations on voting by holders of ADRs or GDRs, including without limitation, exercise of voting rights in accordance with the directions of the Board or otherwise.

Alteration of Share Capital

Article 8 provides that

- (A) The Company may, by Ordinary Resolution in General Meeting from time to time alter the conditions of its Memorandum as follows, that is to say, it may:
- (a) increase its Share Capital by such amount as it thinks fit and expedient by issuing new Shares of such amount as may be deemed expedient and the new Shares shall be issued on such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct and if no direction be given, the Board of Directors shall determine, and in particular such Shares may be issued with a preferential right to Dividends and in the distribution of the assets of the Company;
 - (b) consolidate and divide all or any of its Share Capital into Shares of larger amount than its existing Shares;
 - (c) convert all or any of its fully Paid up Shares into stock and reconvert that stock into fully Paid up Shares of any denomination
 - (d) sub-divide its Shares, or any of them, into Shares of smaller amount than is fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived;
 - (e) cancel Shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its Share Capital by the amount of the Shares so cancelled. A cancellation of Shares in pursuance of this Article shall not be deemed to be a reduction of Share Capital within the meaning of the Act.
- (B) The Board will have power, from time to time, to divide or classify any unclassified shares forming part of the authorized capital for the time being into several classes and to attach thereto respectively such equity, preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided in the Articles of Association of the Company.

Reduction of Share Capital

Article 9 provides that

The Company may (subject to the provisions of Sections 78, 80 and 100 to 105 {both inclusive} of the Act), from time to time by Special Resolution, reduce its Capital, any Capital Redemption Reserve Account and the Securities Premium Account in any manner for the time being authorised by law, and in particular, Capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate any power the Company would have, if it were omitted.

Power of Company to Purchase its Own Shares

Article 10 provides that

Pursuant to a resolution of the Board of Directors, the Company may purchase its own Shares by way of a buy-back arrangement, in accordance with Section 77A of the Act and the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998, subject to compliance with all applicable Requirements of Law.

Power to Modify Rights

Article 11 provides that

Where, the Capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected or abrogated or dealt with by agreement between the Company and any Person purporting to contract on behalf of that class, provided the same is affected with the sanction of a Special Resolution passed at a separate meeting of the holders of the issued Shares of that class and all the provisions hereafter contained as to General Meetings (including the provisions relating to quorum at such meetings) shall mutatis mutandis apply to every such meeting.

Shares and Certificates

Article 12 provides that

- (A) The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act and Register and Index of Debentureholders in accordance with Section 152 of the Act. The Company shall also be entitled to keep in any State or Country outside India, a foreign register or a branch Register of Members and Debentureholders in accordance with Section 157 of the Act. The Board may make and vary such regulations as it may think fit respecting the keeping of any such register(s).
- (B) The Shares in the Capital shall be numbered progressively according to their denominations, provided however, that the provisions relating to progressive numbering shall not apply to the Shares of the Company which are dematerialized or may be dematerialized in future or issued in future in a dematerialized form. Except in the manner hereinbefore mentioned, no Share shall be sub-divided. Every forfeited or surrendered Share held in material form shall continue to bear the number by which the same was originally distinguished.
- (C) The Company shall be entitled to dematerialize its existing Shares, rematerialize its Shares held in the Depository and/or to offer its fresh Shares in a dematerialized form pursuant to the Depositories Act, 1996, and the rules framed thereunder, if any.

Further Issue of Shares

Article 13 provides that

- (A) The Share Capital of the Company shall be in accordance with requirements of Law, as in force from time to time.

Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by the allotment of further shares then:

- (a) Such further shares shall be offered to the person who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date;
- (b) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;
- (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (ii) shall contain a statement of this right;

- (d) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company.

Notwithstanding anything contained above, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to above in any manner whatsoever”

- (i) If a special resolution to that effect is passed by the Company in general meeting, or;
- (ii) Where no such resolution is passed, if the votes cast (whether on a show of hands or poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

Nothing in sub-clause (c) hereof shall be deemed:

- (i) To extend the time within which offer should be accepted; or
- (ii) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued by the Company:

- (i) To convert such debentures or loans into shares in the Company; or
- (ii) To subscribe for shares in the Company;

Provided that the terms of issue of such debentures or terms of such loans include a term providing for such options and such term:

- (a) Either has been approved by the central Government before the issue of debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
- (b) In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has been approved by the special resolution passed by the Company in General Meeting before the issue of the loans.

(B) Any increase in the subscribed Capital of the Company by allotment of further Shares, whether out of un-issued Share Capital or out of increased Share Capital or otherwise, shall be effected in accordance with the applicable requirements of Law.

(C) Any acquisition of Shares or other Securities of the Company by the persons who can acquire Securities of a company incorporated in India, shall be in compliance with any applicable laws, regulations or guidelines or any requirements of Law.

SHARES AT THE DISPOSAL OF THE DIRECTORS

Article 14 provides that:

(A) Subject to the provisions of Section 81 of the Act, if applicable, and these Articles, the Shares in the Capital of the Company for the time being (including any Shares forming part of any increased Capital of the

Company) shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such Persons, in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to compliance with the provisions of Section 78 and 79 of the Act) at such time as they may from time to time think fit and with the sanction of the Members to give to any Person or Persons the option or right to apply for any Shares either at par or premium or at a discount during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the Capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares, provided however, notwithstanding the foregoing, the option or right to call on Shares shall not be given to any Person or Persons without the sanction of the Company in the General Meeting.

- (B) In addition to and without derogating from powers for that purpose conferred on the Board under these Articles, the Members may, subject to the provisions of Section 81 of the Act, determine that any Shares (whether forming part of the original capital or of any increased Capital of the Company), shall be offered to such Persons, (whether Members or holders of Debentures or any other Securities or not), in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, as the Members shall determine and with full power to give any person, (whether a Member or holders of Debentures or any other Securities or not), the option to call for or be allotted Shares of any class of the Company, either (subject to compliance with the provisions of Sections 78 and 79 of the Act), at a premium or at par or at a discount, such option being exercisable at such time and for such consideration as may be directed by the Members or the Members make any other provision whatsoever for the issue, allotment or disposal of any Shares.
- (C) Any application signed by or on behalf of an applicant for Shares in the Company, followed by an allotment of any Shares therein, shall be an acceptance of Shares within the meaning of these Articles and every person who thus or otherwise accepts any Shares and whose name is on the Register of Members shall for the purposes of these Articles be a Member.
- (D) The money, (if any), which the Board shall, on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them, shall immediately on the insertion of the name of the allottee, in the Register of Members as the name of the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
- (E) Every Member, or his heirs, Executors, or Administrators shall pay to the Company, the portion of the Capital represented by his Share or Shares which may for the time being remain unpaid thereon in such amounts at such time or times and in such manner as the Board shall from time to time in accordance with the Articles require or fix for the payment thereof.
- (F) If any Share stands in the names of two or more Members, the Member first named in the Register of Members shall as regards receipt of Dividends or bonus, or service of notices and all or any other matters connected with the Company except voting at Meetings and the transfer of Shares, be deemed the sole holder thereof, but the joint holders of a Share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such Shares, and for all incidents thereof according to these Articles.
- (G) Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall be entitled to treat the Member whose name appears on the Register of Members as the holder of any Share or whose name appears as the Beneficial Owner of Shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami, trust or equity or equitable, contingent or other claim to or interest in such Share on the part of any other Person whether or not he shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any Shares in the joint names of any two or more Persons or the survivor or survivors of them.

ISSUE OF SHARE CERTIFICATES

Article 15 provides that

- (A) The issue of certificates of shares or of duplicate or renewal of certificates of shares shall be governed by the provisions of Section 84 and other provisions of the Act, as may be applicable and by the Rules or notifications or orders, if any, which may be prescribed or made by competent authority under the Act or Rules or any other law. The Directors may also comply with the provisions of such rules or regulations of any stock exchange where the shares of the Company may be listed for the time being. The certificate of title to shares shall be issued under the Seal of the Company and shall be signed by such Directors

Provided that, notwithstanding what is stated above, the Directors shall comply with such rules or regulations or requirements of any stock exchange or the rules made under the Act or the rules made under the Securities Contracts (Regulation) Act, 1956 or any other act or rules applicable in this behalf.

- (B) Every member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fees as the Directors so time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificates of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares more than one certificate and delivery of a certificate of shares to one or several joint holders shall be sufficient delivery to all such holder.

- (C) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirement of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.

- (D) The provisions of this Article shall mutatis mutandis apply to Debentures and other Securities of the Company.

CALLS

Article 18 provides that

- (A) Subject to the provisions of Section 91 of the Act, the Board may, from time to time, subject to the terms on which any Shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board, (and not by circular resolution), make such call as it thinks fit upon the Members in respect of all moneys unpaid on the Shares held by them respectively and each Member shall pay the amount of every call so made on him to the Person or Persons and at the times and places appointed by the Board. A call may be made payable by installments.

- (B) Thirty days notice in writing at the least of every call (otherwise than on allotment) shall be given by the Company specifying the time and place of payment and if payable to any Person other than the Company, the name of the person to whom the call shall be paid, provided that before the time for payment of such call the Board may by notice in writing to the Members revoke the same.
- (C) A call shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed and may be made payable by the Members whose names appear on the Register of Members on such date or at the discretion of the Board on such subsequent date as shall be fixed by the Board.
- (D) A call may be revoked or postponed at the discretion of the Board.
- (E) The joint holder of a Share shall be jointly and severally liable to pay all installments and calls due in respect thereof.
- (F) The Board may, from time to time at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the Members, but no Members shall be entitled to such extension save as a matter of grace and favour.
- (G) If any Member or allottee fails to pay the whole or any part of any call or installment, due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board.
- (H) Any sum, which by the terms of issue of a Share or otherwise, becomes payable on allotment or at any fixed date or by installments at a fixed time whether on account of the nominal value of the Share or by way of premium shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue or otherwise the same became payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of call, interest, expenses, forfeiture or otherwise shall apply as if such sum became payable by virtue of a call duly made and notified.
- (I) On the trial or hearing of any action or suit brought by the Company against any Member or his Legal Representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member in respect of whose Shares the money is sought to be recovered appears entered on the Register of Members as the holder, or one of the holders at or subsequently to the date at which the money sought to be recovered is alleged to have become due on the Shares in respect of which such money is sought to be recovered; that the resolution making the call is duly recorded in the minute book; and that notice of such call was duly given to the Member or his representatives so sued in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.
- (J) Neither a judgment or decree in favour of the Company for calls, nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.
- (K) The Board may, if it thinks fit (subject to the provisions of Section 92 of the Act) agree to and receive from any Member willing to advance the same, the whole or any part of the amounts due upon the Shares held by him beyond the sums actually called up, and upon the amount so paid or satisfied in advance or upon so much thereof as from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the Shares in respect of which such advance has been made, the Board may pay

interest , as the Member paying such sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three (3) months notice in writing. Provided that the money paid in advance of calls on any Shares may carry interest but shall not in respect thereof confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

- (L) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same become presently payable.
- (M) The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company.

Company's Lien on Shares

Article 19 provides that

- (A) The Company shall have a first and paramount lien upon all the Shares/Debentures (other than fully paid-up Shares/Debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/Debentures and no equitable interest in any Share shall be created except upon the condition that this Article will have full effect, and such lien shall extend to all Dividends and bonuses from time to time declared in respect of such Shares and interest in respect of Debentures. Unless otherwise agreed, the registration of a transfer of Shares/Debentures shall operate as a waiver of the Company's lien, if any, on such Shares/Debentures. The Directors may at any time declare any Shares/Debentures wholly or in part to be exempt from the provisions of this Article.
- (B) For the purpose of enforcing such lien the Board may sell the Shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their number to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such period as aforesaid shall have elapsed and until notice in writing of the intention to sell shall have been served on such Member or his Legal Representative, and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.
- (C) The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue if any shall (subject to a like lien for sums not presently payable as existed upon the Shares before the sale) be paid to the Person entitled to the Shares at the date of the sale.

Forfeiture of Shares

Article 20 provides that

- (A) If any Member fails to pay any call or installment or any part thereof or any money due in respect of any Shares either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys remain unpaid or a judgment or decree in respect thereof remain unsatisfied, give notice to him or his Legal Representatives requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
- (B) The notice shall name a day, (not being less than fourteen days from the date of the notice), and a place or places on or before which such call or installment or such part or other moneys as aforesaid and interest thereon, (at such rate as the Board shall determine and payable from the date on which such call or installment ought to have been paid), and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the Shares in respect of which the call was made or installment is payable, will be liable to be forfeited.

- (C) If the requirements of any such notice as aforesaid shall not be complied with, any Share in respect of which such notice has been given, may at any time thereafter before payment of all calls, installments, other moneys due in respect thereof, interest and expenses as aforesaid, be forfeited by a Resolution of the Board to that effect. Such forfeiture shall include all Dividends declared or any other moneys payable in respect of the forfeited Share and not actually paid before the forfeiture.
- (D) When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture or if any of his Legal Representatives or to any of the Persons entitled to the Shares by transmission, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.
- (E) Any Share so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of either to the original holder thereof or to any other Person upon such terms and in such manner as the Board shall think fit.
- (F) Any Member whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, amounts, installments, interest and expenses and other moneys owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Board may determine and the Board may enforce, (if it thinks fit), payment thereof as if it were a new call made at the date of forfeiture.
- (G) The forfeiture of a Share shall involve extinction at the time of the forfeiture of all interest in all claims and demands against the Company, in respect of the Share and all other rights incidental to the Share, except only such of these rights as by these Articles are expressly saved.
- (H) A declaration in writing that the declarant is a Director or Secretary of the Company and that a Share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all Persons claiming to be entitled to the Shares.
- (I) Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some Person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
- (J) Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the related Shares shall, (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member), stand cancelled and become null and void and of no effect and the Board shall be entitled to issue a new certificate or certificates in respect of the said Shares to the person or persons entitled thereto.
- (K) The Board may at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

Transfer and Transmission of Shares

Article 21 provides that

- (A) The Company shall keep a "Register of Transfers" and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any Share, Debenture or other Security held in a material form.

- (B) Every instrument of transfer of Shares shall be in writing in the usual common form or in such form as may be prescribed under Section 108 of the Act and shall be delivered to the Company within such time as may be prescribed under the Act.
- (C) (i) An application for the registration of a transfer of the Shares in the Company may be made either by the transferor or the transferee.
- (ii) Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
- (D) Every such instrument of transfer shall be executed both by the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof.
- (E) The Board shall have power on giving not less than seven days previous notice by advertisement in a newspaper circulating in the city, town or village in which the Office of the Company is situated to close the transfer books, the Register of Members and/or Register of Debenture-holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days (45) in each year, as it may deem expedient.
- (F) Subject to the provisions of Sections 111 and 111A of the Act, or any statutory modification of the said provisions for the time being in force and any other Requirements of Law, the Board may, at its own absolute and uncontrolled discretion and without assigning any reason, decline to register or acknowledge any transfer of Shares and in particular may so decline in any case in which (i) the proposed transferee is a Person who is not permitted by any applicable law, regulation or guideline or any Requirements of Law, to acquire securities of the Company or (ii) if the Company has a lien upon the Shares or any of them or (iii) whilst any moneys in respect of the Shares desired to be transferred or any of them has remained unpaid or not or unless the transferee is approved by the Board and such refusal shall not be affected by the fact that the proposed transferee is already a Member. But in such cases it shall, within one (1) month from the date on which the instrument of transfer was lodged with the Company send to the transferee and the transferor notice of refusal to register such transfer. The registration of a transfer shall be conclusive evidence of the approval of the Board of the transferee.
- Provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other Person or Persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares.
- (G) Subject to the provisions of the Act and these Articles, the Directors shall have the absolute and uncontrolled discretion to refuse to register a Person entitled by transmission to any Shares or his nominee as if he were the transferee named in any ordinary transfer presented for registration, and shall not be bound to give any reason for such refusal and in particular may also decline in respect of Shares upon which the Company has a lien.
- (H) Transfer of Shares in whatever lot should not be refused, though there would be no objection to the Company refusing to split a share certificate into several scrips of any small denominations or to consider a proposal for transfer of Shares comprised in a share certificate to several Members, involving such splitting, if on the face of it such splitting/transfer appears to be unreasonable or without a genuine need. The Company should not, therefore, refuse transfer of Shares in violation of the stock exchange listing requirements on the ground that the number of Shares to be transferred is less than any specified number.
- (I) In the case of the death of any one or more of the Members named in the Register of Members as the joint-holders of any Share, the survivors shall be the only Member or Members recognized by the Company as having any title to or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on Shares held by him jointly with any other Person.

- (J) The Executors or Administrators or holder of the Succession Certificate or the Legal Representatives of a deceased Member, (not being one of two or more joint-holders), shall be the only Members recognized by the Company as having any title to the Shares registered in the name of such Member, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representatives unless such Executors or Administrators or Legal Representatives shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted court in the Union of India, provided that the Board may in its absolute discretion dispense with production of Probate or Letters of Administration or Succession Certificate, upon such terms as to indemnity or otherwise as the Board may in its absolute discretion deem fit and may under these Articles register the name of any Person who claims to be absolutely entitled to the Shares standing in the name of a deceased Member, as a Member.
- (K) The Board shall not knowingly issue or register a transfer of any share to a minor or insolvent or Person of unsound mind.
- (L) Subject to the provisions of Articles, any Person becoming entitled to Shares in consequence of the death, lunacy, bankruptcy of any Member or Member, or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board, (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title, as the Board thinks sufficient, either be registered himself as the holder of the Shares or elect to have some Person nominated by him and approved by the Board, registered as such holder; provided nevertheless, that if such Person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the Shares.
- (M) A Person becoming entitled to a Share by reason of the death or insolvency of a Member shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the Shares, except that he shall not, before being registered as a Member in respect of the Shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company;
- PROVIDED THAT the Directors shall, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares, and if the notice is not complied with within ninety days, the Directors may thereafter withhold payment of all Dividends, bonuses or other moneys payable in respect of the Shares until the requirements of the notice have been complied with.
- (N) Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the Shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.
- (O) In case of transfer and transmission of Shares or other marketable securities where the Company has not issued any certificates and where such Shares or Securities are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.
- (P) Before the registration of a transfer, the certificate or certificates of the Share or Shares to be transferred must be delivered to the Company along with (save as provided in Section 108 of the Act) a properly stamped and executed instrument of transfer.
- (Q) No fee shall be payable to the Company, in respect of the transfer or transmission of Shares, or for registration of any power of attorney, probate, letters of administration and succession certificate, certificate of death or marriage or other similar documents.
- (R) The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof,

(as shown or appearing in the Register of Members), to the prejudice of a Person or Persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had any notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice, and give effect thereto if the Board shall so think fit.

- (S) The provision of these Articles shall subject to the provisions of the Act and any requirements of law mutatis mutandis apply to the transfer or transmission by operation of law to other Securities of the Company.

DEMATERIALISATION OF SECURITIES

Article 22 provides that

(A) **Dematerialisation:**

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing Securities, rematerialise its Securities held in the Depositories and/or to offer its fresh Securities in a dematerialised form pursuant to the Depositories Act, and the rules framed thereunder, if any.

(B) **Options for Investors:**

Subject to Section 68B of the Act, every Person subscribing to Securities offered by the Company shall have the option to receive security certificates or to hold the Securities with a Depository. Such a Person who is the Beneficial Owner of the Securities can at any time opt out of a Depository, if permitted by law, in respect of any Securities in a manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required Certificate of Securities.

If a Person opts to hold his Securities with a Depository, the Company shall intimate such Depository the details of allotment of the Securities and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Securities.

(C) **Securities in Depositories to be in fungible form:**

All Securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.

(D) **Rights of Depositories & Beneficial Owners:**

- i. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner.
- ii. Save as otherwise provided in (i) above, the Depository as the Registered Owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.
- iii. Every person holding Shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Member of the Company.
- iv. The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository.

(E) **Service of Documents:**

Notwithstanding anything contained in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the Beneficial Ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

(F) **Transfer of Securities:**

- (i) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of Securities effected by transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.
- (ii) In the case of transfer or transmission of Shares or other marketable Securities where the Company has not issued any certificates and where such Shares or Securities are being held in any electronic or fungible form in a Depository, the provisions of the Depositories Act shall apply.

(G) **Allotment of Securities dealt with in a Depository:**

Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities.

(H) **Certificate No. of Securities in Depository:**

Nothing contained in the Act or these Articles regarding the necessity of having certificate number/distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.

(I) **Register and Index of Beneficial Owners:**

The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, shall be deemed to be the Register and Index (if applicable) of Members and Security-holders for the purposes of these Articles.

Restricted Right of Transfer

Article 27 provides that

No Person shall exercise any rights or privileges of Members until he shall have paid all sums (whether in respect of call or otherwise) for the time being due in respect of the Shares held by him or due in any manner whatsoever to the Company.

Copies of Memorandum and Articles to be sent to Members

Article 28 provides that

Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 39 of the Act shall be sent by the Company to every Member at his request within seven days of the request on payment of the sum of Rupee One for each copy.

Borrowing Powers

Article 29 provides that

Subject to the provisions of Section 201 of the Act, no Director, Manager, officer or employee of the Company shall be liable for the acts, defaults, receipts and neglects of any other Director, Manager, officer or employee or for joining in any receipts or other act for the sake of conformity or for any loss or expenses

happening to the Company through the insufficiency, or deficiency of any security in or upon which any of the monies of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any Person with whom any moneys, Securities or effects shall be deposited or for any loss occasioned by an error of judgment or oversight on his part, or for any other loss, damage or misfortune whatsoever which shall happen in the execution thereof unless the same shall happen through his own negligence, default, misfeasance, breach of duty or breach of trust.

Management of Company's Affairs

Article 32 provides that

Subject to the provisions of the Act and these Articles, the entire management of the Company's affairs including all decisions and resolutions shall be entrusted by the Members of the Company to its Board of Directors. All matters arising at a meeting of the Board of Directors, other than those otherwise specified in these Articles if any shall be decided by a majority vote, subject to any casting vote of the Chairman in the event of a tie.

Notice of General Meetings

Article 36 provides that

- (A) Number of days notice of general meeting to be given: A General Meeting of the Company may be called by giving not less than twenty one (21) days clear notice in writing, but a General Meeting may be called after giving shorter notice if consent is accorded thereto:
 - (i) In case of an Annual General Meeting, by all the Members entitled to vote thereat; and
 - (ii) In the case of any other meeting, by the Members of the Company holding not less than 95 per cent of such part of the Paid up Share Capital of the Company as gives a right to vote at the meeting,
- (B) Notice of meeting to specify place, etc., and to contain statement of business: Notice of every meeting of the Company shall specify the place, date and hour of the meeting, and shall contain a statement of the business to be transacted thereat.
- (C) Contents and manner of service of notice and persons on whom it is to be served: Every notice may be served by the Company on any Member thereof either personally or by sending it by post to their/its registered address in India and if there be no registered address in India, to the address supplied by the Member to the Company for giving the notice to the Member.
- (D) Special business: Where any items of business to be transacted at the meeting are deemed to be special, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including any particular nature of the concern or interest if any therein of every Director and where any item of special business relates to or affects any other company, the extent of shareholding interest in that other company of every Director of the first mentioned company shall also be set out in the statement if the extent of such interest is not less than 2 per cent of the paid up share capital of that other company. All business transacted at any meeting of the Company shall be deemed to be special and all business transacted at the Annual General Meeting of the Company with the exception of the business specified in Section 173(1)(a) of the Act shall be deemed to be special.
- (E) Resolution requiring special notice: With regard to resolutions in respect of which special notice is required to be given by the Act, a special notice shall be given as required by Section 190 of the Act.
- (F) Notice of adjourned meeting when necessary: When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

- (G) Notice when not necessary: Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Chairman of the General Meeting

Article 40 provides that

ADA, the Chairman of the Board shall preside as Chairman at every general meeting of the Company. In absence of ADA, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as Chairman of the meeting, the Vice-Chairman of the Board shall preside as Chairman of the meeting. If there is no Chairman or Vice Chairman, or none of them are present within fifteen minutes after the time appointed for holding the meeting, or are unwilling to act as Chairman of the meeting, the directors present shall elect one of their number to be the Chairman of the meeting. If at any meeting no Director is willing to act as Chairman or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their number to be the Chairman of the meeting. No business shall be discussed at any General Meeting except the election of a Chairman while the chair is vacant.

Questions at General Meeting how decided

Article 42 provides that

- (A) At any General Meeting, a resolution put to the vote of the Meeting shall, unless a poll is demanded, be decided on a show of hands. Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the Meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any Member or Members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or in which an aggregate sum of not less than fifty thousand rupees has been Paid-up. Unless a poll is demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the Minute Book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.
- (B) In the case of an equality of votes, the Chairman shall both on a show of hands and at a poll, (if any), have a casting vote in addition to the vote or votes to which he may be entitled as a Member.
- (C) If a poll is demanded as aforesaid, the same shall subject to anything stated in these Articles save and except otherwise than in the Extra-Ordinary General Meeting be taken at such time, (not later than forty-eight hours from the time when the demand was made), and place within the City, Town or Village in which the Office of the Company is situate and either by a show of hands or by ballot or by postal ballot, as the Chairman shall direct and either at once or after an interval or adjournment, or otherwise and the result of the poll shall be deemed to be the decision of the Meeting at which the poll was demanded. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand.
- (D) Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Member, (not being an officer or employee of the Company), present at the Meeting provided such a Member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared, to remove a scrutineer from office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.
- (E) Any poll duly demanded on the election of a Chairman of a Meeting or any question of adjournment, shall be taken at the Meeting forthwith.

- (F) The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a Meeting for the transaction of any business other than the question on which the poll has been demanded.
- (G) No report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it includes the matters required by these Articles or Section 193 of the Act to be contained in the Minutes of the proceedings of such Meeting.
- (H) The Members will do nothing to prevent the taking of any action by the Company or act contrary to or with the intent to evade or defeat the terms as contained in these Articles.

Votes of Members

Article 43 provides that

- (A) No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of Members either upon a show of hands or upon a poll in respect of any Shares registered in his name on which calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.
- (B) Subject to the provisions of these Articles, without prejudice to any special privilege or restrictions as to voting for the time being attached to any class of shares for the time being forming a part of the Capital of the Company, every Member not disqualified by the last preceding Article, shall be entitled to be present, and to speak and vote at such Meeting, and on a show of hands, every Member present in person shall have one vote and upon a poll, the voting right of such Member present, either in person or by proxy, shall be in proportion to his share of the Paid Up Share Capital of the Company held alone or jointly with any other Person or Persons.
Provided however, if any Member holding Preference Shares be present at any Meeting of the Company, save as provided in Clause (b) of Sub-Section (2) of Section 87 of the Act, he shall have a right to vote only on resolutions placed before the Meeting, which directly affect the rights attached to his Preference Shares.
- (C) On a poll taken at a Meeting of the Company, a Member entitled to more than one vote, or his proxy, or any other Person entitled to vote for him (as the case may be), need not, if he votes, use or cast all his votes in the same way.
- (D) A Member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, through a committee or through his legal guardian; and any such committee or guardian may, on a poll vote by proxy. If any Member be a minor his vote in respect of his Share(s) shall be exercised by his guardian(s), who may be selected (in case of dispute), by the Chairman of the meeting.
- (E) If there be joint registered holders of any shares, any one of such Persons may vote at any Meeting or may appoint another Person, (whether a Member or not) as his proxy in respect of such Shares, as if he were solely entitled thereto; but the proxy so appointed shall not have any right to speak at the Meeting and if more than one of such joint-holders be present at any Meeting, then one of the said Persons so present whose name stands higher in the Register of Members shall alone be entitled to speak and to vote in respect of such Shares, but the other joint- holders shall be entitled to be present at the Meeting. Several Executors or Administrators of a deceased Member in whose name Shares stand shall for the purpose of these Articles be deemed joint-holders thereof.
- (F) Subject to the provision of these Articles, votes may be given personally or by an attorney or by proxy. A body corporate, whether or not a Company within the meaning of the Act, being a Member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers, (including the right to vote by proxy), on behalf of the body corporate which he represents as that body could have exercised if it were an individual Member.

- (G) Any Person entitled to transfer any Shares of the Company may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such Shares, provided that forty-eight hours at least before the time of holding the Meeting or adjourned Meeting as the case may be at which he proposes to vote, he shall satisfy the Board of his right to such Shares and give such indemnity (if any) as the Board may require unless the Board shall have previously admitted his right to vote at such Meeting in respect thereof.
- (H) Every proxy, (whether a Member or not), shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the Common Seal of such corporation or be signed by an officer or an attorney duly authorised by it, and any committee or guardian may appoint proxy. The proxy so appointed shall not have any right to speak at a Meeting.
- (I) An instrument of proxy may appoint a proxy either for (i) the purposes of a particular Meeting (as specified in the instrument) or (ii) for any adjournment thereof or (iii) it may appoint a proxy for the purposes of every Meeting of the Company, or (iv) of every Meeting to be held before a date specified in the instrument for every adjournment of any such Meeting.
- (J) A Member present by proxy shall be entitled to vote only on a poll.
- (K) An instrument appointing a proxy and a power of attorney or other authority (including by way of a Board Resolution, (if any),) under which it is signed or a notarially certified copy of that power or authority or resolution as the case may be, shall be deposited at the Office not later than forty-eight hours before the time for holding the Meeting at which the Person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. An attorney shall not be entitled to vote unless the power of attorney or other instrument or resolution as the case may be appointing him or a notarially certified copy thereof has either been registered in the records of the Company at any time not less than forty-eight hours before the time for holding the Meeting at which the attorney proposes to vote, or is deposited at the Office of the Company not less than forty-eight hours before the time fixed for such Meeting as aforesaid. Notwithstanding that a power of attorney or other authority has been registered in the records of the Company, the Company may, by notice in writing addressed to the Member or the attorney, given at least 48 hours before the Meeting, require him to produce the original power of attorney or authority or resolution as the case may be and unless the same is deposited with the Company not less than forty-eight hours before the time fixed for the Meeting, the attorney shall not be entitled to vote at such Meeting unless the Board in their absolute discretion excuse such non-production and deposit.
- (L) Every instrument of proxy whether for a specified Meeting or otherwise should, as far as circumstances admit, be in any of the forms set out in Schedule IX of the Act or a form as near thereto as circumstance admit.
- (M) If any such instrument of appointment be confined to the object of appointing an attorney or proxy for voting at Meetings of the Company it shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects a copy thereof, examined with the original, shall be delivered to the Company to remain in the custody of the Company.
- (N) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the Office before the Meeting.
- (O) No objection shall be made to the validity of any vote, except at the Meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such Meeting or poll shall be deemed valid for all purposes of such Meeting or poll whatsoever.

- (P) The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be in the sole judge of the validity of every vote tendered at such poll.
- (a) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such Meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.
 - (b) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each Meeting in such book shall be dated and signed by the Chairman of the same Meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for that purpose.
 - (c) In no case the minutes of proceedings of a Meeting shall be attached to any such book as aforesaid by pasting or otherwise.
 - (d) The Minutes of each Meeting shall contain a fair and correct summary of the proceedings thereof.
 - (e) All appointments of Directors of the Company made at any Meeting aforesaid shall be included in the minutes of the Meeting.
 - (f) Nothing herein contained shall require or be deemed to require the inclusion in any such Minutes of any matter which in the opinion of the Chairman of the Meeting (i) is or could reasonably be regarded as, defamatory of any person, or (ii) is irrelevant or immaterial to the proceedings, or (iii) is detrimental to the interests of the Company. The Chairman of the Meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the Minutes on the aforesaid grounds.
 - (g) Any such Minutes shall be evidence of the proceedings recorded therein.
 - (h) The book containing the Minutes of proceedings of General Meetings shall be kept at the Registered Office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than two hours in each day as the Board determines, for the inspection of any Member without charge.
 - (i) The Company shall cause minutes to be duly entered in books provided for the purpose of: -
 - (a) the names of the Directors and Alternate Directors present at each General Meeting;
 - (b) all Resolutions and proceedings of General Meeting;
- (Q) The Members shall vote (whether in person or by proxy) all of the Shares owned or held of record by them at any Annual or Extraordinary General Meeting of the Company called for the purpose of filling positions to the Board of Directors, appointed as a Director of the Company under Section 274(1) of the Act in accordance with these Articles.
1. The Members will do nothing to prevent the taking of any action by the Company or act contrary to or with the intent to evade or defeat the terms as contained in these Articles.
 2. All matters arising at a General Meeting of the Company, other than as specified in the Act or these Articles if any, shall be decided by a majority vote.
 3. The Members shall exercise their voting rights as shareholders of the Company to ensure that the Act and/or these Articles are implemented and acted upon by the Members, and by the Company and to prevent the taking of any action by the Company or by any Member, which is contrary to or with a view or intention to evade or defeat the terms as contained in these Articles.

Promoters of the Company

Article 44 provides that

ADA Group shall be the promoter group of the Company as defined under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 or any other statute, rules, regulations, guidelines or provisions of law (including any amendments, modifications or re-enactment thereof, for the time being in force) and shall exercise control over the Company, as defined under any such law.

Directors

Article 45 provides that

Unless otherwise determined by the Company in the General Meeting, the ` Directors shall not be less than 3 (three) and not more than such number as may be stipulated by the Act for the time being in force.

Chairman of the Board of Directors

Article 46 provides that

- (A) ADA shall be and shall continue as the non-retiring Chairman of the Board so long as he is willing to be a Director and Chairman of the Company and shall not be liable to retire by rotation. The Chairman shall preside at all meetings of the Board and the General Meetings of the Company. The Chairman shall have a casting vote in the event of a tie.
- (B) In the event of Article 46 (a) becomes inoperative as envisaged in Article 88(c), the Board of Directors of the Company shall be entitled to appoint one among themselves as Chairman of the Board and determine the period for which each of them to hold such office.
- (C) In absence of ADA or any appointed or nominated Chairman, or in the event of their being unwilling to act as the Chairman at any meeting of the Board, the members present at the Board meeting shall designate one among themselves to preside at such meeting as Chairman.
- (D) All the Directors shall exercise their voting rights to ensure that these Articles are implemented and acted upon by them to prevent the taking of any action by the Company or by any Member, which is contrary to or with a view or intention to evade or defeat the terms as contained in these Articles.

Appointment of Alternate Directors

Article 47 provides that

Subject to Section 313 of the Act, any Director shall be entitled to nominate an alternate director to act for him during his absence for a period of not less than 3 months (subject to such person being acceptable to the Chairman). The Board may appoint such a person as an Alternate Director to act for a Director (hereinafter called "the Original Director") (subject to such person being acceptable to the Chairman) during the Original Director's absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State. If the term of the office of the Original Director is determined before he so returns to the State, any provisions in the Act or in these Articles for automatic re-appointment shall apply to the Original Director and not to the Alternate Director.

Casual Vacancy and Additional Directors

Article 48 provides that

Subject to the provisions of the Act and these Articles, the Board shall have the power at any time and from time to time to appoint any qualified Person to be a Director either as an addition to the Board or to fill a casual vacancy but so that the total number of Directors shall not at any time exceed the maximum number fixed under these Articles. Any Person so appointed as an addition shall hold office only up to the date of the next Annual General Meeting. Any person appointed to fill a casual vacancy shall hold office only up to the date to which the Original Director in whose place he is appointed would have held office if it had not been vacated but shall be eligible for election.

Debenture or Lender Directors

Article 49 provides that

If it is provided by a Trust Deed, securing or otherwise, in connection with any issue of Debentures of the Company, that any Person/ Lender or Persons/ Lenders shall have power to nominate a Director of the Company, then in the case of any and every such issue of Debentures, the Person/ Lender or Persons/ Lenders having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to a Debenture Director. A Debenture Director may be removed from office at any time by the Person/ Lender or Persons/ Lenders in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be bound to hold any qualification shares.

No Qualification Shares for Directors

Article 50 provides that

A Director shall not be required to hold any qualification Shares of the Company.

Remuneration of Directors

Article 51 provides that

- (A) Subject to the provisions of the Act, a Managing Director (s), and any other Director/s who is/are in the whole time employment of the Company may be paid remuneration either by a way of monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other, subject to the limits prescribed under the Act.
- (B) Subject to the provisions of the Act, a Director (other than a Managing Director or an Executive Director) may be paid remuneration either:
 - (i) by way of monthly, quarterly or annual payment, or
 - (ii) by way of
- (C) The remuneration payable to each Director for every Meeting of the Board or Committee of the Board attended by them shall be such sum as may be determined by the Board from time to time within the maximum limits prescribed from time to time by the Central Government pursuant to the first proviso to Section 310 of the Act.

Special Remuneration for Extra Services Rendered by a Director

Article 52 provides that

If any Director be called upon to perform extra services or special exertions or efforts (which expression shall include work done by a Director as a member of any Committee formed by the Directors), the Board may arrange with such Director for such special remuneration for such extra services or special exertions or efforts either by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration otherwise provided.

Travel Expenses of Directors

Article 53 provides that

The Board may allow and pay to any Director who is not a bonafide resident of the place where the meetings of the Board/committee meetings are ordinarily held and who shall come to such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation for authorize, lodging and/ or other expenses, in addition to his fee for attending such Board Meetings / committee meetings as above specified; and if any Director be called upon to go or reside out of his ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed authorize and other expenses incurred in connection with the business of the Company.

Removal of Directors

Article 55 provides that

The Members may by passing a special resolution remove a director, before the expiry of his period of office.

Directors may Contract with Company

Article 56 provides that

- (A) A Director or his relative, a firm in which such Director or relative is a partner, any other Person in such firm, or a private company of which the Director is a member or director may enter into any contract with the Company for the sale, purchase or supply of any goods, materials or services or for underwriting the subscription of any shares in, or Debentures, of the Company, provided that the prior sanction of the Board and the Central Government is obtained in accordance with Section 297 of the Act.
- (B) No sanction however shall be necessary to: -
- i. any sale, purchase or lease of immovable property; or
 - ii. any purchase of goods and materials from the Company, or the sale of goods or materials to the Company, by any such Director, relative, firm, partner or private Company as aforesaid for cash at prevailing market prices; or
 - iii. any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other, for sale, purchase or supply of any goods, materials and services, in which either the Company or the Director, relative, firm, partner or private company, as the case may be, regularly trades or does business, where the value of the goods and materials or the cost of such services do not exceed Rs.5,000 in the aggregate in any year comprised in the period of the contract or contracts.

Provided that in circumstances of urgent necessity, the Company may without obtaining the consent of the Board enter into any such contract or contracts with the Director, relative, firm, partner or private company, even if the value of such goods or materials or the cost of such services exceeds Rs.5,000 in the aggregate

in any year comprised in the period of the agreement, if the consent of the Board shall be obtained to such contract or contracts at a Meeting within three months of the date on which the contract was entered into.

- (C) The Director, so contracting or being so interested shall not be liable to the Company for any profit authorised by any such contract or the fiduciary relation thereby established.

Disclosure of Interest

Article 57 provides that

- (A) A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement, or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a Meeting of the Board in the manner provided in Section 299(2) of the Act; Provided that it shall not be necessary for a Director to disclose his concern or interest in any such contract or arrangement entered into or to be entered into with any other company where any of the Directors of the company or two or more of them together holds or hold not more than 2 per cent of the paid-up share capital in the other company or the Company as the case may be. A general notice given to the Board by the Director, to the effect that he is a director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the Financial Year in which it is given but may be renewed for a further period of one Financial Year at a time by a fresh notice given in the last month of the Financial Year in which it would have otherwise expired. No such general notice, and no renewal thereof shall be of effect unless, either it is given at a Meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first Meeting of the Board after it is given.
- (B) No Director shall as a Director, take any part in the discussion of, vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangements; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void; provided however that nothing herein contained shall apply to:-
- i. any contract or indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;
 - ii. any contract or arrangement entered into or to be entered into with a public company or a private company which is subsidiary of a public company in which the interest of the Director consists solely,
- (C) in his being –
- i. a director of such company, and
 - ii. the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by this Company, or
- (D) In his being a member holding not more than 2 per cent of its Paid-up Share Capital.
- (E) Subject to the provisions of Section 314 and other applicable provisions, if any, of the Act, any Director of the Company, any partner or relative of such Director, any firm in which such Director or a relative of such Director is a partner, any private company of which such Director is a director or member, and any director or manager of such private company, may hold any office or place of profit in the Company.

- (F) The Company shall keep a Register in accordance with Section 301(1) of the Act and shall within the time specified in Section 301(2) of the Act enter therein such of the particulars as may be relevant having regard to the application thereto of Section 297 or Section 299 of the Act, as the case may be. The Register aforesaid shall also specify, in relation to each Director of the Company, the names of the bodies corporate and firms of which notice has been given by him under Article 57 (a). The Register shall be kept at the Registered Office of the Company and shall be open to inspection at such Office, and extracts may be taken there from and copies thereof may be required by any Member of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 163 of the Act shall apply accordingly.
- (G) A Director may be or become a Director of any Company promoted by the Company, or on which it may be interested as a vendor, shareholder, or otherwise, and no such Director shall be accountable for any benefits received as director or shareholder of such Company except in so far as Section 309(6) or Section 314 of the Act may be applicable.

Disclosure by Director of Appointment to any Other Body Corporate

Article 61 provides that

- (A) Every Director, (including a person deemed to be a Director by virtue of the Explanation to Sub-Section (1) of Section 303 of the Act), a Managing Director, Manager, or Secretary of the Company shall, within thirty days of his appointment to any of the above offices or as the case may be, relinquishment of, such offices, in any other body corporate disclose to the Company, the particulars relating to his office in the other body corporate which are required to be specified under Sub-Section (1) of Section 303 of the Act.
- (B) Every Director and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purposes of enabling the Company to comply with the provisions of that Section.

Managing Director(s)/ Executive Director(s)/ Manager

Article 62 provides that

Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint from time to time any of its members as Managing Director/s or Manager or Executive Director(s), of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and the Board may by resolution vest in such Managing Director/s or Manager or Executive Director(s), such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods and upon such conditions and subject to such restrictions as it may determine. The terms of appointment of Managing Director/s or Manager or Executive Director(s), shall be the terms on which such persons shall be appointed by the Board. The Managing Director/s or Manager or Executive Director(s), as the case may be, so appointed, shall be responsible for and in charge of the day to day management and affairs of the Company and subject to the provisions of the Act and these Articles, the Board shall vest in such Managing Director/s or Manager or Executive Director(s), as the case may be, all the powers vested in the Board generally.

Powers of the Board

Article 69 provides that

Subject to the provisions of the Act and these Articles: -

- a) The Board of Directors shall be entitled to exercise all such power and to do all such acts and things as the Company is authorized to exercise and do.

- b) The Board of Directors is vested with the entire management and control of the Company, including as regards any and all decisions and resolutions to be passed, for and on behalf of the Company.

Dividend Policy

Article 80 provides that

- (A) The divisible profits of the Company, subject to any special rights relating thereto being created or authorised to be created by the Memorandum or these Articles and subject to the provisions of these Articles shall be divisible among the Members in proportion to the amount of Capital Paid-up or credited as Paid-up and to the period during the year for which the Capital is Paid-up on the Shares held by them respectively. Provided always that, (subject as aforesaid), any Capital Paid-up on a Share during the period in respect of which a Dividend is declared, shall unless the Directors otherwise determine, only entitle the holder of such Share to an apportioned amount of such Dividend as from the date of payment.
- (B) Subject to the provisions of Section 205 of the Companies Act, 1956 the Company in General Meeting may declare Dividends, to be paid to Members according to their respective rights and interests in the profits but no Dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller Dividend, and may fix the time for payments not exceeding 30 days from the declaration thereof.
- (C) (i) No Dividend shall be declared or paid otherwise than out of profits of the Financial Year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act or out of the profits of the Company for any previous Financial Year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both provided that: -
- (ii) if the Company has not provided for depreciation for any previous Financial Year or years it shall, before declaring or paying a Dividend for any Financial Year provide for such depreciation out of the profits of that Financial Year or out of the profits of any other previous Financial Year or years,
- (iii) if the Company has incurred any loss in any previous Financial Year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the Dividend is proposed to be declared or paid or against the profits of the Company for any previous Financial Year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.
- (iv) The decision of the Board as to the amount of the divisible profits shall be conclusive.
- (D) The Board may from time to time, pay to the Members such interim Dividend as in their judgment the position of the Company justifies.
- (E) Where Capital is paid in advance of calls upon the footing that the same shall carry interest, such Capital shall not whilst carrying interest, confer a right to participate in profits or Dividend.
- (F) (i) Subject to the rights of Persons, if any, entitled to Shares with special rights as to Dividend, all Dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof Dividend is paid but if and so long as nothing is Paid upon any Shares in the Company, Dividends may be declared and paid according to the amount of the Shares.
- (ii) No amount paid or credited as paid on Shares in advance of calls shall be treated for the purpose of this regulation as paid on Shares.
- (iii) All Dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the Dividend is paid, but if any Shares are issued on terms providing that it shall rank for Dividend as from a particular date such Shares shall rank for Dividend accordingly.

- (G) Subject to the provisions of the Act and these Articles, the Board may retain the Dividends payable upon Shares in respect of any Person, until such Person shall have become a Member, in respect of such Shares or until such Shares shall have been duly transferred to him.
- (H) Any one of several Persons who are registered as the joint-holders of any Share may give effectual receipts for all Dividends or bonus and payments on account of Dividends or bonus or sale proceeds of fractional certificates or other moneys payable in respect of such Shares.
- (I) Subject to the provisions of the Act, no Member shall be entitled to receive payment of any interest or Dividends in respect of his Share(s), whilst any money may be due or owing from him to the Company in respect of such Share(s); either alone or jointly with any other Person or Persons; and the Board may deduct from the interest or Dividend payable to any such Member all sums of money so due from him to the Company.
- (J) A transfer of Shares shall not pass the right to any Dividend declared thereon before the registration of the transfer.
- (K) Unless otherwise directed any Dividend may be paid by cheque or warrant or by a pay slip or receipt (having the force of a cheque or warrant) and sent by post or courier or by any other legally permissible means to the registered address of the Member or Person entitled or in case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holding. Every such cheque or warrant shall be made payable to the order of the Person to whom it is sent and in case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holding. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission, or for any Dividend lost to a Member or Person entitled thereto, by a forged endorsement of any cheque or warrant or a forged signature on any pay slip or receipt of a fraudulent recovery of Dividend. If two or more Persons are registered as joint-holders of any Share(s) any one of them can give effectual receipts for any moneys payable in respect thereof. Several Executors or Administrators of a deceased Member in whose sole name any Share stands shall for the purposes of this Article be deemed to be joint-holders thereof.
- (L) No unpaid Dividend shall bear interest as against the Company.
- (M) Any General Meeting declaring a Dividend may on the recommendation of the Board, make a call on the Members of such amount as the Meeting fixes, but so that the call on each Member shall not exceed the Dividend payable to him, and so that the call will be made payable at the same time as the Dividend; and the Dividend may, if so arranged as between the Company and the Members, be set-off against such calls.

Directors' and Others' Rights to Indemnity

Article 83(D) provides that

Subject to the provisions of Section 201 of the Act, every Director, Manager and other officer or employee of the Company shall be indemnified by the Company against any liability incurred by him and it shall be the duty of the Directors to pay out of the funds of the Company all costs, losses and expenses which any Director, Manager, officer or employee may incur or become liable to by reason of any contract entered into by him on behalf of the Company or in any way in the discharge of his duties and in particular, and so as not to limit the generality of the foregoing provision, against all liabilities incurred by him as such Director, Manager, officer or employee in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the Members over all claims.

Directors, etc. not liable for certain acts

Article 84 provides that

Subject to the provisions of Section 201 of the Act, no Director, Manager, officer or employee of the Company shall be liable for the acts, defaults, receipts and neglects of any other Director, Manager, officer or employee or for joining in any receipts or other act for the sake of conformity or for any loss or expenses happening to the Company through the insufficiency, or deficiency of any security in or upon which any of the monies of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any Person with whom any moneys, Securities or effects shall be deposited or for any loss occasioned by an error of judgment or oversight on his part, or for any other loss, damage or misfortune whatsoever which shall happen in the execution thereof unless the same shall happen through his own negligence, default, misfeasance, breach of duty or breach of trust.

Amendment to Memorandum and Articles of Association

Article 85 provides that

- (A) The Members shall vote all the Shares owned or held of record by such Members at any Annual or Extraordinary General Meeting of the Company in accordance with these Articles.
- (B) The Members shall not pass any resolution or take any decision which is contrary to any of the terms of these Articles.
- (C) Notwithstanding anything stated in these Articles, if the ADA Group ceases to be the largest shareholder of the Company, then neither ADA nor the ADA Group will be entitled to the rights as stipulated in Articles 40, 44, and 46.

SECTION IX: OTHER INFORMATION
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which are or may be deemed material have been entered into or will be entered into by the Company. These contracts, copies of which have been attached to the copy of this Prospectus, delivered to the Registrar of Companies for registration and also the documents for inspection referred to hereunder, were available for inspection at the registered office of the Company situated at H Block, First Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710, from 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts to the Issue

1. Memorandum of Understanding dated October 3, 2007 among the Company, the BRLMs and CBRLMs.
2. Memorandum of Understanding dated October 1, 2007 executed by the Company with the Registrar to the Issue.
3. Escrow Agreement dated January 12, 2008 among the Company, the BRLMs, the CBRLMs, Escrow Collection Banks and the Registrar to the Issue.
4. Syndicate Agreement dated January 12, 2008 among the Company, the BRLMs, the CBRLMs and the Syndicate Members.
5. Underwriting Agreement dated January 19, 2008 among the Company, the BRLMs, the CBRLMs and the Syndicate Members.
6. Monitoring Agency engagement letter dated September 26, 2007 and letter dated January 7, 2008 from IDBI Bank..

Material Documents

1. Memorandum and Articles of Association of the Company as amended through the date hereof.
2. Certificate of incorporation dated January 17, 1995 for incorporation as Bawana Power Private Limited and certificates of incorporation for the subsequent name changes up to the latest certificate of incorporation consequent to change of name to Reliance Power Limited dated July 7, 2007.
3. Scheme of Amalgamation with RPUPL and Bombay High Court order dated September 27, 2007.
4. Shareholders' resolutions dated November 29, 2007 in relation to the Issue and other related matters.
5. Resolutions of the Board dated November 29, 2007 authorizing the Issue.
6. Agreement dated November 9, 2007 with Mr. K.H. Mankad.
7. Project Cost Estimation Report dated September 28, 2007 by Development Consultants Private Limited.
8. Report of the Joint Statutory Auditors, Chaturvedi & Shah, Chartered Accountants, and Price Waterhouse, Chartered Accountants, prepared as per Indian GAAP and mentioned in this Prospectus.
9. Report on statement of Tax Benefits as contained in this Prospectus.
10. Net worth Certificate of RINL from Pathak H.D. & Associates
11. Copies of annual reports of the Company and its subsidiaries for the past five financial years.

12. Consents of the Auditors, Chaturvedi & Shah, Chartered Accountants, for inclusion of their report on accounts in the form and context in which they appear in this Prospectus.
13. Consents of the Auditors, Price Waterhouse, Chartered Accountants, for inclusion of their report on accounts in the form and context in which they appear in this Prospectus.
14. General Powers of Attorney executed by the Directors of the Company in favour of person(s) for signing and making necessary changes to this Prospectus and other related documents.
15. Consents of Auditors, Bankers to the Company, the BRLMs, the CBRLMs, Syndicate Members, Registrar to the Issue, Banker to the Issue, Bankers to the Company, Domestic Legal Counsel to the Company, Domestic Legal Counsel to the Underwriters, International Legal Counsel to the Underwriters, Directors of the Company, Company Secretary and Compliance Officer, IDBI and DCPL, as referred to, in their respective capacities.
16. Applications dated October 3, 2007 for in-principle listing approval to National Stock Exchange of India Limited and Bombay Stock Exchange Limited, respectively.
17. In-principle listing approval dated October 31, 2007 and October 15, 2007 from National Stock Exchange of India Limited and Bombay Stock Exchange Limited respectively.
18. Agreement among NSDL, the Company and the Registrar to the Issue dated March 30, 2007.
19. Agreement among CDSL, the Company and the Registrar to the Issue dated September 3, 2004.
20. Due diligence certificate dated October 3, 2007 to SEBI from the BRLMs and the CBRLMs.
21. SEBI interim observation letter CFD/DIL/ISSUES/PR/105975/07 dated October 31, 2007 and the LM's in-seriatim reply to the same dated November 1, 2007.
22. SEBI observation letter CFD/DIL/ISSUES/PR/112054/07 dated December 28, 2007 and the LM's in-seriatim reply to the same dated December 28, 2007.
23. Consent dated December 31, 2007 from the CRISIL, one of the IPO grading agencies for inclusion of their report in the form and context in which they appear in the Red Herring Prospectus and the Prospectus and to act as Experts.
24. Consent dated December 31, 2007 from the ICRA Limited, one of the IPO grading agencies for inclusion of their report in the form and context in which they appear in the Red Herring Prospectus and the Prospectus and to act as Experts.
25. IPO Grading report dated December 31, 2007 by CRISIL Limited.
26. IPO Grading report dated December 31, 2007 by ICRA Limited.
27. In principle letter sanction letters dated from ICICI to MEGL, SPL, VIPL and USHPPL.
28. In principle sanction letter from Axis Bank to RSPCL.
29. Mandate Letters from Macquarie India Advisory Services Private Limited, ABN AMRO Bank N.V., Deutsche Bank A.G.
30. Guarantee dated December 31, 2007 from RINL.
31. Resolutions dated October 18, 2007 from RCL and Reliance ADA Group Private Limited.

32. Certificate dated December 29, 2007 from Chaturvedi and Shah, Chartered Accountants, for Objects of the Issue.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Prospectus are true and correct.

Signed by the Directors of our Company

Mr. Anil Dhirubhai Ambani

Mr. S.L. Rao

Mr. J.L. Bajaj

Dr. V.K. Chaturvedi

Dr. Yogendra Narain

Mr. K. H. Mankad
(Whole Time Director and CEO)

Signed by the Chief Financial Officer

Signed by the Company Secretary

Date: January 19, 2008
Place: Mumbai

ANNEXURE



CONFIDENTIAL

Ref.: RPower\ MY\ 07-11-07 \09

Dated: December 31, 2007

Mr. Deepak Maheshwari
Reliance Power Limited,
Reliance Energy Centre,
2nd Floor, Opp. Prabhat Colony,
Santa Cruz (East),
Mumbai 400055, India.

Dear Mr. Deepak,

**Re: CRISIL IPO Grading for the Initial Public Offer of 260,000,000 Equity Shares
of
Reliance Power Ltd.**

We refer to your request for an IPO Grading and the Grading Agreement for the captioned equity issue.

CRISIL has, after due consideration, assigned a **CRISIL IPO Grade "4/5"** (pronounced "four on five") to the captioned equity issue. This grade indicates that the fundamentals of the Issue are above average relative to other listed equity securities in India.

The assigned grade is a one time assessment valid for a period of 60 Calendar days only from the date of this letter. In the event of your company not opening the captioned issue within a period of 60 days from the above date, or in the event of any change in the size or structure of the issue, a fresh letter of revalidation from CRISIL shall be necessary.

As per our Grading Agreement, CRISIL shall disseminate the assigned Grade through its publications and other media.

Should you require any clarifications, please feel free to contact us.

With warm regards,

Yours sincerely,

Sudhir K Nair
Head – CRISIL Research

Mayuri Yadav
Manager – CRISIL Research

A CRISIL IPO grading is a one-time assessment and reflects CRISIL's current opinion on the fundamentals of the graded equity issue in relation to other listed equity securities in India, and does not constitute an audit of the issuer by CRISIL. A CRISIL IPO grading is neither an audit of the issuer by CRISIL nor is it a credit rating. Every CRISIL IPO grading is based on the information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the grading is based. A CRISIL IPO grading is not a recommendation to buy / sell or hold the graded instrument; it does not comment on the issue price, future market price or suitability for a particular investor.

CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of CRISIL IPO gradings. For information on any IPO grading assigned by CRISIL, please contact Client Servicing at 022 66913561 Email: clientservicing@crisil.com.

For more information on CRISIL IPO gradings please visit <http://www.crisil.com/research/research-faqs-ipo-grading.htm>

CRISIL Limited, a Standard & Poor's company

261, Solitaire Corporate Park, Andheri-Ghatkopar Link Road, Andheri (East), Mumbai - 400 093, India. Phone: +91 (22) 6691 3500 Fax: +91 (22) 6702 6954
Registered Office: CRISIL House, 121-122, Andheri-Kurla Road, Andheri (East), Mumbai - 400 093, India. Phone: +91 (22) 6691 3001-09 Fax: +91 (22) 6691 3000
Web: www.crisil.com

Grading Rationale for CRISIL IPO Grading

Reliance Power Ltd.

CRISIL IPO Grade 4.0/5.0

Public Issue of 260 million Equity Shares of face value Rs 10.0 to raise around INR 105 billion to INR 115 billion.

Bid/Offer Opens	*
Bid/Offer Closes	*
Net Shares Offered to public	228 mn
As % of post issue Equity	10.1
Shares Outstanding (Post issue)	2260 mn

Lead Manager

Kotak Mahindra Capital Company Ltd.
 ICICI Securities Ltd.,
 ABN AMRO Securities (India) Private Ltd.,
 Enam Securities Private Ltd.,
 JM Financial Consultants Private Ltd.,
 UBS Securities India Private Ltd.,
 Deutsche Equities India Private Ltd.,
 J.P. Morgan India Private Ltd.,
 Macquarie India Advisory Services Pvt Ltd.,
 And SBI Capital Markets Ltd.

Registrar to the Issue

Karvy Computershare Private Ltd., Hyderabad
 (Andhra Pradesh)

Shareholding Pattern	Prior to issue		Post issue	
	No. of shares	%	No. of shares	%
Mr. Anil Dhirubhai Ambani	1,000 #	0.0	1,000 #	0.0
Rel. Innoventures Pvt. Ltd.	1,000 #	0.0	1,000 #	0.0
Reliance Energy	1,000,000,000	50.0	1,016,000,000	45.0
AAA Project	999,998,000	50.0	1,015,998,000	45.0
Promoter group-sub total	2,000,000,000	100.0	2,032,000,000	89.9
Public	-	0.0	228,000,000	10.1
Total	2,000,000,000	100.0	2,260,000,000	100.0

Held Jointly with AAA Project.

In order to arrive at the overall grade, CRISIL considers the following broad parameters:

- Business prospects and financial performance
- Management capability
- Corporate governance

Overall Assessment

CRISIL has assigned a CRISIL IPO Grade '4/5' (pronounced 'four on five') to the proposed initial public offer of Reliance Power Ltd (RPower). This grade indicates that the fundamentals of the issue are above average, in relation to other listed equity securities in India.

The grading assigned reflects CRISIL's view that strong demand for power in India will catalyse regulatory facilitation for private participation in the power sector over the medium to long term. In this scenario, early movers like RPower will benefit from attractive business opportunities that are likely to come about as a result, especially if they achieve high levels of financial capability, as is likely for RPower after its proposed IPO. The grading also reflects the Reliance Anil Dhirubhai Ambani Group's commitment that RPower will be the sole repository of the Group's economic interest in the power generation segment. The grading is tempered by the fact that RPower is planning to put up capacity, on a scale and within a time frame, never achieved in India before and therefore it is likely to face significant implementation challenges. The grading also reflects the fact that power generators in India will have to depend on SEBs for off take over the short-to-medium term and that their return will be subject to the regulatory oversight in case of Two-part tariff based Projects such as Rosa I (600 MW)

and Rosa II (300 MW). Also, returns on the projects won through the competitive bidding route may not be substantially higher due to competition.

Power generation to piggyback the growth in Indian economy; EA 2003 provides conducive contours

Growth in the Indian economy over the medium term (GDP growth of 8 per cent) is expected to result in a concomitant growth in demand for power and hence, an opportunity for setting up of generation capacities. The energy deficit in 2006-07 was around 10 percent of the total power requirement of around 693 billion units and peak deficit stood at 14 percent of the total requirement of 100 GW. According to CRISIL Research estimates, where energy deficit is likely to come down to 4.7 percent of the total power requirement of 855 billion units towards the end of the 11th plan period, the peak deficit is expected to remain at the same level (i.e. 14 percent of the expected requirement of 146GW), even after the efficiency improvement across the value chain. This would provide humungous growth opportunities for private sector players in the power sector.

RPower strategically placed to benefit from the power sector reforms and growth potential

RPower is the only private sector player which proposes to implement multi-location generation projects of this magnitude (28,200MW). All the proposed projects would be located in six states across 12 locations, either near the load centre or at the pit head. RPower proposes to set up 12,220-MW in the western region, 9,080-MW in northern India, 4,000-MW in southern India and 2,900-MW in North-Eastern regions.

The Electricity Act 2003 provides for open access, generation delicensing, promotion of the group captive concept and privatization of distribution circles, etc, we believe these policies are likely to result in the emergence of a more open and competitive market structure. Given the direction of reforms and expected transition in the power sector, a company like RPower will have the first mover advantage. Crucial to this conclusion of course is the Reliance Anil Dhirubhai Ambani Group's commitment that all the economic interest in the power generation sector- present and future- will be held only in RPower.

Timely project execution critical for the company's financial performance

RPower proposes to set up 28,200 MW greenfield power generation projects over the next 8 years, a scale of operations never achieved by any player in India, in the past. NTPC the largest central sector power utility in generation has been able to cumulatively add a total capacity of around 27,000MW in over 30-years of its existence, however is proposing to add another 22,000 MW during the 11th Plan (2007-12). In the 10th plan period, on an average only 1,500 MW capacity was added every year by private sector participants.

We believe that besides the magnitude of operations, RPower is likely to face significant implementation challenges RPower plans to mitigate the impact of these uncertainties by employing experienced manpower. However, considering that earnings growth would be driven by commissioning of new projects, any delay in implementation could have a significant impact on the earnings performance of the company.

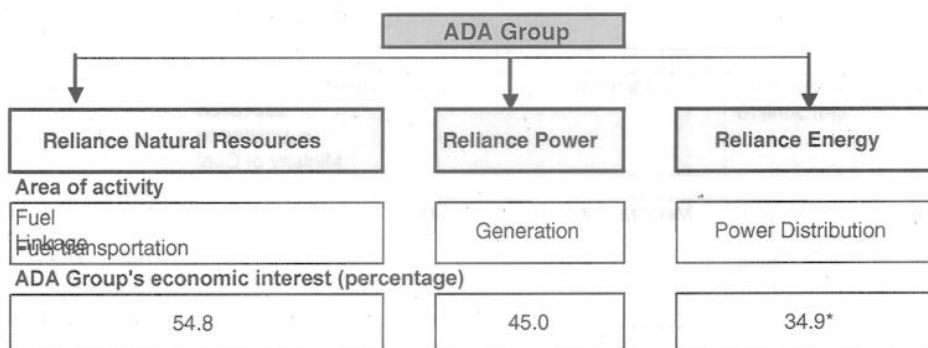
Credit risk arising out of power sales to weak SEBs

A significant part of energy off-take from RPower (almost ~67 percent in case of six identified projects) is likely to be by SEBs, some of which have a weak credit history. Despite an expectation of improvement in their financial position in the coming years, in line with the overall transition of the

power sector, we believe that payment risk arising from sale to SEBs would continue to be an issue to deal with. However, as a risk mitigating factor, RPower has the option under Power Purchase Agreement (“PPA”) entered into with SEBs to sell the electricity to third party in case of default by SEBs. Further, most projects have and are expected to have a payment security mechanism from the power purchaser that would include irrevocable letters of credit and escrow arrangements. Projects such as Sasan are also very competitively placed in the overall merit order dispatch thereby reducing non-payment related risks.

Business profile

Reliance Power Ltd. is a part of the Reliance Anil Dhirubhai Ambani Group and has been established with the objective to develop, construct and operate power projects both domestically and internationally. As part of the Reliance Anil Dhirubhai Ambani Group’s overall strategy in the power sector to capture different opportunities along the value chain through separate entities, RPower has been positioned as the sole vehicle for creating the Reliance Anil Dhirubhai Ambani Group’s generation assets in the power sector. Though there is no non-compete agreement between RPower and other group entities, the REL management has stated that holding of REL in existing 941 MW operating power plants is only due to regulatory technicalities.



Source: Company reports

Note:

In Reliance Energy Transmission and Reliance Trading, REL holds 100% equity

*: REL plans to make a preferential allotment of shares to the promoter group, which will result in the total stake to go up from 34.9% to 44.95%

RPower does not have any power plant in operation as of now. The company proposes to install 28,200 Mega watt (MW) generation capacity over the next 8 years. Of the total proposed capacity, six projects totaling 7060-MW (Butibori, Shahapur coal, Sasan, Rosa-I &II and Urthing Sobla) are in various stages of implementation. Commercial operations of the first unit of proposed project, Rosa-I (2*300 MW), is expected by December 2009. All the six identified projects would be executed through wholly-owned subsidiaries of RPower, except Urthing Sobla and Butibori, where RPower would hold 80 percent stake and 74 percent stake, respectively.

Proposed implementation schedule of the projects under development that are expected to be funded in part by Net Proceeds of the Issue:

Project	Capacity	Scheduled completion	Location	Fuel type	Source of fuel	Off takers
Rosa Phase –I	300X2	U-I Dec09; U-II March10	Uttar Pradesh	Coal	Linkage, Ashoka mine CCL	PPA with UPPCL
Rosa Phase –II	300x2	U-I June10; U-II Sept10	Uttar Pradesh	Coal	Application for coal allocation submitted to Ministry of Coal	PPA with UPPCL proposed for 300 MW, Merchant sales for the balance 300MW
Butibori	150x2	U-I March10; U-II June10	Maharashtra	Coal	Application for coal allocation submitted to Ministry of Coal	Group captive
Sasan	660x6	U-I May13; Complete April 2016	Madhya Pradesh	Coal	Captive mine	PPA with 14 entities in Uttar Pradesh, Delhi, Uttaranchal, Punjab, Rajasthan, Haryana and MP
Shahapur	600x2	U-I Sept 11; U-II Dec11	Maharashtra	Coal	Imported coal	LT/ ST PPA to be arranged
Urthing Sobla	100x4	Mar-14	Uttar Pradesh	Hydro	Run-of-the-river	LT/ST PPA to be arranged

Source: Company

Besides, the aforementioned identified projects which are in advanced stages of implementation, RPower also proposes to set up seven more generation projects, which are in developmental stage. These include the gas-fired Dadri (7,480 MW) and Shahapur gas project (2,800 MW); the coal-fired MP Power project (3,960 MW) and Krishnapatnam (4,000 MW); three run-of-the-river hydroelectric projects, Siyom (1,000 MW), Tato II (700 MW) and Kalai II (1,200 MW).

As envisaged by clause 2.8 of the SEBI DIP guidelines, at least 75 percent of the outside financing requirements for the Identified projects, should have been tied up before the public offer. To conform to this requirement, as of December 28, 2007, RPower had rupee debt facilities of Rs. 179.4 billion and foreign currency denominated debt facilities of US\$ 542 million.

Profile of Management and corporate governance structure

RPower management is headed by Mr. Anil Ambani- Director and Chairman. The Company has also constituted a Board of Advisors to provide guidance and assistance in achieving the vision and mission of the Company. Currently, besides Mr. Anil Ambani, the Board of Advisors of the Company consists of Mr. C.P. Jain, former Chairman and Managing Director of National Thermal Power Corporation

Limited.; Mr. Amitabh Jhunjhunwala; Mr. Satish Seth; and Mr. Gautam Doshi. Mr. Amitabh Jhunjhunwala, Mr. Satish Seth and Mr. Gautam Doshi are Group Managing Directors for the Reliance Anil Dhirubhai Ambani Group.

There are six members on the board; of these four are independent directors. All the board members except Mr. K.H Mankad who was appointed on 7 November 2007, have been appointed as on 30 September, 2007. Since this date only one board meeting has been held. Two independent directors, namely, Mr. S. L. Rao and Mr. J. L. Bajaj are also independent directors on the boards of other Reliance Anil Dhirubhai Ambani Group companies. Mr. S. L. Rao is an independent director on the boards of RNRL and REL.; and Mr. J. L. Bajaj is an independent director on the board of RNRL. Of the pre-IPO equity in RPower, REL holds 50 percent stake. This is in line with the REL's board decision, dated 14th April 2005.

Board of Directors				
Name	Designation	Age (yrs)	Qualification	Key positions held
Mr. Anil Dhirubhai Ambani	Chairman & Non Executive Director	48	MBA-Wharton School, university of Pennsylvania, USA	Vice Chairman and Managing Director in Reliance Industries Ltd. ; Currently - Chairman of Reliance Communications Ltd., Reliance Capital Ltd., Reliance Energy Ltd., Reliance Natural Resources Ltd.
Mr. S. L. Rao	Independent Director	71		Director General of the NCAER; Chairman of the Central Electricity Regulatory Commission(CERC)
Mr. J.L. Bajaj	Independent Director	69	IAS	Chairman of Uttar Pradesh Electricity Regulatory Commission (UPERC), Govt. of U.P.; Joint Secretary – Plan. Finance.
Ms. V.K. Chaturvedi	Independent Director	64	Mechanical Engineering	Chairman & Managing Director - Nuclear Power Corporation of India Ltd.; Member of the Atomic Energy Commission, Government of India;
Mr. Yogendra Narain	Independent Director	65	Ph.D IAS	Secretary-General, Rajya Sabha - the Upper House of the Parliament of India
Mr. K.H Mankad	Executive Director and CEO	65	CA, CS, Cost and Work Accountant	Director (Finance), Reliance Energy Limited

Source: Company prospectus

Disclaimer

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ICRA Limited
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CONFIDENTIAL

Ref No: 2007-08/593/2267
December 31, 2007

M/s Reliance Power Limited
Reliance Energy Centre
Santacruz (East)
Mumbai 400 055

Dear Sirs,

Re : ICRA Grading of Initial Public Offer of 26,00,00,000 million Equity Shares of Rs. 10 each to be issued by Reliance Power Limited to the Public ("IPO")

Please refer to your mandate letter dated December 20, 2007 for grading the IPO of Reliance Power Limited. The Rating Committee of ICRA, after due consideration, has assigned the "ICRA IPO Grade 4" (pronounced as ICRA IPO grade four). This grading indicates above average fundamentals.

In any of your publicity material or other document wherever you are using the above grading, it should be stated as "ICRA IPO Grade 4". We would appreciate if you can sign on the duplicate copy of this letter and send it to us as a token of your acceptance of this letter. The rationale for assigning the above grading will be sent to you in due course.

Notwithstanding anything to the contrary: An ICRA IPO Grade is a statement of current opinion of ICRA and is not a statement of appropriateness of the graded security for any of the investors. Such grade is assigned with due care and caution on the basis of analysis of information and clarifications obtained from the issuer concerned and also other sources considered reliable by ICRA. However, ICRA makes no representation or warranty, express or implied as to the accuracy, authenticity, timeliness, or completeness of such information. An ICRA IPO Grade is not (a) a comment on the present or future price of the security concerned (b) a certificate of statutory compliance and/or (c) a credit rating. Further the ICRA IPO Grade is not a recommendation of any kind including but not limited to recommendation to buy, sell, or deal in the securities of such Issuer nor can it be considered as an authentication of any of the financial statements of the company and ICRA shall not be liable for any losses incurred by users from any use of the grade in any manner. It is advisable that the professional assistance be taken by any prospective investor in the securities of the company including in the fields of investment banking, tax or law while making such investment. All services and information provided by ICRA is provided on an "as is" basis, without representations and warranties of any nature.

This grading is specific to the terms and conditions of the proposed IPO issue as was indicated to us by you and any change in the terms or size of the IPO would require the grading to be reviewed by us. If there is any change in the terms and conditions or size of the rated IPO, as above, the same must be brought to our notice before the issue of the IPO. If there is any such change after the grading is assigned by us, it would be subject to our review and may result in change in the grading assigned.

ICRA reserves the right to suspend, withdraw or revise the above grading at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the aforesaid grading assigned to you.

...2

* IPO fundamentals are graded on a five point scale from Grade 5 (indicating strong fundamentals) to Grade 1 (indicating poor fundamentals)

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R A T I N G A G E N T S



..2.

The grading, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the Equity Shares to be issued by you. If the instrument rated, as above, is not issued by you within a period of 2 months from date of this letter communicating the grading, the same would stand withdrawn unless revalidated before the expiry of 2 months.

You are required to keep us forthwith informed of any developments (including any default or delay in repayment of interest or principal amount of any debt instruments/ borrowing or proposal for re-scheduling or postponement of the repayment programmes of the dues/ debts) which may have a direct or indirect impact on the grading assigned to the aforesaid IPO programme.

We thank you for your kind co-operation extended during the course of the grading exercise. Should you require any clarification, please do not hesitate to get in touch with us.

With kind regards,

Yours faithfully,
For ICRA Limited

A handwritten signature in black ink, appearing to read 'L. Shivakumar', written over a light blue rectangular background.

L. SHIVAKUMAR
Senior Vice President &
Head - Western Region

A handwritten signature in black ink, appearing to read 'Anjan Deb Ghosh', written over a light blue rectangular background.

ANJAN DEB GHOSH
Senior Vice President &
Head - Corporate Sector Ratings



RELIANCE POWER LIMITED

Issue Details

Reliance Power Limited (RPower) proposes to come out with an Initial Public Offer (IPO) of 0.26 billion equity shares (Fresh Issue: 0.26 billion shares) of face value Rs. 10 each, through the book building route. The issue comprises a net issue to the public of 0.228 billion equity shares of Rs. 10 each and a promoters contribution of 0.0320 billion shares. Of the 0.26 billion shares to be offered, 0.1368 billion shares would be offered to Qualified Institutional Buyers or QIBs (of which 6.8 million shares would be available for mutual funds (MF) only and the rest for all QIBs including MF), 0.228 million shares would be reserved for non-institutional buyers and 0.684 million shares for retail investors. Post-IPO, the shares are proposed to be listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

Proposed Use of IPO Proceeds

The IPO proceeds are proposed to be used primarily to:

- Funding subsidiaries to part finance the construction and development costs of certain identified projects
- Meet general corporate expenses

Contact

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IPO Grading

ICRA has assigned an **IPO Grade 4**, indicating above average fundamentals, to the proposed IPO of RPower. ICRA assigns IPO grading on a scale of IPO Grade 5 through to IPO Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals

An ICRA IPO Grade is a symbolic representation of ICRA's current assessment of the fundamentals of the issuer concerned. The fundamental factors assessed include, *inter alia*, business and competitive position, financial position and prospects, management quality, corporate governance, and history of compliance and litigation.

Disclaimer: Notwithstanding anything to the contrary: An ICRA IPO grade is a statement of current opinion of ICRA and is not a statement of appropriateness of the graded security for any of the investors. Such grade is assigned with due care and caution on the basis of analysis of information and clarifications obtained from the issuer concerned and also other sources considered reliable by ICRA. However, ICRA makes no representation or warranty, express or implied as to the accuracy, authenticity, timeliness, or completeness of such information. An ICRA IPO grade is not (a) a comment on the present or future price of the security concerned (b) a certificate of statutory compliance and/or (c) a credit rating. Further, the ICRA IPO grade is not a recommendation of any kind including but not limited to recommendation to buy, sell, or deal in the securities of such issuer nor can it be considered as an authentication of any of the financial statements of the company, and ICRA shall not be liable for any losses incurred by users from any use of the grade in any manner. It is advisable that the professional assistance be taken by any prospective investor in the securities of the company including in the fields of investment banking, tax or law while making such investment. All services and information provided by ICRA are provided on an "as is" basis, without representations and warranties of any nature.

Website
www.icraratings.com
www.icra.in

1. Grading rationale

Strengths

- Financial and managerial strength arising out of being part of the Reliance Anil Dhirubhai Ambani Group
- Considerable experience of group companies across the value chain of the power sector including generation, distribution, trading and as EPC contractor for construction of power plants.
- Improving prospects for the power generation business in the country with spiralling energy deficits and sectoral reforms leading to creation of an electricity market
- Strong earnings growth likely from the portfolio of power projects that RPower plans to execute. The projects are located either close to fuel source or close to the load centre
- Competitive cost of generation for most of its projects in relation to the markets it proposes to serve

Concerns

- Implementation risk arising from the aggressive expansion plans, with simultaneous implementation of almost a dozen projects, which is likely to be compounded because of the prevailing capacity constraints with vendors/contractors and equipment suppliers.
- Technology risks arising from the fact that for Super-critical Power Plant, RPower would be dependent primarily on imported equipment, which are yet to be proven in Indian conditions
- Ability to maintain the actual capital and operating costs within budgeted level in case of competitively bid projects (including UMPPs) is critical
- Substantial counter-party credit risks arising out of prospective exposure to state level utilities. However, as a risk mitigating factor, RPower has the option under Power Purchase Agreement ("PPA") entered into with SEBs to sale the electricity to third party in case of default by SEBs. Further most projects also include irrevocable letters of credit and escrow arrangements with the offtakers to reduce the payment risk.
- Uncertainty on availability of gas due to ongoing legal actions.

The IPO Grade 4 assigned by ICRA reflects the benefits arising out of being a part of the Reliance Anil Dhirubhai Ambani Group which has considerable experience across the value chain in the power sector and the expected cost competitiveness of most of the power projects in relation to the markets it proposes to serve, which when combined with spiralling energy deficits and the groups plans of maintaining a judicious mix of long term PPAs and short term trading, should result in strong earnings growth in the long term. Further, the IPO proceeds would enable the company to tie up the equity funding for the first tranche of projects that it has identified. The grading also reflects the prospects for the power generation business in the country with increasing regulatory clarity, gradual emergence of a market for trading in power and improvement in financial position of some of the utilities in the state sector.

The grading is however constrained by the implementation risks inherent in project implementation of the scale and magnitude being envisaged by RPower, uncertainty about the availability of gas and the ability of the Company to maintain the desired levels of all operating parameters, especially in case of the competitively bid projects, apart from executing the projects without cost overruns. The company would also be subject to technology risks arising out of the fact that for some of its plants, which are based on Super Critical Technology, the BTG would be primarily imported and these are yet to be proven in Indian conditions, even though they have an operating history internationally. However these risks are partly mitigated due the significant financial strength enjoyed by the promoter group, alongwith demonstrated execution capabilities. Also, as a strategy to mitigate the financing risk, RPower has taken in principle sanctions for rupee debt facilities of Rs. 179.4 billion and foreign currency denominated debt facilities of USD \$ 542 million, which constitute more than 87% of total debt requirement for identified projects.

II. Company Profile

Reliance Power Limited (RPower), originally incorporated as Bawana Power Private Limited, is part of the Reliance Anil Dhirubhai Ambani Group, and has been established to develop and operate power

projects domestically and internationally, and would be the Groups' primary vehicle for investments in the power generation sector in the future. The Reliance Anil Dhirubhai Ambani group comprises companies in the telecommunications, financial services, media and entertainment, infrastructure, energy and other sectors.

With continued power deficits across the country and improving prospects for the power generation segment after the enactment of the Electricity Act in June 2003, the ADAG group has identified setting up of generating units as a major thrust area. RPower is currently developing '13' medium to large sized power projects, mainly through Special Purpose Vehicles (SPVs), which would entail a combined installed capacity of 28, 200 MW, involving a capex outlay of over Rs. 1,100 billion.

The SPVs that have been constituted are as follows:

Name	Shareholding
Rosa Power Supply Company Limited (RPSCL)	RPower -100%
Sasan Power Limited (SPL)	RPower -100%
Vidarbha Industries Power Limited (VIPL)	RPower –would hold 74%
Maharashtra Energy Generation Limited (MEGL)	RPower -100%
Urthing Sobla Hydro Power Private Limited (USHPPL)	RPower -80%, Reliance Energy Limited (REL)-20%
Siyom Hydro Power Private Limited (SHPPL)	11% equity would be given to Govt. of Arunachal Pradesh (GoAP), 89% would be with Rpower
Tato Hydro Power Private Limited (THPPL)	11% equity would be given to Govt. of Arunachal Pradesh, 89% would be with RPower
MP Power Generation Private Limited (MPPGPL)	RPower -100%
Kalai Power Private Limited (KPPL)	24.99% equity would be given to Govt. of Arunachal Pradesh, 75.01% would be with RPower
Coastal Andhra Power Limited (CAPL)	The Power Finance Corporation ("PFC") formed Coastal Andhra Power Limited ("CAPL") and initially developed the Krishnapatnam project in order to expedite the process of obtaining approvals and clearances. RPower expects that CAPL will be transferred to it by January 30, 2008.

A brief snapshot of the projects is as detailed:

Entity	Project	Size (MW)	Cost (Rs. Bn)	Expected completion date
	<i>Coal</i>			
RPSCL	Rosa-I, Uttar Pradesh (UP)	600	27.02	Mar 2010
RPSCL	Rosa-II, UP	600	24.60	Sep 2010
VIPL	Butibori, Maharashtra	300		June 2010
SPL	Sasan, Madhya Pradesh (MP)	3960	183.42	Apr 2016
MEGL	Shahapur Coal (Maharashtra)	1200	48.00	Dec 2011
MPGPL	MP Power (MP)	3960	15.8.42	Jul 2014
CAPL	Krishnapatnam, Andhra Pradesh (AP)	4000	165.37	Oct 2015
	<i>Gas</i>			
MEGL	Shahapur Gas (Maharashtra)	2800	84.00	Mar 2011
Rpower	Dadri (UP)	7480	224.40	Mar 2013
	<i>Hydel</i>			
USHPPL	Urthing Sobla, Uttarakhand	400	20.80	Mar 2014
SHPPL	Siyom, Arunachal Pradesh (AP)	1000	57.80	Mar 2015
THPPL	Tato II, AP	700	40.45	Mar 2014
KPPL	Kalai-II, AP	1200	72.95	Mar 2016
		28200	1121.28	

II.a. Promoters and Management

RPower management is headed by Mr. Anil Dhirubhai Ambani – Director and Chairman. The Company has also constituted a Board of Advisors to provide guidance and assistance in achieving the vision and mission of the Company. Most of the technical personnel have substantial experience in the power sector having worked for large organisations both in the public as well as private sector. The shareholding of the company, pre and post-IPO is tabulated below..

Table 1: Pre- and Post-IPO Shareholding Pattern of RPower

Shareholders	Pre-Issue (%)	Post-Issue (%)
REL	50%	45.0%
AAA Project Ventures Pvt Ltd.	50%	45.0%
Sub-Total	100.0	90.0%
Public	0.00	10.1%
Total	100.0	100.00
Total No. of Shares	2,000,000,000	2,260,000,000

II.b. Business/Project Risks and Competitive Position

The company's current strategy in the power sector can be summed up as follows:

- s
- Have a healthy mix of Coal based, Gas based and hydel based generation.
- Select projects which are either close to the fuel source or near the load centre
- Select only those projects where the R&R issues are the minimum and easily manageable
- Have a competitive cost of generation of the projects as per the 'Merit Order' in the respective command area, to minimise the counter-party credit risks, since all PPAs have a provision for third-party sales in the event of payment default
- Have a judicious mix of capacity through long term PPA vis-a-vis short term PPAs for trading (akin to Merchant Power), to maximise returns to the shareholders
- Optimise on the resources available within the group, thus REL, which has experience in acting as an EPC contractor for Power Plants, could be involved as a EPC contractor or 'owners engineer', similarly gas and coal supply could be through another group company Reliance Natural Resources Limited (RNRL).

RPower would benefit from availability of assured coal linkage for its projects like Rosa Phase I and Sasan. The off-take risks are also limited given the large energy deficit prevailing in the country, though the counter party credit risks would remain, and RPower's ability to sell power to third-parties in the event of prolonged payment default by the State SEBs/ DISCOMs would be critical. The projects at Rosa-Phase I, Phase II and Shahpur will also benefit from the "cost-plus" tariff setting process, where the key challenge would be essentially to keep the operating parameters within the norms set by the respective Regulatory Commissions. The project at Butibori is expected to have high profitability, given that the tariffs would be set such that it is at a certain discount to the prevailing grid tariff for HT consumers. ICRA however notes that apart from Rosa Phase I, all other projects are still to achieve financial closure..

II.c. Prospects

The projects owned by the company and its subsidiaries would commence commercial operations from 2010 onwards. With substantial energy deficit and a cost of generation which is expected to be competitive -at least for its coal and hydel based units -in comparison with the market it caters to these units are unlikely to face much off-take risk. With a part of these capacities likely to be sold through short term PPAs or on merchant power mode, ICRA expects substantial upside potential in these projects, even though it could also lead to volatility in earnings. In addition, for its competitively bid project, RPower's ability to stick to budgeted cost targets (capital costs, cost of debt and operating costs) as well as operating efficiency parameters would be critically important.

III. Financial Position

III.a. Profitability and Earnings

	Units	2006-07	HY 2007-08
Period	Months	12	6
Operating Income	Rs. Million	22.5	32.3
OPBDIT	Rs. Million	5.4	17.8
PAT	Rs. Million	12.7	11.8
EPS	Rs./Share		

OPBDIT: Operating Profit before Depreciation, Interest and Tax; OI: Operating Income; PAT: Profit after Tax; ROCE: Return on Capital Employed; RoNW: Return on Net Worth; EPS: Earnings per Share

The profitability ratios such as RoCE and RoNW are not meaningful, as RPower does not have any current operations in core business. Revenue from six months of FY 2008 were at Rs. 32.3 million, principally being interest income on funds deployed in liquid investments pending utilisation for the proposed capital expenditure. RPower is expected to record revenues from FY 2010 onwards with commissioning of projects at Rosa in Uttar Pradesh & Butibori in Maharashtra.

III.b. Financial Leverage

	Units	2006-07	HY 2007-08
Period	Months	12	6
Total Debt	Rs. Million	0	0
Tangible Net Worth (TNW)	Rs. Million	2011.6	20069.1
Total Debt / TNW	Times	0	0

The outstanding equity capital as on 30th Sept 2007 stood at Rs. 20 billion. With the proposed IPO proceeds estimated in the range Rs. 105-115 billion, the company would be strongly capitalised and would be in position to finance the equity component in identified projects. As on 30th September 2007, company had investments of Rs. 17.72 billion, which comprises of mainly (Rs. 16.66 billion) liquid investments and balance Rs. 1.11 billion in equity capital of Rosa Power Supply Company Ltd (RPSCL).

As mentioned earlier, RPower is executing projects through wholly owned subsidiaries being SPVs. In case of RPSCL, RPSCL has undrawn sanctioned rupee debt facilities¹ of Rs. 19.45 billion and foreign currency denominated debt facilities of USD 50 million as on 30th September 2007.

Total debt requirement for the identified projects is estimated at over Rs. 230.6 billion, while equity requirement would be around Rs. 87.3 billion. RPower may obtain additional funding through additional issuance of equity and / or debt securities or by securing new loans for part-funding the equity commitments in the other projects.

As a result, overall business and financial risk profile of RPower on consolidated basis is expected to remain medium to high over the short term due to inherent project implementation risks associated with the projects.

¹ Tenure of repayment is approx. 12 years and applicable interest rate is at 10.5% in the first year after CoD. The interest rate on the foreign currency facility is LIBOR plus 2.35% per year. There are also several restrictive covenants as part of loan agreement such as restrictions on issue of any equity, debenture, make any long-term investments and the like.

However these risks are mitigated due to the significant financial strength enjoyed by the promoter group, alongwith demonstrated execution capabilities.

III.c. Contingent Liabilities

RPower's Contingent Liabilities as on 30th September 2007 are as follows:

Particulars	Amount in Rs. Million
Bank Guarantee on behalf of SPL [<i>Sasan Power Ltd; SPV promoted to execute UMPP</i>]	3000.0
TOTAL	3000.0

IV. Corporate Governance

RPower has complied with the corporate governance code in accordance with Clause 49 (as applicable) of the Listing Agreement, including the appointment of Independent Directors to the Board, and constitution of Shareholders and Investors Grievance Committee, Audit Committee, and Compensation Committee. Currently, the Board has Six Directors, of whom four are Independent Directors. The Independent Directors bring to the table diversity of perspective, background and experience, including relevant sectoral expertise.

ICRA also notes that the current promoters of RPower, REL and AAA Projects have subscribed to the equity capital of the company at par. The promoters had been allotted approx. 999.75 million shares, each of face value of Rs 10, on June 13, 2006. Subsequently, when Reliance Public Power Utility Ltd (RPUVL) was merged with RPower, each shareholder of the erstwhile RPUVL [being REL and AAA Project] received one equity share of Rs. 10/- each fully paid up for every one equity share held by them in the erstwhile RPUVL. Accordingly, 1000 million shares of Rs. 10/- each fully paid up of RPower have been allotted to the shareholders of the erstwhile RPUVL. With the approval of High Court, Mumbai, amalgamation of RPUVL with RPower has been made effective from 29th September 2007. However, the current IPO is proposed at a premium, which is based on the expected cash flows from the portfolio of projects that RPower currently plans to execute.

In order to capitalise on the synergies available within the group, RPower may avail services of many of the group companies. This would include EPC services from REL, supply of gas and coal from RNRL, and transmission related services from Reliance Energy Transmission. Further RPower has agreement with Reliance ADA Group Private Limited for the purpose of sharing costs of certain activities carried out by each company and Brand License Agreement with Reliance Anil Dirubhai Ambani Ventures Private Limited. The extent to which these services are procured on an arms length basis would be critical from the Corporate Governance perspective.

V. Compliance and Litigation History

V.a. Accounting Policy

There are no material deviations found in RPower's compliance against the Accounting Policies.

V.b. Litigation History: Key Litigations

- 1) Sasan Power Limited:** Chatrasal Block is one of the three coal mine blocks allocated to the Sasan Thermal Power Project. Satna Power Corporation Private Limited challenged the allocation of the Chatrasal Block to National Thermal Power Corporation Limited through a writ petition before the Delhi High Court. SPL, to whom the said block has been subsequently transferred, has been made a party to the dispute. The said writ petition was dismissed vide order dated May 2, 2006 and the appeal against the same is pending before the Division Bench of the Delhi High Court.
- 2) Maharashtra Energy Generation Limited:** A public interest litigation was filed before the Bombay High Court in 2006 where the petitioner has challenged the setting up of thermal power plant at Shahapur by MEGL on the ground that legal/ proper environment clearance has not been obtained and the setting up of the power plant would have disastrous consequences for the

environment. On August 23, 2007, the Bombay High Court passed an order observing that MEGL should not take any steps for implementation/commencement of the thermal power project without obtaining all requisite permissions and clearances. Further, the Bombay High Court passed an order dated September 11, 2007 clarifying that the pendency of this petition will not be an impediment in applying, processing and granting various permissions and final clearance by authorities in accordance with law. The Company has got environmental clearance from the MOEF for the project and a necessary application has been filed before the High Court to proceed with the implementation the project.

- 3) **Reliance Natural Resource Limited:** Pursuant to the scheme of demerger of RIL, the gas based energy undertaking was to be transferred to RNRL from RIL. The parties had entered into a Gas Supply Master Agreement on January 12, 2006 ("GSMA"), which provided that RNRL is entitled to a fixed amount of gas from the KG D-6 basin operated by RIL. RNRL filed a company application against Reliance Industries Limited ("RIL") in the Bombay High Court claiming that the agreement is not in conformity with the requirements under the scheme and renders the demerger of the Gas Based Energy Undertaking under the scheme unworkable. The respondents' claim is that the High Court does not have any jurisdiction and that the scheme stands fully implemented. The court vide its order held that GSMA is in breach of the scheme and that it would be appropriate for both parties to renegotiate, reconsider and settle the terms of the existing GSMA afresh within four months and extended the operation of its interim order protecting RNRL's entitlement for four months. Whilst the renegotiation process was on, the respondents preferred an appeal against the said order of the Bombay High Court. RNRL also filed an appeal before the division bench of the High Court of Bombay challenging certain inconsistent observations the crept into the judgement.



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RELIANCE POWER LIMITED

Issue Details

Reliance Power Limited (RPower) proposes to come out with an Initial Public Offer (IPO) of 0.26 billion equity shares (Fresh Issue: 0.26 billion shares) of face value Rs. 10 each, through the book building route. The issue comprises a net issue to the public of 0.228 billion equity shares of Rs. 10 each and a promoters contribution of 0.0320 billion shares. Of the 0.26 billion shares to be offered, 0.1368 billion shares would be offered to Qualified Institutional Buyers or QIBs (of which 6.8 million shares would be available for mutual funds (MF) only and the rest for all QIBs including MF), 0.228 million shares would be reserved for non-institutional buyers and 0.684 million shares for retail investors. Post-IPO, the shares are proposed to be listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

Proposed Use of IPO Proceeds

The IPO proceeds are proposed to be used primarily to:

- Funding subsidiaries to part finance the construction and development costs of certain identified projects
- Meet general corporate expenses

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IPO Grading

ICRA has assigned an **IPO Grade 4**, indicating above average fundamentals, to the proposed IPO of RPower. ICRA assigns IPO grading on a scale of IPO Grade 5 through to IPO Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals

An ICRA IPO Grade is a symbolic representation of ICRA's current assessment of the fundamentals of the issuer concerned. The fundamental factors assessed include, *inter alia*, business and competitive position, financial position and prospects, management quality, corporate governance, and history of compliance and litigation.

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Website

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1. Grading rationale

Strengths

- Financial and managerial strength arising out of being part of the Reliance Anil Dhirubhai Ambani Group
- Considerable experience of group companies across the value chain of the power sector including generation, distribution, trading and as EPC contractor for construction of power plants.
- Improving prospects for the power generation business in the country with spiralling energy deficits and sectoral reforms leading to creation of an electricity market
- Strong earnings growth likely from the portfolio of power projects that RPower plans to execute. The projects are located either close to fuel source or close to the load centre
- Competitive cost of generation for most of its projects in relation to the markets it proposes to serve

Concerns

- Implementation risk arising from the aggressive expansion plans, with simultaneous implementation of almost a dozen projects, which is likely to be compounded because of the prevailing capacity constraints with vendors/contractors and equipment suppliers.
- Technology risks arising from the fact that for Super-critical Power Plant, RPower would be dependent primarily on imported equipment, which are yet to be proven in Indian conditions
- Ability to maintain the actual capital and operating costs within budgeted level in case of competitively bid projects (including UMPPs) is critical
- Substantial counter-party credit risks arising out of prospective exposure to state level utilities. However, as a risk mitigating factor, RPower has the option under Power Purchase Agreement ("PPA") entered into with SEBs to sale the electricity to third party in case of default by SEBs. Further most projects also include irrevocable letters of credit and escrow arrangements with the offtakers to reduce the payment risk.
- Uncertainty on availability of gas due to ongoing legal actions.

The IPO Grade 4 assigned by ICRA reflects the benefits arising out of being a part of the Reliance Anil Dhirubhai Ambani Group which has considerable experience across the value chain in the power sector and the expected cost competitiveness of most of the power projects in relation to the markets it proposes to serve, which when combined with spiralling energy deficits and the groups plans of maintaining a judicious mix of long term PPAs and short term trading, should result in strong earnings growth in the long term. Further, the IPO proceeds would enable the company to tie up the equity funding for the first tranche of projects that it has identified. The grading also reflects the prospects for the power generation business in the country with increasing regulatory clarity, gradual emergence of a market for trading in power and improvement in financial position of some of the utilities in the state sector.

The grading is however constrained by the implementation risks inherent in project implementation of the scale and magnitude being envisaged by RPower, uncertainty about the availability of gas and the ability of the Company to maintain the desired levels of all operating parameters, especially in case of the competitively bid projects, apart from executing the projects without cost overruns. The company would also be subject to technology risks arising out of the fact that for some of its plants, which are based on Super Critical Technology, the BTG would be primarily imported and these are yet to be proven in Indian conditions, even though they have an operating history internationally. However these risks are partly mitigated due the significant financial strength enjoyed by the promoter group, alongwith demonstrated execution capabilities. Also, as a strategy to mitigate the financing risk, RPower has taken in principle sanctions for rupee debt facilities of Rs. 179.4 billion and foreign currency denominated debt facilities of USD \$ 542 million, which constitute more than 87% of total debt requirement for identified projects.

II. Company Profile

Reliance Power Limited (RPower), originally incorporated as Bawana Power Private Limited, is part of the Reliance Anil Dhirubhai Ambani Group, and has been established to develop and operate power

projects domestically and internationally, and would be the Groups' primary vehicle for investments in the power generation sector in the future. The Reliance Anil Dhirubhai Ambani group comprises companies in the telecommunications, financial services, media and entertainment, infrastructure, energy and other sectors.

With continued power deficits across the country and improving prospects for the power generation segment after the enactment of the Electricity Act in June 2003, the ADAG group has identified setting up of generating units as a major thrust area. RPower is currently developing '13' medium to large sized power projects, mainly through Special Purpose Vehicles (SPVs), which would entail a combined installed capacity of 28, 200 MW, involving a capex outlay of over Rs. 1,100 billion.

The SPVs that have been constituted are as follows:

Name	Shareholding
Rosa Power Supply Company Limited (RPSCL)	RPower -100%
Sasan Power Limited (SPL)	RPower -100%
Vidarbha Industries Power Limited (VIPL)	RPower –would hold 74%
Maharashtra Energy Generation Limited (MEGL)	RPower -100%
Urthing Sobla Hydro Power Private Limited (USHPPL)	RPower -80%, Reliance Energy Limited (REL)-20%
Siyom Hydro Power Private Limited (SHPPL)	11% equity would be given to Govt. of Arunachal Pradesh (GoAP), 89% would be with Rpower
Tato Hydro Power Private Limited (THPPL)	11% equity would be given to Govt. of Arunachal Pradesh, 89% would be with RPower
MP Power Generation Private Limited (MPPGPL)	RPower -100%
Kalai Power Private Limited (KPPL)	24.99% equity would be given to Govt. of Arunachal Pradesh, 75.01% would be with RPower
Coastal Andhra Power Limited (CAPL)	The Power Finance Corporation ("PFC") formed Coastal Andhra Power Limited ("CAPL") and initially developed the Krishnapatnam project in order to expedite the process of obtaining approvals and clearances. RPower expects that CAPL will be transferred to it by January 30, 2008.

A brief snapshot of the projects is as detailed:

Entity	Project	Size (MW)	Cost (Rs. Bn)	Expected completion date
	<i>Coal</i>			
RPSCL	Rosa-I, Uttar Pradesh (UP)	600	27.02	Mar 2010
RPSCL	Rosa-II, UP	600	24.60	Sep 2010
VIPL	Butibori, Maharashtra	300		June 2010
SPL	Sasan, Madhya Pradesh (MP)	3960	183.42	Apr 2016
MEGL	Shahapur Coal (Maharashtra)	1200	48.00	Dec 2011
MPGPL	MP Power (MP)	3960	15.8.42	Jul 2014
CAPL	Krishnapatnam, Andhra Pradesh (AP)	4000	165.37	Oct 2015
	<i>Gas</i>			
MEGL	Shahapur Gas (Maharashtra)	2800	84.00	Mar 2011
Rpower	Dadri (UP)	7480	224.40	Mar 2013
	<i>Hydel</i>			
USHPPL	Urthing Sobla, Uttarakhand	400	20.80	Mar 2014
SHPPL	Siyom, Arunachal Pradesh (AP)	1000	57.80	Mar 2015
THPPL	Tato II, AP	700	40.45	Mar 2014
KPPL	Kalai-II, AP	1200	72.95	Mar 2016
		28200	1121.28	

II.a. Promoters and Management

RPower management is headed by Mr. Anil Dhirubhai Ambani – Director and Chairman. The Company has also constituted a Board of Advisors to provide guidance and assistance in achieving the vision and mission of the Company. Most of the technical personnel have substantial experience in the power sector having worked for large organisations both in the public as well as private sector. The shareholding of the company, pre and post-IPO is tabulated below..

Table 1: Pre- and Post-IPO Shareholding Pattern of RPower

Shareholders	Pre-Issue (%)	Post-Issue (%)
REL	50%	45.0%
AAA Project Ventures Pvt Ltd.	50%	45.0%
Sub-Total	100.0	90.0%
Public	0.00	10.1%
Total	100.0	100.00
Total No. of Shares	2,000,000,000	2,260,000,000

II.b. Business/Project Risks and Competitive Position

The company's current strategy in the power sector can be summed up as follows:

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- Have a healthy mix of Coal based, Gas based and hydel based generation.
- Select projects which are either close to the fuel source or near the load centre
- Select only those projects where the R&R issues are the minimum and easily manageable
- Have a competitive cost of generation of the projects as per the 'Merit Order' in the respective command area, to minimise the counter-party credit risks, since all PPAs have a provision for third-party sales in the event of payment default
- Have a judicious mix of capacity through long term PPA vis-a-vis short term PPAs for trading (akin to Merchant Power), to maximise returns to the shareholders
- Optimise on the resources available within the group, thus REL, which has experience in acting as an EPC contractor for Power Plants, could be involved as a EPC contractor or 'owners engineer', similarly gas and coal supply could be through another group company Reliance Natural Resources Limited (RNRL).

RPower would benefit from availability of assured coal linkage for its projects like Rosa Phase I and Sasan. The off-take risks are also limited given the large energy deficit prevailing in the country, though the counter party credit risks would remain, and RPower's ability to sell power to third-parties in the event of prolonged payment default by the State SEBs/ DISCOMs would be critical. The projects at Rosa-Phase I, Phase II and Shahpur will also benefit from the "cost-plus" tariff setting process, where the key challenge would be essentially to keep the operating parameters within the norms set by the respective Regulatory Commissions. The project at Butibori is expected to have high profitability, given that the tariffs would be set such that it is at a certain discount to the prevailing grid tariff for HT consumers. ICRA however notes that apart from Rosa Phase I, all other projects are still to achieve financial closure..

II.c. Prospects

The projects owned by the company and its subsidiaries would commence commercial operations from 2010 onwards. With substantial energy deficit and a cost of generation which is expected to be competitive -at least for its coal and hydel based units -in comparison with the market it caters to these units are unlikely to face much off-take risk. With a part of these capacities likely to be sold through short term PPAs or on merchant power mode, ICRA expects substantial upside potential in these projects, even though it could also lead to volatility in earnings. In addition, for its competitively bid project, RPower's ability to stick to budgeted cost targets (capital costs, cost of debt and operating costs) as well as operating efficiency parameters would be critically important.

III. Financial Position

III.a. Profitability and Earnings

	Units	2006-07	HY 2007-08
Period	Months	12	6
Operating Income	Rs. Million	22.5	32.3
OPBDIT	Rs. Million	5.4	17.8
PAT	Rs. Million	12.7	11.8
EPS	Rs./Share		

OPBDIT: Operating Profit before Depreciation, Interest and Tax; OI: Operating Income; PAT: Profit after Tax; ROCE: Return on Capital Employed; RoNW: Return on Net Worth; EPS: Earnings per Share

The profitability ratios such as RoCE and RoNW are not meaningful, as RPower does not have any current operations in core business. Revenue from six months of FY 2008 were at Rs. 32.3 million, principally being interest income on funds deployed in liquid investments pending utilisation for the proposed capital expenditure. RPower is expected to record revenues from FY 2010 onwards with commissioning of projects at Rosa in Uttar Pradesh & Butibori in Maharashtra.

III.b. Financial Leverage

	Units	2006-07	HY 2007-08
Period	Months	12	6
Total Debt	Rs. Million	0	0
Tangible Net Worth (TNW)	Rs. Million	2011.6	20069.1
Total Debt / TNW	Times	0	0

The outstanding equity capital as on 30th Sept 2007 stood at Rs. 20 billion. With the proposed IPO proceeds estimated in the range Rs. 105-115 billion, the company would be strongly capitalised and would be in position to finance the equity component in identified projects. As on 30th September 2007, company had investments of Rs. 17.72 billion, which comprises of mainly (Rs. 16.66 billion) liquid investments and balance Rs. 1.11 billion in equity capital of Rosa Power Supply Company Ltd (RPSCL).

As mentioned earlier, RPower is executing projects through wholly owned subsidiaries being SPVs. In case of RPSCL, RPSCL has undrawn sanctioned rupee debt facilities¹ of Rs. 19.45 billion and foreign currency denominated debt facilities of USD 50 million as on 30th September 2007.

Total debt requirement for the identified projects is estimated at over Rs. 230.6 billion, while equity requirement would be around Rs. 87.3 billion. RPower may obtain additional funding through additional issuance of equity and / or debt securities or by securing new loans for part-funding the equity commitments in the other projects.

As a result, overall business and financial risk profile of RPower on consolidated basis is expected to remain medium to high over the short term due to inherent project implementation risks associated with the projects.

¹ Tenure of repayment is approx. 12 years and applicable interest rate is at 10.5% in the first year after CoD. The interest rate on the foreign currency facility is LIBOR plus 2.35% per year. There are also several restrictive covenants as part of loan agreement such as restrictions on issue of any equity, debenture, make any long-term investments and the like.

However these risks are mitigated due to the significant financial strength enjoyed by the promoter group, alongwith demonstrated execution capabilities.

III.c. Contingent Liabilities

RPower's Contingent Liabilities as on 30th September 2007 are as follows:

Particulars	Amount in Rs. Million
Bank Guarantee on behalf of SPL [<i>Sasan Power Ltd; SPV promoted to execute UMPP</i>]	3000.0
TOTAL	3000.0

IV. Corporate Governance

RPower has complied with the corporate governance code in accordance with Clause 49 (as applicable) of the Listing Agreement, including the appointment of Independent Directors to the Board, and constitution of Shareholders and Investors Grievance Committee, Audit Committee, and Compensation Committee. Currently, the Board has Six Directors, of whom four are Independent Directors. The Independent Directors bring to the table diversity of perspective, background and experience, including relevant sectoral expertise.

ICRA also notes that the current promoters of RPower, REL and AAA Projects have subscribed to the equity capital of the company at par. The promoters had been allotted approx. 999.75 million shares, each of face value of Rs 10, on June 13, 2006. Subsequently, when Reliance Public Power Utility Ltd (RPUVL) was merged with RPower, each shareholder of the erstwhile RPUVL [being REL and AAA Project] received one equity share of Rs. 10/- each fully paid up for every one equity share held by them in the erstwhile RPUVL. Accordingly, 1000 million shares of Rs. 10/- each fully paid up of RPower have been allotted to the shareholders of the erstwhile RPUVL. With the approval of High Court, Mumbai, amalgamation of RPUVL with RPower has been made effective from 29th September 2007. However, the current IPO is proposed at a premium, which is based on the expected cash flows from the portfolio of projects that RPower currently plans to execute.

In order to capitalise on the synergies available within the group, RPower may avail services of many of the group companies. This would include EPC services from REL, supply of gas and coal from RNRL, and transmission related services from Reliance Energy Transmission. Further RPower has agreement with Reliance ADA Group Private Limited for the purpose of sharing costs of certain activities carried out by each company and Brand License Agreement with Reliance Anil Dirubhai Ambani Ventures Private Limited. The extent to which these services are procured on an arms length basis would be critical from the Corporate Governance perspective.

V. Compliance and Litigation History

V.a. Accounting Policy

There are no material deviations found in RPower's compliance against the Accounting Policies.

V.b. Litigation History: Key Litigations

- 1) Sasan Power Limited:** Chatrasal Block is one of the three coal mine blocks allocated to the Sasan Thermal Power Project. Satna Power Corporation Private Limited challenged the allocation of the Chatrasal Block to National Thermal Power Corporation Limited through a writ petition before the Delhi High Court. SPL, to whom the said block has been subsequently transferred, has been made a party to the dispute. The said writ petition was dismissed vide order dated May 2, 2006 and the appeal against the same is pending before the Division Bench of the Delhi High Court.
- 2) Maharashtra Energy Generation Limited:** A public interest litigation was filed before the Bombay High Court in 2006 where the petitioner has challenged the setting up of thermal power plant at Shahapur by MEGL on the ground that legal/ proper environment clearance has not been obtained and the setting up of the power plant would have disastrous consequences for the

environment. On August 23, 2007, the Bombay High Court passed an order observing that MEGL should not take any steps for implementation/commencement of the thermal power project without obtaining all requisite permissions and clearances. Further, the Bombay High Court passed an order dated September 11, 2007 clarifying that the pendency of this petition will not be an impediment in applying, processing and granting various permissions and final clearance by authorities in accordance with law. The Company has got environmental clearance from the MOEF for the project and a necessary application has been filed before the High Court to proceed with the implementation the project.

- 3) **Reliance Natural Resource Limited:** Pursuant to the scheme of demerger of RIL, the gas based energy undertaking was to be transferred to RNRL from RIL. The parties had entered into a Gas Supply Master Agreement on January 12, 2006 ("GSMA"), which provided that RNRL is entitled to a fixed amount of gas from the KG D-6 basin operated by RIL. RNRL filed a company application against Reliance Industries Limited ("RIL") in the Bombay High Court claiming that the agreement is not in conformity with the requirements under the scheme and renders the demerger of the Gas Based Energy Undertaking under the scheme unworkable. The respondents' claim is that the High Court does not have any jurisdiction and that the scheme stands fully implemented. The court vide its order held that GSMA is in breach of the scheme and that it would be appropriate for both parties to renegotiate, reconsider and settle the terms of the existing GSMA afresh within four months and extended the operation of its interim order protecting RNRL's entitlement for four months. Whilst the renegotiation process was on, the respondents preferred an appeal against the said order of the Bombay High Court. RNRL also filed an appeal before the division bench of the High Court of Bombay challenging certain inconsistent observations the crept into the judgement.



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