

RED HERRING PROSPECTUS

Please read Section 60B of the Companies Act, 1956

Book Built Offer
Dated January 12, 2010


NTPC LIMITED

Our Company was originally incorporated in New Delhi on November 7, 1975 as a private limited company under the name 'National Thermal Power Corporation Private Limited'. For details of the change in the name of our Company and registered office, see **"History and Certain Corporate Matters"** on page 101.

Registered and Corporate Office: NTPC Bhawan, SCOPE Complex, 7, Institutional Area, Lodhi Road, New Delhi 110 003, India.

Tel: + (91 11) 2436 0100 **Fax:** + (91 11) 2436 1018

Company Secretary and Compliance Officer: Mr. A.K. Rastogi **Tel:** + (91 11) 2436 0071 **Fax:** + (91 11) 2436 0241

E-mail: akrastogi@ntpc.co.in, **Website:** www.ntpc.co.in

THE PROMOTER OF OUR COMPANY IS THE PRESIDENT OF INDIA, ACTING THROUGH THE MINISTRY OF POWER, GOVERNMENT OF INDIA

FURTHER PUBLIC OFFER OF 412,273,220 EQUITY SHARES OF RS. 10 EACH (THE "EQUITY SHARES") OF NTPC LIMITED ("NTPC" OR "OUR COMPANY") THROUGH AN OFFER FOR SALE BY THE PRESIDENT OF INDIA, ACTING THROUGH THE MINISTRY OF POWER, GOVERNMENT OF INDIA (THE "SELLING SHAREHOLDER") FOR CASH AT PRICES DETERMINED THROUGH THE ALTERNATE BOOK BUILDING METHOD UNDER PART D OF SCHEDULE XI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI REGULATIONS") AGGREGATING RS. [●] MILLION (THE "OFFER"). THE OFFER COMPRISES A NET OFFER TO THE PUBLIC OF 408,000,000 EQUITY SHARES (THE "NET OFFER") AND A RESERVATION OF 4,273,220 EQUITY SHARES FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREINBELOW) (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER SHALL CONSTITUTE 5% OF THE POST OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 EACH.

THE FLOOR PRICE AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDER IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS ("BRLMs") AND ADVERTISED IN TWO NATIONAL NEWSPAPERS (ONE IN ENGLISH AND ONE IN HINDI) AT LEAST ONE (1) WORKING DAY PRIOR TO THE BID/OFFER OPENING DATE.

Our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right to revise the Bid/Offer Period, subject to the Bid/Offer Period not exceeding a total of 10 working days. Any revision in the Bid/Offer Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the website of the BRLMs and at the terminals of the Syndicate.

The Offer is being made through the Book Building Process wherein up to 50% of the Net Offer will be available for allocation on a price priority basis to Qualified Institutional Buyers ("QIBs") ("QIB Portion"). Further 5% of the QIB Portion shall be available for allocation on a price priority basis to Mutual Funds only. The remainder shall be available for allocation on a price priority basis to QIBs and Mutual Funds, subject to valid Bids being received from them above the Floor Price. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders subject to valid Bids received at the Floor Price. Further, not less than 35% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at the Floor Price. Furthermore, 4,273,220 Equity Shares shall be made available for allocation on a proportionate basis to the Eligible Employees, subject to valid Bids being received at the Floor Price. Any Bidder (other than QIBs) may participate in this Offer through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid amounts will be blocked by Self Certified Syndicate Banks ("SCSBs"). For further details, see **"Offer Procedure"** on page 306.

GENERAL RISKS

Investments 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 Offer. For taking an investment decision, investors must rely on their own examination of the Company and the Offer including the risks involved. The Equity Shares offered in this Offer 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 Red Herring Prospectus. This being a fast track issue under Regulation 10 of the SEBI Regulations, our Company has filed this Red Herring Prospectus with the Registrar of Companies, National Capital Territory of Delhi and Haryana ("RoC") with a copy to SEBI. Specific attention of the investors is invited to **"Risk Factors"** on page xvi.

COMPANY AND SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

The Company and the Selling Shareholder, having made all reasonable inquiries, accept responsibility for and confirm that this Red Herring Prospectus contains all information with regard to the Company and this Offer which is material in the context of this Offer, that the information contained in this Red Herring 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 Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares of our Company are listed on the BSE and the NSE. NSE is the Designated Stock Exchange for the Offer.

BOOK RUNNING LEAD MANAGERS				REGISTRAR TO THE OFFER
				
ICICI SECURITIES LIMITED ICICI Centre, H.T. Parekh Marg Churchgate Mumbai 400 020 Maharashtra, India Tel: + (91 22) 2288 2460 Fax: + (91 22) 2282 6580 E-mail: ntpc.fpo@icicisecurities.com Investor Grievance E-mail: customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Mr. Anupam Kumar SEBI Registration No.: INM000011179	CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED 12 th Floor, Bakhtawar Nariman Point, Mumbai 400 021 Maharashtra, India Tel: + (91 22) 6631 9999 Fax: + (91 22) 6646 6192 E-mail: ntpc.fpo@citi.com Investor Grievance E-mail: investors.cgmib@citi.com Website: www.citibank.co.in Contact Person: Mr. Ranjeet Bhide SEBI Registration No.: INM000010718	J.P. MORGAN INDIA PRIVATE LIMITED J.P. Morgan Tower Off. C.S.T. Road, Kalina Santacruz (East), Mumbai 400 098 Maharashtra, India Tel: + (91 22) 6157 3000 Fax: + (91 22) 6157 3911 E-mail: ntpc_fpo@jpmorgan.com Investor Grievance E-mail: investorsmb.jpmipl@jpmorgan.com Website: www.jpmipl.com Contact Person: Mr. Sagarnil Pal SEBI Registration No.: INM000002970	KOTAK MAHINDRA CAPITAL COMPANY LIMITED 1 st Floor, Bakhtawar 229, Nariman Point, Mumbai 400 021 Maharashtra, India Tel: + (91 22) 6634 1100 Fax: + (91 22) 2284 0492 E-mail: ntpc.fpo@kotak.com Investor Grievance E-mail: kmccredressal@kotak.com Website: www.kmcc.co.in Contact Person: Mr. Chandrakant Bhole SEBI Registration No.: INM000008704	KARVY COMPUTERSHARE PRIVATE LIMITED 17-24 Vittalrao Nagar Madhapur Hyderabad 500 081 Andhra Pradesh, India Tel: + (91 40) 2342 0815 Fax: + (91 40) 2343 1551 E-mail: ntpcfpo@karvy.com Website: www.karvy.com Contact Person: Mr. M. Murali Krishna SEBI Registration No.: INR000000221
BID/OFFER PROGRAM				
BID/OFFER OPENS ON : FEBRUARY 3, 2010			BID/OFFER CLOSURES ON : FEBRUARY 5, 2010	

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SECTION I – GENERAL DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, the following terms have the meanings given below. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

In this Red Herring Prospectus, unless the context otherwise indicates, all references to “**NTPC**”, “**the Company**” and “**our Company**” and the terms “**we**”, “**us**” and “**our**” are to NTPC Limited, a public limited company incorporated in India under the Companies Act, 1956 (the “**Companies Act**”) with its Registered and Corporate Office at NTPC Bhawan, SCOPE Complex, 7, Institutional Area, Lodhi Road, New Delhi 110 003, India and its Subsidiaries and Joint Ventures on a consolidated basis.

Company Related Terms

Term	Description
Articles of Association or Articles	The articles of association of our Company, as amended
Auditors	The statutory auditors of our Company, M/s. Varma & Varma, M/s. B.C. Jain & Co., M/s. Parakh & Company, M/s. S.K. Mittal & Co., M/s. Dass Gupta & Associates and M/s. S.K. Mehta & Co.
Auditors Report	Auditors report required under SEBI Regulations on our audited financial information, included in “ <i>Financial Statements</i> ” on page F1
Board or Board of Directors	The board of directors of our Company
Director(s)	The directors of our Company
Joint Ventures	Joint ventures of our Company as referred to in “ <i>History and Certain Corporate Matters</i> ” on page 101
Memorandum of Association or Memorandum	The memorandum of association of our Company, as amended
Promoter	The President of India, acting through the Ministry of Power, Government of India
Registered and Corporate Office	The registered and corporate office of our Company, located at NTPC Bhawan, SCOPE Complex, 7, Institutional Area, Lodhi Road, New Delhi 110 003, India
Selling Shareholder	The President of India, acting through the Ministry of Power, Government of India
Subsidiaries	Subsidiaries of our Company as referred to in “ <i>History and Certain Corporate Matters</i> ” on page 101

Offer Related Terms

Term	Description
Allotted/Allotment/Allot	Unless the context otherwise requires, the transfer of Equity Shares to successful Bidders pursuant to the Offer
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Application Supported by Blocked Amount/ASBA	The application (whether physical or electronic) used by a Bidder (other than a QIB) to make a Bid authorizing the SCSB to block the Bid Amount in his/her specified bank account maintained with the SCSB
ASBA Account	Account maintained by an ASBA Bidder with a SCSB which will be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder
ASBA Bid cum Application Form	The form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which will be considered as the application for

Term	Description
	Allotment for the purposes of this Red Herring Prospectus and the Prospectus
ASBA Bidder	Any Bidder (other than a QIB) who intends to apply through ASBA
ASBA Revision Form	The forms used by the ASBA Bidders to modify the quantity of Equity Shares in any of their ASBA Bid cum Application Forms or any previous Revision Form(s)
Banker(s) to the Offer	ABN Amro Bank N.V., Axis Bank Limited, HDFC Bank Limited, Kotak Mahindra Bank Limited, Standard Chartered Bank, State Bank of India, Yes Bank Limited and The Hongkong and Shanghai Banking Corporation Limited
Basis of Allotment	The basis on which the Equity Shares will be Allotted, described in “ Offer Procedure ” on page 306
Bid	An indication to make an offer during the Bid/Offer Period by a Bidder, pursuant to submission of a Bid cum Application Form to subscribe to our Equity Shares at a price at or above the Floor Price, as applicable For the purposes of ASBA Bidders, it means an indication to make an offer during the Bid/Offer Period by any Bidder (other than QIBs) pursuant to the submission of an ASBA Bid cum Application Form to subscribe to the Equity Shares at the Floor Price
Bid Amount	Except with respect to QIBs, the value of the Bid in terms of the number of Equity Shares indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Offer. With respect to QIBs, each option specified by the QIB Bidder in the Bid cum Application Form shall be treated as an independent Bid, each with a corresponding Bid Amount
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to purchase Equity Shares and which shall be considered as the application for the transfer of Equity Shares pursuant to the terms of this Red Herring Prospectus and the Prospectus including the ASBA Bid cum Application, as may be applicable
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form, including an ASBA Bidder
Bid/Offer Closing Date	February 5, 2010
Bid/Offer Opening Date	February 3, 2010
Bid/Offer Period	The applicable period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof
Book Building Process	The alternate method of book building as described in Part D of Schedule XI of the SEBI Regulations, in terms of which this Offer is being made
Book Running Lead Managers/BRLMs	The book running lead manager to the Offer, in this case being ICICI Securities Limited, Citigroup Global Markets India Private Limited, J.P. Morgan India Private Limited and Kotak Mahindra Capital Company Limited
Clearing Prices	The price at or above which Bidders shall be allocated Equity Shares in the QIB Portion and the Mutual Fund Portion
Confirmation of	The note or advice or intimation of allocation of Equity Shares sent to

Term	Description
Allocation Note or CAN	the successful Bidders who have been allocated Equity Shares in accordance with the Book Building Process, including any revisions thereof
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders, a list of which is available on http://www.sebi.gov.in
Designated Date	The date on which funds are transferred from the Escrow Account(s) to the Public Offer Account and the amount blocked by the SCSBs are transferred from the bank account of the ASBA Bidders to the ASBA Public Offer Account, as the case may be, after the Prospectus is filed with the RoC, following which the Equity Shares shall be Allotted
Designated Stock Exchange	The National Stock Exchange of India Limited
DP ID	Depository Participant's Identity
Eligible Employee	<p>All or any of the following:</p> <p>(a) a permanent and full-time employee of our Company as of the date of this Red Herring Prospectus and based and working in India as on the date of submission of the Bid cum Application Form; and</p> <p>(b) a Director, whether whole-time or part-time, as of the date of this Red Herring Prospectus and based in India as on the date of submission of the Bid cum Application Form</p> <p>For the purpose of this definition, an employee who is recruited against regular vacancy but is on probation as on the date of submission of the Bid cum Application Form will also be deemed as a permanent employee</p>
Eligible NRI	An NRI resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom this Red Herring Prospectus constitutes an invitation to subscribe for the Equity Shares
Employee Reservation Portion	The portion of the Offer, being 4,273,220 Equity Shares, available for allocation to Eligible Employees
Equity Shares	Unless the context otherwise indicates, the Equity Shares of our Company with a face value of Rs. 10 each
Escrow Account	Account(s) opened with the Escrow Collection Bank(s) for the Offer and in whose favour the Bidder (excluding ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount
Escrow Agreement	Agreement to be entered into among our Company, the Selling Shareholder, the Registrar, the BRLMs, the Syndicate Member and the Escrow Collection Bank(s) for collection of the Bid Amounts and remitting refunds, if any of the amounts to the Bidders (excluding ASBA Bidders) on the terms and conditions thereof
Escrow Collection Bank(s)	The Escrow Collection Bank(s), being ABN Amro Bank N.V., Axis Bank Limited, HDFC Bank Limited, Kotak Mahindra Bank Limited, Standard Chartered Bank, State Bank of India, Yes Bank Limited and The Hongkong and Shanghai Banking Corporation Limited, which are clearing members and registered with SEBI as Bankers to the Offer and with whom the Escrow Accounts will be opened
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form or the ASBA Bid cum Application Form
Floor Price	The minimum price below which no Bids will be accepted
GIR number	General index registration number
Listing Agreement	The Company's equity listing agreements entered into with the Stock

Term	Description
	Exchanges
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid and which may range between 10% and 100% of the Bid Amount
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Portion available for allocation to Mutual Funds only, out of the QIB Portion
Net Offer	Offer less the Employees Reservation Portion, consisting of 408,000,000 Equity Shares to be Allotted at Floor Price/Clearing Prices, as applicable
Non-Institutional Bidders	All Bidders, including sub-accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000
Non-Institutional Portion	The portion of the Offer, being not less than 15% of the Net Offer or 61,200,000 Equity Shares, available for allocation to Non-Institutional Bidders
Non-Resident Indian or NRI	A person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended
Offer	Further public offer of 412,273,220 Equity Shares through an Offer for Sale by the Selling Shareholder of our Company. The Offer comprises a Net Offer to the public of 408,000,000 Equity Shares and an Employee Reservation Portion of 4,273,220 Equity Shares for subscription by Eligible Employees
Offer Agreement	The agreement entered into on January 9, 2010 among our Company, the Selling Shareholder and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer
Offer for Sale	This Offer of 412,273,220 Equity Shares being offered by the Selling Shareholder pursuant to this Red Herring Prospectus
Pay-in Date	Except with respect to ASBA Bidders, the Bid/Offer Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in Period	Except with respect to ASBA Bidders, those Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Offer Opening Date and extending until the Bid/Offer Closing Date
	With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Offer Opening Date and extending until the last date specified in the CAN
Pricing Date	The date on which our Company and the Selling Shareholder in consultation with the BRLMs finalise the Clearing Prices
Prospectus	The Prospectus to be filed with the RoC pursuant to Section 60 of the Companies Act, containing, among other things, the Clearing Prices that is determined at the end of the Book Building Process on the Pricing Date, including any addenda or corrigenda thereof
Public Offer Account	The account to be opened with the Bankers to the Offer to receive monies from the Escrow Account on or after the Designated Date
QIB Margin Amount	An amount representing at least 10% of the Bid Amount payable by QIBs at the time of submission of their Bid, which shall be payable at each Bid option specified in the Bid cum Application Form
QIB Portion	The portion of the Offer being up to 50% of the Net Offer or

Term	Description
	204,000,000 Equity Shares to be Allotted to QIBs
Qualified Institutional Buyers or QIBs	Public financial institutions specified in Section 4A of the Companies Act, FIIs (and their sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual), scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, FVCIs registered with SEBI (subject to receipt of appropriate approvals by the FVCI from the appropriate regulatory authority), venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with a minimum corpus of Rs. 250 million, pension funds with a minimum corpus of Rs. 250 million, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India and insurance funds set up and managed by the Army, Navy or Air Force of the Union of India
Red Herring Prospectus or RHP	This Red Herring Prospectus dated January 12, 2010 issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the Floor Price and which is filed with the RoC at least three days before the Bid/Offer Opening Date and which will become the Prospectus after filing with the RoC after the Pricing Date
Refund Account	Accounts opened with Escrow Collection Bank(s) from which refunds of the whole or part of the Bid Amount (excluding the ASBA Bidders), if any, shall be made
Refund Bank(s)	Escrow Collection Bank(s) in which an account is opened and from which a refund of the whole or part of the Bid Amount, if any, shall be made, in this case being, HDFC Bank Limited, Kotak Mahindra Bank Limited and State Bank of India
Registrar to the Offer	Karvy Computershare Private Limited
Registrar's Agreement	The agreement entered into on January 9, 2010 among our Company, the Selling Shareholder and the Registrar to the Offer pursuant to which certain arrangements are agreed to in relation to the Offer
Resident Retail Individual Bidder	Retail Individual Bidder who is a person resident in India as defined in the Foreign Exchange Management Act, 1999 and who has Bid for Equity Shares for an amount not more than Rs. 100,000 in any of the bidding options in the Net Offer, and excluding Bidders under the Employee Reservation Portion
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs), other than Employees submitting Bids under the Employee Reservation Portion, who have Bid for Equity Shares for an amount less than or equal to Rs. 100,000 in any of the bidding options in the Net Offer
Retail Portion	The portion of the Offer, being not less than 35% of the Net Offer, or 142,800,000 Equity Shares at the Floor Price, available for allocation to Retail Individual Bidders
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount, as applicable, in any of their Bid cum Application Forms or any previous Revision Form(s)
Self Certified Syndicate Bank or SCSB	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offer services of ASBA, including blocking of bank account, a list of which is available on http://www.sebi.gov.in
Stock Exchanges	The BSE and the NSE

Term	Description
Syndicate	Collectively, the BRLMs and the Syndicate Member
Syndicate Agreement	Agreement among the Syndicate, the Selling Shareholder and our Company in relation to the collection of Bids (excluding Bids from the ASBA Bidders) in this Offer
Syndicate Member	Kotak Securities Limited
Transaction Registration Slip or TRS	The slip or document issued by a member of the Syndicate to a Bidder as proof of registration of the Bid
Underwriters	The members of the Syndicate
Underwriting Agreement	The agreement among our Company, the Selling Shareholder and the Underwriters to be entered into on or after the Pricing Date
Working Day(s)	Any day other than a Saturday or Sunday and a public holiday on which commercial banks in Delhi and/or Mumbai, India are open for business

Conventional / General Terms and Abbreviations

Term	Description
Act or Companies Act	Companies Act, 1956
Air Act	Air (Prevention and Control of Pollution) Act, 1981
AO	Assessing officer
AS	Accounting Standard
BHEL	Bharat Heavy Electricals Limited
BPCL	Bharat Petroleum Corporation Limited
BSE	The Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
CESTAT	Customs Excise & Service Tax Appellate Tribunal
Citi	Citigroup Global Markets India Private Limited
CIL	Coal India Limited
CIT	Commissioner of Income Tax
CPIO	Chief Public Information Officer
CPSUs	Central Power Sector Utilities
Cr.P.C.	Code of Criminal Procedure, 1973
CWC	Central Water Commission
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended
Depository Participant/DP	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
DPE	Department of Public Enterprises
DPE's OM	Department of Public Enterprises Office Memorandum
DVC	Damodar Valley Corporation
€	Euro
ECS	Electronic clearing service
EGM	Extraordinary general meeting of the shareholders of our Company
EPA	The Environment (Protection) Act, 1986
EPS	Earnings per share, i.e., profit after tax for a fiscal year divided by the weighted average number of equity shares during the fiscal year
ERC Act	Electricity Regulatory Commission Act, 1998
ERP	Enterprise Resource Planning
ESI Act	The Employees State Insurance Act, 1948
ESOP	Employees' stock option plan

Term	Description
Factories Act	Factories Act, 1948
FC	Foreign currency
FCNR Account	Foreign Currency Non-Resident Account established in accordance with FEMA
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999, together with rules and regulations thereunder
FIIIs	Foreign Institutional Investors (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995) registered with SEBI
Fiscal	Period of 12 months ended March 31 of that particular year
FIR	First Information Report
FVCI	Foreign Venture Capital Investors (as defined under the SEBI (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GAIL	Gail (India) Limited
GDP	Gross Domestic Product
GoI	Government of India
Hazardous Wastes Rules	The Hazardous Wastes (Management and Handling) Rules, 1989
HUF	Hindu Undivided Family
IPO	Initial Public Offering
Indian GAAP	Generally Accepted Accounting Principles in India
IFRS	International Financial Reporting Standards
IOCL	Indian Oil Corporation Ltd.
IPC	Indian Penal Code, 1860
I-Sec	ICICI Securities Limited
I.T. Act	Income Tax Act, 1961
JPM	J.P. Morgan India Private Limited
JPY	Japanese Yen
Kotak	Kotak Mahindra Capital Company Limited
LC	Letter of Credit
LIC	Life Insurance Corporation of India
MF	Mutual Funds
Million	1,000,000
Minimum Wages Act	Minimum Wages Act, 1963
MoU	Memorandum of Understanding
N.A. or N/A	Not Applicable
NEFT	National Electronic Fund Transfer
NETRA	NTPC Energy Technology Research Alliance
NHPC	NHPC Limited
NMDC	NMDC Limited
NPEX	National Power Exchange Limited
Non-Resident or NR	A person resident outside India, as defined under FEMA and includes a Non-Resident Indian
NRE Account	Non-Resident External Account established in accordance with FEMA
NRO Account	Non-Resident Ordinary Account established in accordance with FEMA
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 the beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was

Term	Description
	eligible to undertake transactions pursuant to the general permission granted to OCBs under FEMA. OCBs are not allowed to participate in this Offer
Oilfields Act	Oil Fields (Regulation and Development) Act, 1948
OISD	Oil Industry Safety Directorate
PAN	Permanent Account Number allotted under the I.T. Act
PAT	Profit after tax
PFC	Power Finance Corporation Limited
PIO	Public Information Officer
PNG Rules	Petroleum and Natural Gas Rules, 1959
PRP	Performance related pay
PTC	PTC India Limited
PXIL	Power Exchange India Limited
REC	Rural Electrification Corporation Limited
RBI	The Reserve Bank of India
RIL	Reliance Industries Limited
RoC	The Registrar of Companies, NCT of Delhi and Haryana
RoNW	Return on net worth
Rs.	Indian Rupees
RTGS	Real Time Gross Settlement
RTI Act	Right to Information Act, 2005
SAARC	South Asian Association of Regional Cooperation
SAIL	Steel Authority of India Limited
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Insider Trading Regulations	SEBI (Prohibition of Insider Trading) Regulations, 1992
SEBI Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SEC	Securities and Exchange Commission
Securities Act	The U.S. Securities Act of 1933
SJVN	Satluj Jal Vidyut Nigam Limited
Supply Act	Electricity (Supply) Act, 1948
THDC	THDC Limited
U.S. GAAP	Generally Accepted Accounting Principles in the United States
US\$ or USD or US Dollar	U.S. Dollar
USA or U.S.	United States of America
UTs	Union Territories
VAT	Value Added Tax
Water Act	Water (Prevention and control of Pollution) Act, 1974
Water Cess Act	Water (Prevention and Control of Pollution) Cess Act, 1977
w.e.f.	With effect from
Weights and Measures Act	Standard of Weights and Measures Act, 1976
2004 Regulations	CERC's Tariff Regulations, 2004
2009 Regulations	CERC's Tariff Regulations, 2009

Technical and Industry Related Terms

Term	Description
ACQ	Annual Contracted Quantities
APDRP	Accelerated Power Development and Reforms Program
AT&C	Aggregate Technical and Commercial loss

Term	Description
ATE	Appellate Tribunal for Electricity
BOP	Balance of Plant
BTG	Boiler, Turbine and Generator
CEA	Central Electricity Authority
CER	Certified Emission Reduction
CERC	Central Electricity Regulatory Commission
CCGT	Combined Cycle Gas Turbine
COD	Commercial Operation Date
COP	Communication on Progress
CPCB	Central Pollution Control Board
CSA	Coal Supply Agreements
CTU	Central Transmission Utility as defined in the Electricity Act
DGH	Directorate General of Hydrocarbons
EIA	Environmental Impact Assessment
EPC	Engineering, Procurement and Construction
ERC	Electricity Regulatory Commission
ESPs	Electro-static precipitators
FGD Plant	Flue gas de-sulphurization Plant
FR	Feasibility report
HVDC	High Voltage Direct Current
IEX	Indian Energy Exchange
IGCC	Integrated gasification combined-cycle
IOCL	Indian Oil Corporation Limited
IPP	Independent Power Producers
ITI	Industrial Training Institutes
KV	Kilovolts
KW	Kilo Watt
kWh	Kilo Watt Hour
MGR	Merry go-round rail system
MLD	Million litres per day
MMSCMD	Million Metric Standard Cubic Meter Per Day
MNRE	Ministry of New and Renewable Energy, Government of India
MoC	Ministry of Coal, Government of India
MoEF	Ministry of Environment and Forests, Government of India
MoPNG	Ministry of Petroleum and Natural Gas, Government of India
MoP	Ministry of Power, Government of India
MPPs	Merchant power plants
mtpa	Million tonnes per annum
MW	Megawatts
NELP	New Exploration Licensing Policy
NLDC	National Load Dispatch Centre
O&M	Operation and Maintenance
OTSS	One Time Settlement Scheme for outstanding dues
OTSS Loan	Loan to a State Government under the OTSS
PCC	Pulverized Coal Combustion
PGCIL	Power Grid Corporation of India Limited
PLF	Plant Load Factor
PMC	Project Monitoring Centre
PMI	Power Management Institute
PPA	Power Purchase Agreement
RLDC	Regional Load Dispatch Centre
RLNG	Re-gassified liquid natural gas

Term		Description
SEBs		State Electricity Boards
SERC		State Electricity Regulatory Commission
SLC		Standing Linkage Committee (LT) on Power
STU		State Transmission Utility as defined in the Electricity Act, 2003
sq. km.		Square kilometre
Trading License Regulations		CERC (Procedure, Terms and Conditions for grant of trading license and other related matters) Regulations, 2009
Tripartite Agreements		Tripartite Agreements executed by the GOI, RBI and the respective State Governments
UMPP		Ultra Mega Power Project
Units		kWh

CERTAIN CONVENTIONS, USE OF FINANCIAL INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references in this Red Herring Prospectus to “**India**” are to the Republic of India. All references in this Red Herring Prospectus to the “**US**”, “**U.S.**”, “**USA**” or “**United States**” are to the United States of America.

Financial Data

Unless indicated otherwise, the financial data in this Red Herring Prospectus is derived from our audited consolidated and standalone financial statements as of and for the half year ended September 30, 2009 and the unaudited standalone statement of profit and loss for the half year ended September 30, 2008 and the audited consolidated and standalone financial statements for Fiscals 2009 and 2008 prepared in accordance with Indian GAAP and the Companies Act.

Our Fiscal year commences on April 1 and ends on March 31, so all references to a particular Fiscal year are to the twelve-month period ended March 31 of that year. In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

There are significant differences between Indian GAAP, IFRS and U.S. GAAP. Accordingly, the degree to which the financial information prepared in accordance with Indian GAAP, included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“**SEBI Regulations**”). Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI Regulations on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. We and the Selling Shareholder have not attempted to explain those differences or quantify their impact on the financial data included herein, and we and the Selling Shareholder urge you to consult your own advisors regarding such differences and their impact on our financial data.

Currency and Units 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 “**USD**” or “**U.S. Dollar**” are to United States Dollars, the official currency of the United States of America. All references to “**€**” are to Euros, the single currency of the participating member states in the Third Stage of the European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time. All references to “**JPY**” are to the Japanese Yen, the official currency of Japan.

Industry and Market Data

Industry and market data used throughout this Red Herring Prospectus has been obtained from various government and industry publications. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable but it has not been independently verified by us or its accuracy and completeness is not guaranteed and its reliability cannot be assured. Although we believe the industry and market data used in this Red Herring Prospectus is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data is presented in this Red Herring Prospectus is meaningful depends upon the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering

methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

Exchange Rates

The exchange rates of the respective foreign currencies are provided below.

USD

	Year/ Month End	Average	High	Low
Year				
2007	39.4125	41.3375	44.6575	39.2775
2008	48.8025	43.3648	50.2900	39.2650
2009	46.5250	48.3658	51.9700	46.0912
Month				
July, 2009	47.9350	48.4510	49.0825	47.8900
August, 2009	48.8250	48.3344	48.9625	47.5175
September, 2009	48.1100	48.4487	49.0250	47.9625
October, 2009	46.9750	46.7243	47.7550	46.1100
November, 2009	46.5150	46.5667	47.4156	46.2150
December, 2009	46.5250	46.6125	46.8850	46.0912

Source: Bloomberg

EURO

	Year/ Month End	Average	High	Low
Year				
2007	57.5104	56.5952	59.1685	54.2592
2008	68.0128	63.7511	68.7881	57.1747
2009	66.6147	67.4473	71.2979	62.3783
Month				
July, 2009	68.5401	68.2646	68.9857	66.9657
August, 2009	70.1099	68.9945	70.1602	67.5997
September, 2009	70.4161	70.4848	71.2979	69.7185
October, 2009	69.0712	69.1873	70.0646	68.3626
November, 2009	69.8428	69.5672	69.9761	68.9051
December, 2009	66.6147	67.9174	69.8825	66.6147

Source: Bloomberg

JPY

	Year/ Month End	Average	High	Low
Year				
2007	0.3528	0.3511	0.3867	0.3272
2008	0.5370	0.4231	0.5468	0.3531
2009	0.5003	0.5175	0.5541	0.4778
Month				
July, 2009	0.5077	0.5132	0.5294	0.4955
August, 2009	0.5252	0.5097	0.5252	0.4916
September, 2009	0.5364	0.5296	0.5364	0.5228
October, 2009	0.5208	0.5171	0.5329	0.5044
November, 2009	0.5388	0.5231	0.5398	0.5155
December, 2009	0.5003	0.5180	0.5344	0.5003

Source: Bloomberg

NOTICE TO INVESTORS

United States

The Equity Shares have not been recommended by the United States Securities and Exchange Commission (the “SEC”) or any state or foreign securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Red Herring Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and, unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons as defined by Regulation S under the Securities Act (each, a “**U.S. Person**”), except pursuant to an exemption from the registration requirements of the Securities Act. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the Securities Act and referred to in this Red Herring Prospectus as “U.S. QIBs”; for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Red Herring Prospectus as “**QIBs**”) in transactions exempt from the registration requirements of the Securities Act and (b) outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

For the purpose of the Equity Shares being offered in the United States to “qualified institutional buyers” in reliance on Rule 144A under the Securities Act, this offering document is being furnished in the United States on a confidential basis solely for the purpose of enabling prospective purchasers to consider the purchase of the Equity Shares. Its use for any other purpose in the United States is not authorized. In the United States, it may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents be disclosed to anyone other than the prospective purchasers to whom it is submitted.

In addition, until the date 40 days after the commencement of the Offer, an offer or sale of the Equity Shares within the United States by a dealer (whether or not participating in the Offer) may violate the registration requirements of the Securities Act, if such offer or sale is made otherwise than in accordance with Rule 144A.

The Equity Shares are subject to restrictions on transferability and resale and may not be transferred or resold in the United States or to U.S. persons (as defined in Regulation S under the Securities Act), except as permitted under the Securities Act and applicable state securities laws pursuant to registration or an exemption from or a transaction not subject to, registration under the Securities Act. You should be aware that you may be required to bear the risks of an investment in the Equity Shares for an indefinite period of time. Because of these restrictions, purchasers of the Equity Shares are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Equity Shares.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, no offer of Equity Shares has been made or will be made to the public in that Relevant Member State, except that, with effect from and including such date, an offer of Equity Shares may be made to the public in the Relevant Member State at any time: (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities; (b) to any legal entity which has two or more of (1) an average of at least 250

employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or (d) in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Equity Shares to the public” in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of Equity Shares to be offered so as to enable an investor to decide to purchase any Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Notice to New Hampshire Residents

Neither the fact that a registration statement or an application for a license has been filed under chapter 421-b of the New Hampshire revised statutes (“**RSA 421-b**”) with the State of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the State of New Hampshire constitutes a finding by the Secretary of State of New Hampshire that any document filed under RSA 421-b is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the Secretary of State of New Hampshire has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer or client, any representation inconsistent with the provisions of this paragraph.

FORWARD-LOOKING STATEMENTS

We have included statements in this Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “seek to”, “future”, “objective”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”. Similarly statements which describe our strategies, objectives, plans or goals are also forward-looking statements.

These forward-looking statements are based on our current plans and expectations and actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to the following:

- Our ability to commence operations as expected;
- Our ability to raise additional capital to fund the construction and development of our projects and future capital requirements or to obtain the necessary funds on commercially acceptable terms or in a timely manner;
- Availability of water, quality coal and gas at competitive prices, power evacuation facilities, land or transportation infrastructure for our power plants;
- Our ability to enter into or maintain our existing off-take arrangements in a timely manner and on terms that are commercially acceptable to us;
- Our ability to effectively manage our growth or to successfully implement our power projects and growth strategy;
- Our ability to retain our senior management team and other key personnel and hire and retain sufficiently skilled labour to support our operations;
- Changes in tariffs, custom duties, government assistance and government policy;
- Changes in foreign exchange rates, equity prices or other rates or prices;
- Outcome of outstanding litigation in which we, our Directors or our Subsidiaries are involved;
- Worldwide economic and business conditions and political or general economic instability in India;
- Changes in applicable laws and regulations;
- Costs of compliance with environmental laws or damage due to natural or man-made disasters or events;
- Increasing competition in the Indian power sector;
- The monetary and interest policies of India, inflation, deflation and unanticipated increases in interest rates or fluctuations in foreign exchange; and
- Terrorist attacks and other acts of violence, natural calamities, unanticipated geological results and other environmental conditions in India and around the region.

For a further discussion of factors that could cause our actual results to differ, see “**Risk Factors**” on page xvi. 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 our Company, nor the Selling Shareholder, nor the members 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, our Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the Allotment of the Equity Shares pursuant to the Offer.

SECTION II - RISK FACTORS

*An investment in equity securities involves a high degree of risk. You should carefully consider all of the information in this Red Herring Prospectus, including our unconsolidated and consolidated financial statements and the related notes and “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” on page 161 and the risks and uncertainties described below, before making an investment in our Equity Shares. Any of the following risks as well as the other risks and uncertainties discussed in this Red Herring Prospectus could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline, which could result in the loss of all or part of your investment. The risks described below are not the only ones we face. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Our business, financial condition, results of operations and prospects could be materially and adversely affected by any of these risks.*

*This Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. The actual results of our operations could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks we face as described below and elsewhere in this offering document. You should also consider the warning regarding forward-looking statements in “**Forward-Looking Statements**” on page xv.*

Internal Risks

1. Our Company is presently involved in 88 criminal proceedings, including motor accident cases.

We currently have 88 criminal proceedings, including motor accident cases, against us pending before various judicial forums in India.

Amongst the cases filed against us:

- one case is pending before the High Court of Patna against our Kahalgaon unit, alleging dishonour of a cheque;
- one case is pending before the High Court of Bilaspur, alleging cheating and conspiracy on encashing a bank guarantee which was deposited as security for the contractual performance;
- one case is pending before the Judicial Magistrate of First Class, Bhagalpur alleging the non-payment of provident funds to certain security personnel’s who were employed by a third security agency, at our Kahalgaon unit;
- one case is pending before the Delhi High Court alleging non payment of provident funds to 60 canteen workers at our Badarpur unit;
- one case is pending before the Sub-Divisional Magistrate for non-compliance by our Kahalgaon unit with capacity specifications under the Standard of Weights and Measures Act, 1963;
- two contempt cases are pending before the High Court of Allahabad against our Unchahar unit for not following court orders;
- one case is pending before the High Court alleging forgery and fraud committed by the officers of our Company at our Unchahar unit;

- five cases are pending before various forums alleging pollution of the environment and non-compliance with the terms of environment clearances at various units of our Company;
- 10 motor accident cases involving death are pending before various judicial forums;
- 22 cases have been filed by the Uttar Pradesh State Labour Enforcement Officer alleging non-compliance by our Singrauli unit with the Minimum Wages Act, 1963 (“**Minimum Wages Act**”) due to the non-production of register of labours to the State Labour Enforcement Officer;
- four cases are pending before various judicial forums for injuries suffered by our employees during the course of their employment as a result of gross negligence of the officers of our Company;
- 21 cases are pending before various judicial forums claiming for additional compensation for death or fatal accidents due to industrial mishaps occurring as a result of gross negligence of the officers of our Company;
- six cases are pending before various High Courts alleging non-compliance with various statutes such as the Standard Weights and Measures Act, Contract Labour (Regulation and Abolition) Act, 1970, Interstate Migrant Workers Act, 1979 and the Factories Act, 1948 (“**Factories Act**”); and
- 10 cases are pending before various judicial forums including non payment of royalty, show cause notices from police and High Courts for appearances, non payment of progress payments under construction, fraud, assault and non appointment of adequate safety officers.

We cannot provide any assurance that these matters will be decided in our favour. Further, there is no assurance that similar proceedings will not be initiated against us in future. For further details, see “*Outstanding Litigation and Material Developments*” on page 192.

2. *Any inability to effectively execute our power projects and manage our growth or to successfully implement our business plan and growth strategy could have an adverse effect on our operations, results and financial condition.*

We expect that the execution of new power projects and our growth strategy will place significant strains on our management, financial and other resources. Further, 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. We may intend to evaluate and consider expansion in the future to pursue existing and potential market opportunities. Our inability to manage our business plan effectively and execute our growth strategy could have an adverse effect on our operations, results, financial condition and cash flows. In addition, due to such inability to manage such challenges, we may also be unable to meet the annual performance targets set by the GoI pursuant to an annual Memorandum of Understanding that we enter into with the GoI, and we may not obtain an “excellent” rating. If we are unable to successfully implement our business plan and growth strategy, our business, results of operations and financial condition would be materially and adversely affected.

In order to manage the execution of new power projects and growth effectively, we must implement and improve operational systems, procedures and internal controls on a timely basis. If we fail to implement and improve these systems, procedures and controls on a timely basis, or if there are weaknesses in our internal controls that would result in inconsistent internal standard operating procedures, we may not be able to meet our expected schedule of project

implementation, hire or retain employees, pursue new business, complete future strategic agreements or operate our business effectively. There can be no assurance that our existing or future management, operational and financial systems, procedures and controls will be adequate to support future operations or establish or develop business relationships beneficial to our future operations.

3. *The SEBs and state owned distribution companies account for more than 90% of our sales of electricity and any change that adversely affects our ability to recover our dues from them will adversely affect our financial position unless we diversify our customer base.*

The State Electricity Boards (“SEBs”) and the state owned distribution companies are the largest purchasers of power from us and currently account for more than 90% of our sales of electricity. We are obligated to supply power to them in accordance with the terms of the allocation letters issued by the GoI for each of our power stations. Historically, we have had significant problems recovering payments from the SEBs. The One Time Settlement (“OTSS”) addressed these problems. Tripartite agreements (“**Tripartite Agreements**”) were signed under which the past dues from the SEBs were securitised by the issue of 8.5% Tax Free State Government special bonds issued under the OTSS (the “**Tax Free Bonds**”) (maturing in various stages, from October 1, 2006 until April 1, 2016). In addition, the Tripartite Agreements have improved the situation by requiring the SEBs to establish letters of credit (LCs) to cover 105% of current payments. In addition to the Tripartite Agreements, beyond 2016, our sales are secured through supplementary agreements with our customers under which the customers have agreed to create a charge over their own receivables in our favour and in the event of a payment default, assign their receivables into an escrow account. If receivables of these customers are not received into such escrow accounts for any reason whatsoever or if the security over such receivables is flawed, our payment would not be secured. Any change that adversely affects our ability to recover our dues will adversely affect our financial position as we do not have a diverse customer base.

In Fiscal 2008, the SEBs had incurred losses of approximately Rs. 340,950 million. In addition, there have also been instances of state governments promising free power to certain sections of society, such as farmers. The adoption of such policies by state governments would adversely affect the financial health of the SEBs, which would in turn adversely affect their ability to make payments to us. Also see the risk factor titled, “*The unbundling of the SEBs pursuant to the Electricity Act could have an adverse impact on our revenues*” and the sections titled “*Industry Overview*”, “*Our Business - Sales of Electricity*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations - Factors affecting our Results of Operations*” on pages xxiii, 44, 71 and 162, respectively.

4. *Our expansion plans and diversification plans require significant capital expenditure and if we are unable to obtain the necessary funds for expansion, our business plans and prospects may be adversely affected.*

We will need significant capital to finance our business plan and in particular, our plan for capacity expansion. We are presently engaged in construction activities for projects representing 17,930 MW, including 4,000 MW undertaken by our joint venture companies, which are in different stages of progress. We are also pursuing a basket of projects for approximately 33,000 MW of capacity which are in various stages, including projects for which tender has been invited, a feasibility report (“**FR**”) prepared, or a FR is under preparation and approval, in order to achieve our stated goal of 75,000 MW capacity by Fiscal 2017.

The scheduled completion dates of our expansion plans and budgets with respect to our expansion plans are management estimates only and we cannot assure you that there will not be cost and time overruns.

We expect approximately 30% of our proposed capital expenditures to be funded by internal accruals and/or through the issue of Equity Shares and the remaining approximately 70% to be funded by debt financing. 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 our results of operations generally, tariff regulations, interest rates, borrowing or lending restrictions, if any, changes to applicable laws and regulation, the amount of dividend required to be paid to our shareholders and other costs and our ability to obtain financing on acceptable terms. In addition, as there are a number of large-scale infrastructure projects currently under development in India, our ability to obtain additional funding may be impaired and we may not be able to receive adequate debt funding on commercially reasonable terms in India. In the event, we may be required to seek funding internationally, which may result in exposure to foreign exchange risks and which may require approval under, or be restricted by, laws and regulations relating to exchange controls, including RBI regulations. In case we are unable to raise required funds for expansion, our business plans and prospects may be adversely affected. Also, see “***Our Business - Capacity Expansion Program***” on page 64.

We are also in the process of progressively diversifying our fuel mix. These diversification efforts will also require significant additional capital. In addition, we plan to invest in our power trading business and electricity distribution business and we have entered into coal mining and oil exploration to achieve greater fuel security. All of these business activities will require further expenditures of capital. We cannot assure you that we will be able to raise the required capital to implement this diversification plan on acceptable terms or at all. In the event that we cannot raise the funds to diversify our business, our business, financial condition, prospects and results of operation may be materially and adversely affected.

5. Our operations and our expansion plans have significant fuel requirements and we may not be able to ensure the availability of fuel at competitive prices.

The success of our operations, and the proposed expansion of our generation capacity, will be dependent on, among other things, our ability to ensure unconstrained availability of fuels at competitive prices during the life cycle of our existing and planned thermal power stations. Fuel represents our largest expense and our two primary fuels are coal and gas, with approximately 86% of our current owned generating capacity being coal-based and 14%, gas-based. We purchase substantially all our coal requirement from subsidiaries of Coal India Limited (“**CIL**”) and Singareni Collieries Company Limited (“**SCCL**”). Coal linkage for each of our stations is allocated by the Standing Linkage Committee (LT) on Power (“**SLC**”), which is a GoI committee led by a representative of the Ministry of Coal (“**MoC**”) along with members from the Ministry of Railways, Ministry of Shipping, Ministry of Power (“**MoP**”), Central Electricity Authority (“**CEA**”), Planning Commission, CIL, its subsidiaries and SCCL.

We have Gas Supply Agreements with GAIL (India) Limited (“**GAIL**”) and other suppliers for the supply of gas on a long term basis. However, we cannot assure you that GAIL will be able to satisfy its contractual commitments and that alternative sources of supply would be available on reasonable terms.

If we are unable to obtain supplies from these suppliers on acceptable terms and conditions, we cannot assure you that we will be able to obtain supplies from alternative suppliers. Further, coal and gas allocations, and gas prices, are currently determined by the GoI. In the event that coal and gas supply, or gas prices, were to be deregulated, we cannot assure you that we will be able to obtain coal and gas at competitive prices and the required quantities. Increase in our fuel costs can be recovered through our tariffs, subject to certain operational parameters being met, each as set out in the current tariff regulations.

With respect to coal mining, significant investments would be required to exploit and mine these reserves. We cannot assure you that this will occur. We estimate that we would require 168.22

MTPA of coal by 2012. The requirement for coal is expected to increase significantly in the future, driven by significant capacity addition in the power sector. High dependence on domestic coal could therefore expose us to potential price and availability risks. Due to such coal shortages, we may lose some generation from our coal-based stations. We also source imported coal through two public sector undertakings and source coal through e-auctions conducted by the subsidiary coal companies of CIL. However, we cannot assure you that such sources of coal will continue to be available to us in future at reasonable price or terms or at all.

With respect to gas, our use has been limited in the past due to inadequate supply. This has adversely affected the generation at our gas-based stations. If the shortage of supply of gas intensifies, the productivity of our gas-based stations would be further reduced. We estimate that we would require 16.39 MMSCMD of gas during Fiscal 2012 at 85% PLF. Although we are in the process of securing the gas supply for our projects at Kawas and Gandhar, we cannot assure you that we will be able to secure adequate supply of gas for our current gas-based stations or future gas-based projects. Fuel constraints have affected our capacity addition plans.

6. *Our operations and our expansion plans have significant water requirements and we may not be able to ensure regular and adequate availability of water.*

Water is a key input for hydroelectric and thermal power generation and our operations and the proposed expansion of our generation capacity will be dependent on, among other things, our ability to ensure unconstrained and undiminished availability of water during the life cycle of our existing and planned power stations. Changing weather patterns and inconsistent rainfall can hamper water supply at our power stations. Although we create reservoirs to hold water to cover any temporary shortfall, these reservoirs do not have sufficient capacity to sustain supply to the power stations for extended periods of time.

We rely on water supply agreements with certain state governments and state government bodies. As water source may run through several states, this may lead to instances of interstate water disputes. In addition, with the creation of new states in India, the probability of such interstate water disputes may increase. Any interstate water disputes may affect the ability of these state governments to supply water to us. Water is a limited and politically sensitive resource, and has to be carefully allocated by the state governments for use between several groups of users. Accordingly, due to political pressures, state governments may not fulfill their contractual obligations to us under these water supply agreements. For example, recently, the commencement of one of our projects was delayed by several months when the state government declined supply of water to the project.

In the event of water shortages, our power projects may be required to reduce their water consumption, which would reduce their power generation capability. Expansion of our generation capacity and the development of new power plants cannot be initiated unless we have regular and adequate availability of water for these projects. We are unable to assure you that we will receive the regular and adequate quantities of water for the construction and/or operation of these power plants.

7. *We face competition as a result of deregulation in the Indian power sector. We cannot assure you that we will be able to compete effectively and our failure to do so could result in an adverse effect on our business prospects, financial condition and results of operations.*

The Electricity Act, 2003 (“**Electricity Act, 2003**”), which came into force in June 2003, 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 plants. These reforms provided opportunities for increased role for private sector in power generation. Specifically, non-discriminatory open access regulations of state regulatory commissions which enabled generators to sell directly to bulk consumers, increased the financial viability of private

investment in power generation. Large Indian business houses with established commercial power generation companies and significant resources and many years of experience in the commercial power generation business will be competing with us. We may compete with Indian and international companies seeking to set up or expand their power generation business and to obtain the land, coal, water and other resources required for power projects, in addition to having to compete with the established central and state power utilities. Competitive bidding for power procurement further increases the competition among the power generators. Our competitors may have greater resources, better flexibility and lesser controls on their systems and procedures than we do and may be able to achieve better economies of scale or who may have access to cheaper sources of fuel than we do, allowing them to bid at more competitive rates. We may face the pressure of decreased margins and other unfavourable terms and conditions for the sale of our power due to such competition. Further, as a result of the measures introduced under the Electricity Act and the OSS (see “**Industry Overview – Regulatory Framework and Recent Policy Initiatives**” on page 52), SEBs may experience improvements in their financial position and may seek to expand their own installed capacity. We cannot assure you that we will be able to compete effectively given the increased competition. Our failure to do so could result in an adverse effect on our business prospects, financial condition and results of operations.

8. *Our operations create difficult environmental challenges, and changes in environmental laws and regulations may expose us to liability and result in increased costs.*

Our power stations and power generation projects are subject to environmental laws and regulations promulgated by the Ministry of Environment and Forest (“**MoEF**”) and the Pollution Control Boards of the relevant states. These include laws and regulations that limit the discharge of pollutants into the air, land and water and establish standards for the treatment, storage and disposal of hazardous waste materials. We expect that environmental laws will continue to become stricter. Compliance with current and future environmental regulations, particularly by our older stations, may require substantial capital expenditure and, in certain cases, may require the closing down of non-complying stations. In particular, we generate high levels of ash in our operations. There are limited avenues of utilisation of ash and therefore the demand for ash is low. While we continue to explore methods to utilise or dispose of ash, our ash utilisation activities are insufficient to dispose of the ash we generate. We are required to ensure that by 2014, 100% of fly ash produced through our generation activities is gainfully utilised. Compliance with this requirement, as well as any future norms with respect to ash utilisation, may add to our capital expenditures and operating expenses. In certain cases where it may not be possible to increase our utilisation of ash to comply with this requirement, we may need to reduce the generation of ash through a partial or full shutdown of our operating stations.

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. Financial losses and liabilities as a result of increased compliance costs or due to environmental damage or criminal liability due to such environmental breaches may affect our reputation and financial condition. Specifically, the nature of our business requires us to handle and transport certain highly inflammable and explosive materials. Whilst the handling and transport of such hazardous materials is subject to statutorily provided safety and environmental requirements and standards, such materials may, if improperly handled or subjected to unsuitable conditions, hurt our employees or other persons, cause damage to our properties and harm the environment. This may result in disruption in our operations, subject us to regulatory proceedings or litigation, and impose significant restorative costs and liabilities, which may adversely affect our reputation and financial condition. For details of our outstanding environmental litigation, see our risk factor “***We are involved in a number of legal proceedings that, if determined against us, could adversely impact our business and financial condition***” and “***Outstanding Litigation and Material Developments***” on pages xxxii and 192.

9. *There may be other changes to the regulatory framework that could adversely affect us.*

The statutory and regulatory framework for the Indian power sector has changed significantly in recent years and the full impact of these changes is unclear. There are likely to be more changes in the next few years. The Electricity Act has put in place a framework for reforms in the sector, but in many areas the details and timing are yet to be determined. It is expected that many of these reforms will take time to be implemented. Furthermore, there could be additional changes in the areas of tariff policy, the unbundling of the SEBs, restructuring of companies in the power sector, open access and parallel distribution, and licensing requirements for, and tax incentives applicable to, companies in the power sector. Such additional changes could adversely affect us. For a discussion on the regulatory framework of the electricity industry in India, see “**Industry Overview – Regulatory Framework and Recent Policy Initiatives**” and “**Regulations and Policies in India**” on pages 52 and 80, respectively.

10. *We are entering into new businesses that may not be successful.*

We seek to diversify our operations by taking advantage of opportunities created by regulatory and economic reforms. We have entered into the power trading business and are considering downstream integration into the electricity distribution business. We have begun to develop our Pakri-Barwadih coal mining project and beginning development activities in four other coal mining blocks. We are also planning to develop nuclear power stations and have entered into a memorandum of understanding for a joint venture with Nuclear Power Corporation of India for setting up nuclear power projects.

We have also formed joint ventures for the manufacture of equipment used in the power business. Prior to entering these joint ventures, we have not engaged in a manufacturing business. Our ability to succeed in the manufacturing business is therefore uncertain.

These new businesses are subject to regulation which may change. Any such changes to the regulatory environment may pose significant challenges to our administrative, financial and operational resources. The early stage of our new businesses and any changes to the nature of the relevant regulations may make it difficult to predict the economic viability of these new businesses. We do not have operating history or significant experience in these new businesses, and they may involve risks and difficulties with which we may not be familiar. They may require capital and other resources, as well as management attention, which could place a burden on our resources and abilities. In addition, our exploration business also runs the risk of non-discovery. Our nuclear business may also be subject to a number of safety concerns. We may not be successful in these businesses and cannot provide you with any assurances as to the timing and amount of any returns or benefits that we may receive from these new businesses or any other new businesses we may enter into.

11. *The new tariff regulations pursuant to the CERC and Hydro Policy 2008 respectively may adversely affect our results of operations, our cash flow from operations and could result in an increase in future competition for us.*

The Central Electricity Regulatory Authority (“**CERC**”) has issued new 2009 Regulations for the period from April 1, 2009 to March 31, 2014. Under the 2009 Regulations, the return on equity shall be calculated on a pre-tax basis at a base rate of 15.5%, to be grossed up by the normal tax rate as applicable for the respective year. For projects commissioned on or after April 1, 2009, there is an additional return of 0.5% on a grossed up basis if the new projects are completed within the timeline specified in the 2009 Regulations. In addition, under the 2009 Regulations, we can recover deferred tax liability only as and when it materializes on our generation business through our tariffs on revenues up to March 31, 2009. For the tariff period from Fiscal 2010 to 2014, our actual tax payments and deferred tax liability shall no longer be recoverable. The recovery of interest cost on debt and return on equity for all stations declared in commercial

operation on or after April 1, 2009 will be based on a prescribed 70/30 debt to equity ratio. Where the equity employed is greater than 30%, the amount of equity for determination of the tariff will be limited to 30%. The return on the excess equity can be recovered on the same basis as the recovery on the debt component. Where the equity employed is less than 30%, the actual amounts of equity will be used for purposes of determination of the tariff. In the case of existing generating stations, recovery of interest costs on the debt will be based on the debt to equity ratio previously allowed by CERC for the determination of the tariff for the period ending March 31, 2009. We believe that the non-recoverability of our tax liability for the period after Fiscal 2009 may have an adverse effect on our results of operations. In addition, CERC is progressively tightening the operating norms, which will also have an adverse effect on our results of operations and cash flow from operations. For a discussion of the impact of the 2009 Regulations on our results of operations, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations - Factors Affecting Our Results of Operations*” on page 162.

In addition, the GoI tariff policy issued in January 2006 provides that all future requirement of power should be procured through tariff based competitive bidding by distribution licensees except in cases of expansion of existing projects or where there is a state controlled/owned company as an identified developer and where regulators will need to resort to tariff determination based on norms provided that expansion of generating capacity by private developers for this purpose would be restricted to one time addition of not more than 50% of the existing capacity. Even for the public sector projects, capacity addition of all new generation and transmission projects shall be decided on the basis of competitive bidding after a period of five years or earlier, if the Regulatory Commission is of the opinion that the market is ready for such competitive bidding. Meanwhile, the GoI has also issued the Competitive Bidding Guidelines which do not bar the Central Power Sector Utilities (“CPSUs”) from participating in tariff based bidding process. Both CPSU and private sector developers are participating in the tariff based bidding process for securing power projects including coal based ultra mega power projects.

Further, an amendment to the tariff regulations pursuant to the Hydro Policy 2008 has extended the existing dispensation available to the public sector generators regarding exemption from tariff based bidding up to January 2011 to private sector hydroelectric power projects. Therefore, competition in hydroelectric power is also likely to increase in the future. While under the Electricity Act, licensing is still required to set up a hydroelectric power plant, the increased opportunities for private investment in the market described above, when combined with available hydroelectric potential in India, has led to increased investment by IPPs in hydroelectric projects. These changes are likely to further increase future competition for us.

12. *The unbundling of the SEBs pursuant to the Electricity Act could have an adverse impact on our revenues.*

Under the Electricity Act, the SEBs are required to unbundle their operations into separate generation, transmission and distribution companies. Following unbundling, our power purchase agreements (“PPAs”) with the SEBs will be terminated and we will enter into a supplementary PPA with one or more of the unbundled entities. These unbundled entities, particularly distribution companies, may have lower creditworthiness than the original SEBs. This could adversely affect their ability to make payments to us. Further, upon divestment of ownership or control of a SEB or any of the unbundled entities, as applicable, in favour of any entity not owned or controlled, directly or indirectly, by the applicable state government, the tripartite agreement relating to the SEB or the unbundled entity, as applicable will expire. In such an event, the SEB or the unbundled entity, as applicable, may no longer establish LCs in our favour, which could have an adverse impact on our realization of dues from them.

13. *We cannot assure you that we may be able to sell our power outside the long term PPAs and this could have an adverse impact on our revenues.*

As provided by the National Electricity Policy, 2005 up to 15% of our new generating capacities may be sold outside long term PPAs. This means we will not be able to guarantee the same revenues made under these mandated sales as we can under the sales pursuant to the long term PPAs due to the risk of us not being able to sell the entire 15% of our new generating capacities as well as market price risks. We may enter into short term off-take agreements and also expect to sell power on a merchant basis to entities, including entities affiliated with us. Such agreements may create additional variability in our revenues and could expose our business to risks of market fluctuations in demand and price for power. If we are unable to adapt our business model to sell power from our power stations outside long term PPAs or sell the power generated by our merchant power stations, our business, financial results and prospects could be materially and adversely affected.

14. Our PPAs may expose us to certain risks that may affect our future results of operations.

Our profitability is largely a function of our ability to operate our power projects at optimal levels as per minimum performance standards that may be determined for us from time to time by national bodies and our ability to manage our costs. Any failure to meet such minimum performance standard or manage our costs may have an adverse affect on our business and results of operation.

Further, we have entered into long-term PPAs for the life of the project to which such long-term PPA relates. Such long-term arrangements have inherent risks which may not be within our control as they restrict our operational and financial flexibility. For example, our long-term PPAs provide for the sale of power to the customers at predetermined tariffs and terms. Accordingly, if there is an industry wide increase in tariffs, we will not be able to renegotiate the terms of the PPAs to take advantage of the increased tariffs or negotiate satisfactory alternative off take arrangements. These limitations affect our ability to enjoy the benefits of an increased tariff rate that our competitors may otherwise enjoy.

In addition, we derive more than 90% of our sales of electricity from SEBs and state owned distribution companies through long-term PPAs. These PPAs are typically renewed or extended after the initial term expires by mutual agreement. However, in the event that such PPAs are terminated prematurely, or not renewed or extended after the initial term expires, and if we are unable to enter into purchase agreements with other customers, this may have an adverse effect on our business, financial condition and results of operation.

15. We have recently awarded a majority of procurement contracts to one supplier and they may not be able to keep up with our expansion plans.

We have recently awarded a majority of our procurement contracts to one supplier for the supply, erection, testing and commissioning of equipment and machinery for various power projects which are under construction to us. These contracts constitute between 40% to 60% of power plant costs. Although there are other suppliers, this supplier is currently one of our largest suppliers, having won several bids in the ICB, due to its competitive pricing. Such supplier will need to substantially increase its manufacturing capacities and deliveries in order to keep pace with our expansion plan. In addition, other than its procurement contracts entered into with us, the supplier may also enter into additional procurement contracts with its other customers. If such supplier is unable to keep up with our expansion plans coupled with the additional procurement contracts that it may enter into, either due to volume or inadequate specifications or performance parameters, we may need to seek other suppliers, which could be time consuming and expensive. Any delays or increased costs that may result from such supplier's failure or delay in performing would have an adverse effect on our business, financial results and prospects.

16. We may be adversely affected by changes in GoI's policy relating to us.

Following the Offer, the Government will own approximately 84.5% of our paid-up capital. To date, the Government's ownership has been an important factor in some aspects of our business including the settlement of electricity dues payable by the SEBs to us. Any significant changes in the Government's shareholding in us, and/or pursuit by the Government of policies that are not in our interests, could adversely affect our business.

We generally manage our business on a day to day basis independently from the GoI. Adverse changes in the terms of, or the loss of, our "Navratna" status may decrease our autonomy and our ability to compete with other participants in the Indian power sector.

17. Our expansion plans are subject to a number of risks and uncertainties.

Our expansion plans are subject to a number of contingencies, including laws and regulations, governmental action, delays in obtaining permits or approvals, global prices of crude oil and other fuels for transportation, prices of fuel supplies required for plant operations, accidents, natural calamities and other factors beyond our control. Power projects generally have long gestation periods due to the process involved in commissioning power projects. Contracts for construction and other activities relating to the projects are awarded at different times during the course of the projects. For further details, see "**Our Business - Capacity Expansion Program**" on page 64.

The scheduled completion targets for our power projects are subject to delays as a result of numerous risks and uncertainties such as:

- non-availability of adequate financing on terms acceptable to us;
- unforeseen engineering problems;
- delays in definitive agreements or termination of existing agreements for purchase of power;
- changes in laws or regulations that make our current execution plans unfeasible or unprofitable;
- disputes involving workers at our power projects;
- force majeure events, such as floods, earthquakes, cyclones etc;
- inability to secure fuel, water supply or equipment, in each case to the extent required for the full planned capacity of our power projects on competitive terms and in a timely manner; and
- delays in the construction of evacuation facilities and transmission lines.

In addition, our ability to acquire sites for our expansion plans depends on many factors, including whether the land is private or state-owned, whether the land is classified in a manner that allows its use for the purposes of our projects, and the willingness of the owners to sell or lease their land. In many cases, the area identified as a suitable site is owned by numerous small landowners. Acquisition of private land in India can involve many difficulties, including litigation relating to ownership, liens on the land, inaccurate title records, negotiations with numerous land owners, and obtaining government approvals. We may also face competing interests with respect to usage of land. For example, our work at North Karanpura Thermal Power Project has been put on hold due to objections that the proposed location of the project is on coal bearing area. Land

negotiations can be time-consuming, require us to incur additional costs, and can involve a significant amount of attention and effort from our management. In certain cases, we may not be able to acquire land at all. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

Our industry is also subject to a number of laws and regulations and is highly regulated. For example, with respect to the power business, several licences are required under the Electricity Act, namely, a transmission licence, a distribution licence and an electricity trading licence. We cannot guarantee that we will be able to obtain all the necessary approvals or clearances with respect to our expansion plans. In the event that such approvals are not obtained, our business, financial condition, prospects and results of operation may be materially and adversely affected. Also see “*Regulations and Policies in India*” on page 80.

The occurrence of any of the foregoing could give rise to delays, cost overruns or the termination of a power projects development. There can be no assurance that our power projects will be completed in the time expected, or at all, or that their gestation period will not be affected by any or all of these factors. We cannot assure you that all potential liabilities that may arise from delays or shortfall in performance of contractors will be accurately estimated as part of the planned costs of the projects or that the damages that may be claimed from such contractors will be adequate to compensate any loss of revenues or profits resulting from such delays, shortfalls or disruptions. In addition, failure to complete a power project according to its original specifications or schedule or at certain efficiency levels may result in higher costs, penalties or liquidated damages, lower returns on capital or reduced earnings and could render certain benefits under various government statutes, such as deduction of 100.0% of the profits derived from the power generation for income tax purposes and concessional customs duties on imports being unavailable. There can be no assurance that we will recover our investment in this business or that our returns on investment will be as expected or that we will realize a profit from this, any of which results may have a material adverse effect on our business, results of operations, financial condition and prospects.

In addition, most of our projects are dependent on external contractors for construction, installation, delivery and commissioning, as well as the supply and testing of key plant and equipment. We may only have limited control over the timing or quality of services, equipment or supplies provided by these contractors and are highly dependent on some of our contractors who supply specialized services and sophisticated and complex machinery. We may be exposed to risks relating to the quality of the services, equipment and supplies provided by contractors necessitating additional investments by us to ensure the adequate performance and delivery of contracted services or the financial condition of our contractors. We cannot assure you that the performance of our external contractors will meet our specifications or performance parameters or that they remain financially sound. Our contractors’ failure to perform or delay in performance could result in incremental cost and time overruns, which would adversely affect our expansion plans. For example, we are in a dispute with a contractor over the procurement of materials in a contract for one of our new plants under construction, and we may decide to terminate this contract as a result. In the event we terminate the contract, we may seek a replacement contractor or we may decide to complete the remaining work at the facility internally, with the help of other external contractors. If we are required to retain a new contractor or if we have to complete the contract ourselves, with the assistance of consultants, we will incur additional costs and the project will be further delayed. We are in a dispute with another contractor over whether such contractor satisfied our specifications requirements under the procurement contract. In addition, one of our projects had been delayed by approximately 3 years due to cash flow problems faced by the contractor for that project. Disputes with contractors are time consuming, can be disruptive to our business and distracting to management. A dispute with a contractor that results in delays, or causes us to incur additional costs would have a material and adverse effect on our business and results of operations.

Contractors in our business are generally subject to payment of liquidated damages for failure to achieve timely completion or performance shortfalls. They may also give limited warranties in connection with design and engineering work as well as provide guarantees and indemnities to cover cost overruns and additional liabilities. However, liquidated damages provisions, guarantees and indemnities may not address all losses, damages or risks or cover the full loss or damage suffered due to construction delays, performance shortfalls, or the entire amount of any cost overruns. We may therefore not be able to recover from a contractor the full amount owed to us. Further, to the extent a contractor provides warranties in connection with design and engineering work, these warranties may be non-recourse to the contractor for design and engineering defects outside the scope of the warranties, and either no or limited recourse against the contractor or supplier for any latent defects if we have reviewed and approved such designs and engineering. We may be exposed to these risks even when we retain an EPC contractor for the construction of any power project.

If the performance of these contractors is inadequate to our requirements or if we are unable to recover from the contract the full amount owed to us or the damages suffered by us, this could result in substantial incremental cost and time overruns which in turn could adversely affect the project viability and our expansion plans.

18. Significant increases in prices or shortages of building materials may increase our cost of construction.

The cost of construction of our projects is affected by the availability, cost and quality of the raw materials. 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, transport costs and import duties. If, for any reason, we are unable to obtain such raw materials in the quantities we need and at reasonable prices, our ability to meet our material requirements for our projects may be impaired, our construction schedules may be disrupted and our reputation and financial condition may be adversely affected.

19. We may not be selected for projects we bid for in the future or those projects that we will bid upon in the future, if selected, may not be finalised within the expected time frame or on expected terms.

We may submit bids for various power projects from time to time. There might be delays in the bid selection process or our bids, may not be selected or, if selected, may not be finalised within the expected time frame or on expected terms or at all owing to a variety of reasons which are beyond our control, including an exercise of discretion by the government or customers and greater resources of our competitors to make a competitive bid. Further, there is no assurance that we may qualify to submit bids.

20. Our business, financial condition and results of operations may be materially and adversely affected if we are unable to avail certain tax benefits or if there are any adverse changes to the tax regime in the future.

Section 80-IA of the Income Tax Act, 1961 (“**IT Act**”) provides that, subject to certain conditions being fulfilled, 100% of the profits derived from the projects for the generation, distribution or transmission of power would be entitled for deduction from the total income for 10 consecutive assessment years out of 15 years, beginning from the year in which the project commences power generation, transmission or distribution of power, before March 31, 2011. If such or other tax benefits become unavailable, our financial condition, results of operations and business could be materially and adversely affected. See “**Statement of Tax Benefits**” on page 37.

The draft bills on the Direct Tax Code and Goods and Services Tax were recently announced. As these bills have not yet been finalised, we are unable to ascertain the full impact of these tax changes on our revenues.

21. Our success will depend on our ability to attract and retain our key personnel. If we are unable to do so, it would adversely affect our business and results of operations.

Our future success substantially depends on the continued service and performance of the members of our senior management team and other key personnel in our business for project implementation, management and running of our daily operations, and the planning and execution of our business strategy. There is intense competition for experienced senior management and other key personnel with technical and industry expertise in the power business and if we lose the services of any of these or other key individuals and are unable to find suitable replacements in a timely manner, our ability to realize our strategic objectives could be impaired. We face specific disadvantages in our efforts to attract and retain our management. As a public sector undertaking, the GoI policies regulate and control the emoluments, benefits and perquisites that we pay to our employees, including our key managerial and technical personnel and these policies may not permit us to pay at market rates. Consequently, private sector market participants that are able to pay at market rates in power generation, coal mining, oil exploration and production, and other activities in the industry have been attracting qualified personnel and diluting the talent pool available to public sector undertakings. Also, because most of our operational activities lie in the remote regions of India, we face competitive disadvantages in attracting and retaining key personnel. Additionally, we may not have in place the necessary systems and processes to develop key personnel internally. The loss of key members of our senior management or other key team members, particularly to competitors, could have an adverse effect on our business and results of operations. Our performance also depends on our ability to attract and train highly skilled personnel. If we are unable to do so, it would materially and adversely affect our business, prospects and results of operations.

22. We undertake regular renovation and modernization schemes which require significant capital expenditure.

Many of our stations are old and our average fleet life is 18.4 years. We undertake renovation and modernization schemes with a focus on feasible and cost effective technology upgrade, efficiency improvements to upgrade the old units to the latest designs. Around 37% of the coal based capacity units have logged over 150,000 hours of operation and the renovation and modernizations schemes are being taken up as a priority on these units. During Fiscal 2009, we invested Rs. 4,339 million in renovation and modernization of various projects. Our renovation and modernization schemes require significant expenditures of capital. If we were not able to obtain the financing necessary to implement these schemes, our operating performance may suffer. Any degradation in our operating performance would have an adverse effect on our financial results.

23. We will continue to be controlled by the GoI following this Offer, and our other shareholders will be unable to affect the outcome of shareholder voting.

After the completion of this Offer, the GoI will own approximately 84.5% of our paid-up capital. Consequently, the GoI, acting through the MoP, will continue to control us and will have the power to elect and remove our Directors and therefore determine the outcome of most proposals for corporate action requiring approval of our Board of Directors or shareholders, such as proposed annual and five-year plans, revenue budgets, capital expenditure, dividend policy, transactions with other GoI-controlled companies such as GAIL and Coal India Limited (which are our main fuel suppliers) and Bharat Heavy Electricals Limited (“BHEL”) (which is one of our main equipment suppliers), or the assertion of claims against such companies and other public sector companies. In addition, under our Articles of Association, the GoI may issue directives

with respect to the conduct of our business or our affairs or impose other restrictions on us so long as it retains at least 51% of our paid-up Equity Shares. For further details on our Articles of Association, see “**Main Provisions of the Articles of Association of our Company**” on page 354.

The interests of the GoI may be different from our interests or the interests of our other shareholders. The GoI could, by exercising its powers of control, delay or defer a change of control of us or a change in our capital structure, delay or defer a merger, consolidation, takeover or other business combinations involving us, or discourage a potential acquiror from making a tender offer or otherwise attempting to obtain control of us. In particular, given the importance of the power industry to the economy, the GoI could require us to take actions designed to serve the public interest in India and not necessarily to maximise our profits.

24. *Our business involves numerous other risks that may not be covered by insurance.*

Our current operations and expansion plans are subject to risks generally associated with capacity addition, power generation, and the related receipt, distribution, storage and transportation of fuel, equipment, materials, products and wastes. These hazards include explosions, fires, earthquakes and other natural disasters, mechanical failures, accidents, acts of terrorism, operational problems, delay in development by third-parties of, or congestion in, transmission lines, transportation interruptions, chemical or oil spills, discharges of toxic or hazardous substances or gases, and other environmental risks. These hazards can cause personal injury and loss of life, environmental damage and severe damage to or destruction of property and equipment, and may result in the limitation or interruption of our business operations and the imposition of civil or criminal liabilities. We are also subject to risks such as operational failure due to faulty equipment and business interruption due to strikes and work stoppages.

While we maintain insurance of our operating plants with ranges of coverage that we believe to be consistent with industry practice, we are not fully insured against all potential hazards and events incidental to our business and cannot assure you that our insurance coverage will be adequate and available to cover any loss incurred in relation to such types of incidents. We are not covered for certain risks such as war, for machinery loss of profits or earnings, damaged or destroyed data or records, or damage or loss due to pollution or contamination. The occurrence of any such events may have a material adverse effect on our business, financial condition and results of operations and the trading price of our Equity Shares.

25. *Geological surprises during project execution may negatively impact our time and cost*

We may experience geological surprises during the execution of construction projects, especially development of hydroelectric power projects, oil and gas explorations and coal mines. Our construction projects are designed based on certain assumptions made to the locations of our power projects after studies have been made. However, we cannot guarantee that such assumptions would be accurate. For example, during the execution of our construction projects, we may discover adverse rock strata, terrains, or trapped gases and our designs may be unsuitable for dealing with such geology. These geological factors may result in costs and/or time overruns or the project may have to be abandoned due to impossibility or because the project is no longer economically feasible.

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

Actual reserves and production levels in coal mines or any future coal blocks that we may be allotted may differ significantly from estimates, as such estimates are subject to various assumptions such as interpretations of geological data obtained from sampling techniques and projected rates of production in the future. Additionally, there is no assurance that the mines from

which CIL or SCCL intend to source our coal requirements for our power projects, or that linkages awarded to us, would be able to meet all our coal requirements. If the quantity or quality of our coal reserves has been overestimated, we would deplete our coal reserves more quickly than anticipated or incur increased costs to process relatively lower levels of coal if the quality of coal is inferior than anticipated and in such event, we may have to source the required coal in the open market. Prices for coal in the open market may exceed the cost at which we might otherwise be able to extract coal or receive from subsidiaries of CIL or SCCL, and may involve substantial transportation costs, which would increase our operating costs and adversely affect our business, financial condition and results of operations. In addition, there can be no assurances that we will be successful in mining coal from the coal blocks that have been or may be allotted to us at a low enough cost for such coal blocks to benefit the profitability of our business or that the coal mined will meet the coal specifications required for use in our power stations.

27. If we are unable to adapt to technological changes, our business could suffer.

Our future success will depend in part on our ability to respond to technological advances and emerging power generation industry standards and practices on a cost-effective and timely basis. Changes in technology and high fuel costs of thermal power projects may make newer generation power projects or equipment more competitive than ours or may require us to make additional capital expenditures to upgrade our facilities. In addition, there are other technologies that can produce electricity, most notably oil, nuclear, hydroelectric, fuel cells, micro turbines, windmills, solar thermal and photovoltaic (solar) cells. We need to continue to invest in new and more advanced technologies and equipment to enable us to respond to emerging power generation industry standards and practices in a cost-effective and timely manner that is competitive with other thermal power projects and other methods of power generation. The development and implementation of such technology entails significant technical and business risks. We cannot assure you that we will successfully implement new technologies effectively or adapt our processing systems to customer requirements or emerging industry standards. If we are unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business, financial performance and the trading price of our Equity Shares could be adversely affected.

28. Any disruptions to our Enterprise Resource Planning (ERP) and disaster recovery platforms or to our business systems could materially adversely affect our ability to carry on our business efficiently.

We have invested heavily in information technologies designed to help us better monitor and run our business. Our Enterprise Resource Planning (ERP) platform covers almost all business processes and provide a real time view of the performance of our stations. We have a centralized deployment of ERP through the data centre located at NOIDA which captures data that can be accessed by users across our Company. ERP is implemented at all our business locations, including projects and subsidiaries. Our ability to engage in critical business tasks depends on the efficient and uninterrupted operation of the ERP platform.

Our ERP servers and data centre facilities are vulnerable to damage, power loss, third party disruptions, natural calamities, fire and similar events. Any significant disruption to these servers or other computer or communication systems would damage our ability to carry on our business efficiently. To reduce the risk imposed by such disruption, security measures have been built in the design of the solution. We have set up a disaster recovery site at Hyderabad. However, the disaster recovery site at Hyderabad is also vulnerable to similar events as our ERP servers at NOIDA. In the event of any calamity, when the main data centre and our disaster recovery platforms are disrupted at the same time, this would affect our ability to carry on our business efficiently and may require capital expenditure to restore. In addition, as we source our hardware and software from third parties, we cannot guarantee that there will not be any defects in these products, which may affect or disrupt our business.

29. *We have not registered our trademark or the trademarks of our joint ventures or subsidiaries, and any failure to protect our intellectual property rights may adversely affect our business.*

Currently, we do not have a registered trademark over our name and logo for our Company or for any of our joint ventures or subsidiaries under the Trade Marks Act, 1999, and consequently we do not enjoy the statutory protections accorded to a trademark registered in India. Any failure to protect our intellectual property rights may adversely affect our business.

30. *Opposition from local communities and other parties may adversely affect our results of operations and financial condition.*

The construction and operation of our current or future power projects, or fuel diversification plans (including coal mining, hydroelectric or nuclear power projects) may face opposition from the local communities where these projects are located and from special interest groups such as environmental groups. In particular, local communities, individuals, the forest authorities and other authorities may oppose our mining operations, construction of hydroelectric power plants, land acquisitions and power projects due to various reasons including the perceived negative impact such activities may have on the environment and increased demand on resources such as water from the rivers and reservoirs which may negatively impact or restrict such local communities access to resources. Significant opposition by local communities, non-governmental organizations and other parties to the land acquisition process and construction of our power projects and mining operations may delay project implementation and adversely affect our prospects, results of operations and financial condition. For example, construction has been suspended at the direction of the MoP at one of our projects, the Loharinag-Pala Hydroelectric Power Project (600 MW), due to an objection concerning the impact of diverting the river. The matter has been referred to the National Ganga River Basin Authority for a decision. In the future, as our mining activity increases, we may have to resettle the local inhabitants. We may have to incur significant expenditure on any such resettlement, which may adversely affect our financial condition and result of operations. In addition, we may also face rehabilitation and resettlement claims from local inhabitants, which can be time-consuming, require us to incur additional costs which may exceed provisions made in our financial statements with respect to claims, and can involve a significant amount of attention and effort from our management.

31. *We may be adversely affected by restrictive covenants in certain joint venture agreements to which we are a party.*

We have entered into various agreements for the establishment of joint ventures with different parties, some of which prohibit us from, among other things, acquiring or disposing of our shareholding in the joint ventures. The details of these joint venture agreements appear in “**History and Certain Corporate Matters**” on page 101. All these joint venture agreements, except our agreement with NTPC Tamil Nadu Energy Company Limited (“**NTECL**”), contain clauses pursuant to which we have undertaken not to encumber or alienate our shareholding in the joint ventures for specified periods ranging from three to twelve years. Further, in several joint venture agreements, we have agreed that we will not transfer our shareholding to any party nor will we have the right to acquire additional shares in the open market without the prior written consent of the other party. These covenants limit our ability to make optimum use of our investments or exit these companies at our discretion, which may have an adverse impact on our financial condition.

32. *Our involvement in oil exploration involves significant costs and numerous risks, including dependence on third parties.*

We have begun oil exploration work. Oil exploration works are typically capital intensive, comprising the cost of drilling, completing and operating wells. There is no certainty that after such substantial expenditures, we will encounter oil or natural gas reservoirs that may be

commercially viable for production. In addition, we do not have experience in oil exploration works and are therefore dependent on our strategic partners. In the event that we do not encounter oil or natural gas reservoirs that are commercially viable or if our strategic partners ceases to provide assistance to us and we are unable to replace these strategic partners with another appropriate partner, this would have an adverse effect on our business prospects and financial condition.

33. *We have executed a letter of intent with Reliance Industries Limited (“RIL”) for the purchase of gas, which if not declared as a valid and binding contract between us and RIL, may negatively impact our financial condition and results of operation.*

As of September 30, 2009, we have seven gas-based power stations in India, which account for 14.00% of our power generation capacity. Further, we intend to increase the installed power generation capacity of our gas-based power stations located at Kawas and Gandhar. In order to secure fuel for these stations, we have invited bids for the procurement of gas to obtain 132 trillion British tonne per unit (“BTU”) per annum for a period of 17 years. After evaluating these, bidders were short listed. Short-listed bidders then submitted their technical and financial proposals and after evaluating these proposals, our Company issued a letter of intent to RIL pursuant to which, the terms and conditions were to be governed by the provisions of a gas sale and purchase agreement. However, RIL has refused to execute a gas sale and purchase agreement with us. We have filed a civil suit against RIL for declaration and specific performance before the High Court of Bombay. For further details, see **“Outstanding Litigation and Material Developments”** on page 192. The case is currently pending. Any adverse decision or order against us could adversely affect the development plans of our Company. In such event, we may have to pay higher prices for our gas or may not be able to obtain gas in the required quantity at all. This will negatively impact our financial condition and results of operations.

34. *We are involved in a number of legal proceedings that, if determined against us, could adversely impact our business and financial condition.*

We are involved in legal proceedings and claims in India. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. 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, which could increase our expenses and our liabilities. We cannot assure you that these legal proceedings will be decided in our favour. Any adverse decision may have a significant adverse effect on our business and results of operations.

Our outstanding legal proceedings and the amounts claimed in these proceedings have been disclosed to the extent ascertainable below:

Nature of Proceedings	Number of Cases	(Rs. in million, unless stated otherwise)
		Aggregate Approximate Amount Involved
Criminal cases	88	40.24
Income tax cases	22	65,556.30
Other tax and statutory cases	123	4,241.35
Public interest litigation	20	Not ascertainable
Consumer cases	21	9.14
Labour cases	622	239.82
Arbitration matters*	111	7,918.51** (Deutsche Mark 44.11 million)
Legal notices	20	3,916.42
Land acquisition cases	3,572	19,510.08
Civil cases	217	317.42
Right to information - Applications	16	Not ascertainable

Nature of Proceedings	Number of Cases	Aggregate Approximate Amount Involved
Cases	1	1.13

* Our Company has made a counter claim of Rs. 7,698.28 million excluding Deutsche Mark 63.40 million, USD 0.19 million, EURO 0.21 million

** Additionally, Rs. 42.41 million per month as onsite and offsite costs and interests

We have from time to time initiated legal proceedings relating to our business and operations. For further details of outstanding litigation against us, please see **“Outstanding Litigation and Material Developments”** on page 192.

In addition, we had filed appeals with the Appellate Tribunal for Electricity (“ATE”) with respect to certain final tariff orders issued by CERC with respect to the period from 1 April 2004 to 31 March 2009. The ATE had ruled in our favour. However, CERC subsequently appealed against the ATE’s ruling with the Supreme Court of India and the decision of the Supreme Court of India is currently pending. We had recognized an aggregate amount of Rs. 10,443 million as revenue in our prior Fiscal years based on provisional tariffs as per the methodology and directions of the ATE. In the event that the Supreme Court of India rules against us, this would have an adverse effect on our financial condition and results of operation.

All the above legal proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers, and appellate tribunals. For further details on the above cases, see **“Outstanding Litigation and Material Developments”** on page 192.

35. Some of our Subsidiary and Joint Ventures are party to various legal proceedings that, if determined against them, could have a material adverse impact on our financial condition and results of operations.

One of our Subsidiaries and some of our Joint Ventures are parties to various legal proceedings, details of which are as follows:

Subsidiary

Name of the Subsidiary	Nature of Proceedings	Number of Cases	Aggregate Approximate Amount Involved
NTPC Vidyut Vyapar Nigam Limited	Civil cases	2	Not ascertainable

Joint Ventures

(Rs. in million, unless stated otherwise)

Name of Joint Venture Company	Nature of Proceedings	Number of Cases	Aggregate Approximate Amount Involved
Utility Powertech Limited	Criminal case	1	Not ascertainable
	Labour cases	407	55.47
NTPC-Alstom Power Services Limited (“NTPC Alstom”)	Other tax and statutory case	1	15.45
NTPC-SAIL Power Company Limited	Criminal cases	5	Not ascertainable
	Income tax cases	9	1,177.05
	Arbitration cases	1	7.82

Name of Joint Venture Company	Nature of Proceedings	Number of Cases	Aggregate Approximate Amount Involved
Aravali Power Company Limited ("Aravali Power")	Land acquisition cases	4	Not ascertainable
	Arbitration cases*	1	3.23
	Legal notices	5	0.9

*APCPL has made a counter claim of Rs. 2.39 million

Our Subsidiary and Joint Ventures have from time to time initiated legal proceedings relating to their business and operations. For further details, see “**Outstanding Litigation and other Material Developments**” on page 192.

36. Some of our immovable properties have certain irregularities in title, as a result of which our operations may be impaired.

The majority of our land, acquired for power stations and projects, is through the legal procedure prescribed under the Land Acquisition Act, 1894. The land acquisition procedure prescribed under this Act is yet to be completed for us to have clear and absolute title to some of these immovable properties. Further, for some of these immovable properties, certain litigation and objections have been initiated by the affected persons and are pending before various forums and courts in India. There are 3,572 cases, excluding cases whereby our subsidiaries and Joint Ventures are involved in relation to our acquisition of land for a number of our projects and stations. These cases involve claims for compensation by claimants in addition to the compensation that they have already been provided and/or disputes relating to the title to the property. As of September 30, 2009, the contingent liability appearing in our unconsolidated financial statements with respect to land compensation cases is Rs. 18,212 million. For further information, see “**Outstanding Litigation and Material Developments**” on page 192.

In addition, several of our immovable properties for our projects or stations, offices and residences, and are either owned by us or taken on lease, have one or more of the following irregularities of title:

- The conveyance deeds for transfer of property have not been executed;
- The agreements to sell or conveyance deeds have not been registered in the land records maintained by the concerned Sub-Registrar of Assurances;
- Lease deeds have not been executed;
- The agreements to lease or lease deeds have not been registered in the land records maintained by the concerned Sub-Registrar of Assurances; or
- Lease agreements have expired and have not yet been renewed.

Further, a portion of the land acquired in case of some of our projects is under adverse possession. Though efforts are being made to obtain possession of such land, failure to repossess such land may affect our operations, financial condition, prospects and expansion plans adversely.

37. Our success depends on stable and reliable transportation infrastructure and any disruption of transportation services could affect our operations.

We depend on various forms of transport, such as roadways, railways, airways, sea, canals and pipelines to receive fuel, raw materials, equipment and water during construction of our power

projects and during their operation. The building of transportation infrastructure entails obtaining approvals, rights of way and development by the GoI or the state governments and their nominated agencies. As a result, we will not have total control over the construction, operation and maintenance of the transportation infrastructure. Undertaking such development will require significant capital expenditure and active engagement with the GoI or state government and its agencies responsible for organizing transport infrastructure. Such transportation infrastructure may not be constructed in a timely manner, operated on a cost effective basis and maintained at adequate levels, which may affect the estimated commissioning dates for our power projects under construction. Further, disruptions of transportation services because of weather-related problems, strikes, inadequacies in the road, rail or marine infrastructure, or other events could impair the ability of our suppliers to deliver fuel and raw materials and may have an adverse impact on our operations.

38. *Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our or our contractors' work force or any other kind of disputes involving our work force.*

We employ significant number of employees and engage various contractors who provide us with labourers at our power projects. Most of our generating stations have unions that are registered under the Trade Union Act 1926. Most of these unions are affiliated with one of the four major central employee federations - the All India Trade Union Congress, Bharatiya Mazdoor Sangh, Center for Industrial Trade Unions, and Indian National Trade Union Congress. However some of the workers' unions functioning at our stations are unaffiliated. There has not been any major instance of unrest and there has been no loss of generation on this account. In future, 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. In addition, our previous agreement governing wages and benefits of our unionized employees expired on December 31, 2006. Although we are currently negotiating an agreement for settlement of wage and benefit structure for unionized category employees with effect from January 1, 2007, we may not be able to negotiate acceptable collective bargaining agreements with those unionized employees, which could lead to union-initiated work stoppages, including strikes, thereby adversely affecting our business and results of operations. Any shortage of skilled personnel or work stoppages caused by disagreements with our work force could have an adverse effect on our business, and results of operations.

We had entered into contracts with independent contractors to complete specified assignments and these contractors may be 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, or benefits and amenities to labourers engaged by our independent contractors should such contractors default on wage payments or in providing benefits and amenities. Any requirement to fund such payments may adversely affect our business, financial condition and results of operations. Furthermore, under Indian law, 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 or any change in laws may adversely affect our business and results of our operations.

39. *Announcements by the GoI relating to increased wages for government and public sector employees will increase our expenses and may adversely affect our financial condition in the years of implementation.*

Pursuant to memoranda issued by the Department of Public Enterprises ("DPE") on November 26, 2008 and April 2, 2009, the GoI has empowered the public sector undertakings, including our Company, to increase the pay scales of their respective whole time board members and executive officers. These memoranda also require such government enterprises to implement salary increases for employees below executive level and these wage increases are to be determined by

the respective boards and management of the relevant government enterprises. Salary increases for all affected public sector employees will be retrospectively effective from January 1, 2007.

Based on the guidelines issued by the DPE, the pay revision of the executive category of employees has been finalized and we have accounted for the same during the half year ended September 30, 2009. Further, pending finalization of pay revisions in respect of employees in the non-executive category, provisions of Rs. 1,462 million and Rs. 4,907 million has been made for the half-year period from April 1, 2009 to September 30, 2009 and for the period from January 1, 2007 to September 30, 2009, respectively, on an estimated basis having regard to the guidelines issued by the DPE. The increased employee cost may adversely affect our financial condition in the years following implementation.

In addition, the Pay Committee has recommended that all public sector undertakings should formulate an employees' stock option plan ("ESOP") and that 10% to 25% of the Performance Related Payment ("PRP") should be paid as ESOPs. The effect of the implementation of such an ESOP scheme by us is not presently possible to quantify.

40. Activities in the power generation business can be dangerous and can cause injury to people or property in certain circumstances. This could subject us to significant disruptions in our business, legal and regulatory actions which could adversely affect our business, financial condition and results of operations.

The power generation business requires us to work under potentially dangerous circumstances, with highly inflammable and explosive materials. Despite compliance with requisite safety requirements and standards, our operations are subject to hazards associated with handling of 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 properties of others and harm the environment. Due to the nature of these materials, we may be liable for certain costs related to hazardous materials, including cost for health related claims, or removal or treatment of such substances, including claims and litigation from our current or former employees or third parties for injuries arising from occupational exposure to materials or other hazards at our power stations. This could subject us to significant disruption in our business, legal and regulatory actions, which could adversely affect our business, financial condition and results of operations.

41. We may encounter problems relating to the operations of our joint ventures.

Our Company has formed sixteen joint venture companies with various third parties for undertaking specific business activities. Our joint venture partners may:

- be unable or unwilling to fulfil their obligations, whether of a financial nature or otherwise;
- have economic or business interests or goals that are inconsistent with ours;
- take actions contrary to our instructions or requests or contrary to our policies and objectives;
- take actions that are not acceptable to regulatory authorities;
- become involved in litigation;
- have financial difficulties; or
- have disputes with us.

Any of the foregoing may have an adverse effect on our business, prospects, financial condition and results of operations.

42. *The interests of our Directors may cause conflicts of interest in the ordinary course of our business.*

Conflicts may arise in the ordinary course of decision making for our Company. Some of our non-executive Directors are also on the board of directors of certain companies which are engaged in businesses similar to the business of our Company. There is no assurance that our Directors will not provide competitive services or compete with our Company's business in which we are already present or will enter into in future.

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

Our business is capital intensive and we may plan to make additional capital expenditures to complete the power projects that we are currently developing or that we may develop in the future. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in our present and future financing arrangements. 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 the power projects, financial condition, results of operations and GoI policy.

44. *We are yet to receive renewal of certain statutory approvals required in the ordinary course of our business and if we are unable to obtain these approvals, our business could be adversely affected.*

We are yet to receive the approval for the mining plan of Chatti-Bariatu (South).

Further, we have pending applications for 62 licenses/clearances/approvals for 21 projects, which either stand expired or are yet to be granted as on December 31, 2009, before the respective authorities. Such licenses include:

- Registration and license to work factory for our projects;
- Consents to operate projects under the Air (Prevention of Pollution) Act, 1981 (“**Air Act**”) and Water (Prevention of Pollution) Act, 1976 (“**Water Act**”) for our projects;
- Authorizations to operate facilities for management and handling of bio-medical wastes and hazardous wastes at our projects; and
- Certificate to use boiler at our projects.

Furthermore, we have 13 pending patent applications for various technologies/processes developed by us before the Controller of Patents, New Delhi and Kolkata.

Failure to obtain any of the foregoing approvals/renewals may adversely affect our operations and business.

For details, see ‘**Government and Other Approvals**’ on page 244.

45. *We have contingent liabilities under Indian Accounting Standards, which may adversely affect our financial condition.*

As of September 30, 2009, the contingent liabilities appearing in our unconsolidated financial statements are as follows:

(Rs. in million)

Category	Amount
Claims against the Company not acknowledged as debts in respect of:	
• Capital Works	37,595
• Land compensation cases	18,212
• Statutory Claims	12,836
• Disputed Income Tax/Sales Tax/Excise demand	710
• Unexpired letters of credit other than for capital expenditures	885
• Other contingent liabilities	2,216
Total	72,454

46. We have incurred significant indebtedness and intend to incur additional substantial borrowings in connection with the development of our power projects and other investments. The indebtedness incurred and the conditions and restrictions imposed by our financing arrangements could adversely impact our ability to conduct our business operations and we may not be able to meet our obligations under these debt financing arrangements.

As of September 30, 2009, we had total outstanding indebtedness of Rs. 346,979 million. For further details regarding our indebtedness, see the sections titled “**Financial Statements**” and “**Financial Indebtedness**” on pages F1 and 181, respectively. The indebtedness incurred and the restrictions imposed on us by our current or future loan arrangements could adversely impact our ability to conduct our business operations and result in other significant adverse consequences, including, but not limited to, the following:

- we may be required to dedicate a significant portion of our cash flow towards repayment of our debt, which will reduce the availability of cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements;
- we are, and may in future be, required to maintain certain financial ratios and satisfy certain financial or other covenants. If we breach any financial or other covenants contained in any of our financing arrangements, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. Furthermore, certain of our financing arrangements contain cross default provisions which could be automatically triggered by defaults under other financing arrangements. Additionally, because some of our borrowings are secured against our assets, lenders may sell those assets to enforce their claims against the debt;
- our ability to obtain additional financing through debt or equity instruments in the future may be impaired;
- if we are unable to service our indebtedness, it could cause the lenders to declare an event of default under the loan agreements and we will be required to immediately repay our borrowings either in whole or in part together with related costs;
- we may be required to obtain approval from our lenders, regarding, among other things, our reorganization, amalgamation or merger, our incurrence of additional indebtedness, the disposition of assets and the expansion of our business and we cannot assure you that we will receive such approvals in a timely manner or at all;
- increasing our vulnerability to general adverse economic, industry and competitive conditions;
- it could limit our flexibility in planning for, or reacting to, changes in our business and the industry; and

- increasing our project cost since we capitalise our interest during the construction of our facilities.

As at September 30, 2009, we have Rs. 254,620 million of unsecured loans. For details see “**Financial Indebtedness**” on page 181. 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 over time, as well as our ability to tap the capital markets as a source of capital. We cannot assure you that we will generate sufficient cash to enable us to service our existing or future borrowings, comply with covenants or fund other liquidity needs. If we fail to meet our debt service obligations or financial or other covenants required under the financing documents, the relevant lenders could declare us in default under the terms of our borrowings, cancel unutilized facilities, accelerate the maturity of our obligations or enforce against their security, which may include taking over the power 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.

Future debt financing, if available, may result in increased finance charges, increased financial leverage, decreased income available to fund further acquisitions and expansions, decreased working capital and the imposition of restrictive covenants on our business and operations. Our planned and any proposed future expansions and projects may be materially and adversely affected if we are unable to obtain funding for such capital expenditures on satisfactory terms, or at all, including as a result of any of our existing facilities becoming repayable before its due date. Further, any downgrade in our credit rating may affect our ability to acquire debt financing at current interest rates, and, may adversely affect our business prospect, result of operation and financial condition.

47. Increases in interest rates will adversely affect the cost of our borrowings.

Increases in interest rates will adversely affect the cost of our borrowings, as some of our borrowings have a floating rate of interest. We do not currently enter into any interest rate hedging or swap transactions in connection with our loan agreements. We cannot assure you that we will be able to enter into interest hedging contracts or other financial arrangements on commercially reasonable terms, or that any of such agreements will protect us fully against our interest rate risk. Any increase in interest expense may have an adverse effect on our business, prospects, financial condition and results of operations.

External Risks

48. The development or operations at one or more units of our power plants or our coal mines could be disrupted, which may have an adverse effect on our financial condition and results of operations.

The development or operation of our power projects or coal mines may be disrupted for reasons that are beyond our control, including explosions, fires, natural disasters such as cyclones, earthquakes, breakdown, failure or substandard performance of equipment, non-availability of fuel of desired quantity and quality, improper installation or operation of equipment, accidents, transmission or transportation interruptions, environmental disasters, significant social or political disruptions including terrorism and labour disputes. The occurrence of any of the foregoing may result in developmental and operational difficulties or interruptions which may have a material adverse effect on our business, results of operations and prospects.

Power generation facilities are also subject to mechanical failure and equipment shutdowns. In such situations, undamaged units may be dependent on or interact with damaged sections or units

and, accordingly, may also be rendered inoperative. 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. Further, such arrangements do not generally cover indirect losses such as loss of profits or business interruption. If such operational difficulties occur in the future, the ability of our power projects to supply electricity to our customers may be adversely affected. In the event any power generation facility is significantly damaged or forced to shut down for a significant period of time, this would have an adverse effect on our business, financial condition and results of operation.

49. Our financial results may be subject to seasonal variations and inclement weather could adversely affect our business and results of operations.

Our revenues and results may be affected by seasonal factors. For example, inclement weather, including during monsoon season, may delay or disrupt development of our power projects undergoing construction at such times or our coal production and consequentially may affect the operations of the power stations as a result of disruption to our coal supplies. Further, some of our power consumers may be engaged in businesses which are seasonal in nature and a downturn in demand for power by such consumers could reduce our revenue during such periods.

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

We derive virtually all of our resources such as fuel, equipment and materials and our revenues from India. All our electricity generating facilities and other assets are located in India and all of our officers and directors are resident in India. Our operations and financial results and the market price and liquidity of our Equity Shares may be affected by changes in GoI policy or taxation or social, ethnic, political, economic or other developments in or affecting India.

Since achieving independence in 1947, India has had a mixed economy with a large public sector and an extensively regulated private sector. The GoI and the state governments have in the past, among other things, imposed controls on the prices of a broad range of goods and services, restricted the ability of businesses to expand existing capacity and reduce the number of employees, and determined the allocation to businesses of raw materials and foreign exchange. Since 1991, the GoI has significantly relaxed most of these restrictions. Nonetheless, the role of the GoI and state governments in the Indian economy as producers, consumers and regulators, remains significant in ways that directly affect us and the electricity industry. The present Government, which was formed after the Indian parliamentary elections in April-May 2009, is a coalition government. The new Government or any future Government may follow policies different from those of prior Governments, which could directly and adversely affect our business and our industry. In addition, any political instability in India will adversely affect the Indian economy and the Indian securities markets generally, which could also adversely affect the trading price of our Equity Shares.

India has also witnessed civil disturbances in the past years. While these civil disturbances did not directly affect our operations, it is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on us.

51. Terrorist attacks and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Terrorist attacks, such as the ones that occurred in New York and Washington, D.C. on September 11, 2001, New Delhi on December 13, 2001, Gandhinagar in Gujarat on September 24, 2002, Bali on October 12, 2002 and Mumbai on August 25, 2003 and November 26, 2008 and other acts of violence or war may negatively affect the Indian markets where our Equity Shares

are trading or will trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect our business.

After the December 13, 2001 attack in New Delhi, a terrorist attack on May 14, 2002 in Jammu and the Mumbai attacks on November 26, 2008, diplomatic relations between India and Pakistan became strained and there was a risk of intensified tensions between the two countries. The governments of India and Pakistan have recently been engaged in conciliatory efforts. However, any deterioration in relations between India and Pakistan might result in investor concern about stability in the region, which could adversely affect the market price of our Equity Shares.

Regional or international hostilities, terrorist attacks or other acts of violence of war could have a significant adverse impact on international or Indian financial markets or economic conditions or on the GoI policy. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and on the market price of our Equity Shares.

52. Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.

Our credit rating by CRISIL and ICRA as an issuer and also the rating for rupee bonds, rupee loans and fixed deposits program is "AAA" and "LAAA" respectively. We are presently rated "BBB-" by both Standard & Poor's and Fitch, which is equivalent to India's sovereign rating. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures, and the trading price of our Equity Shares.

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

As of September 30, 2009, we had foreign currency ("FC") borrowings of approximately Rs. 109 billion denominated in Japanese Yen, U.S. dollars and Euros, while substantially all of our revenues are denominated in Rupees. Accordingly, depreciation of the Rupee against these currencies will increase the Rupee cost to us of servicing and repaying our FC borrowings. For example, the US\$: Rupee exchange rate was US\$1: Rs. 47.41 as of September 30, 2008, and depreciated to US\$ 1 : Rs. 48.57 as of September 30, 2009. During Fiscal 2009, the unfavorable exchange rate variation treated as adjustment to interest costs amounting to Rs. 2,688 million increased the interest expenses while an amount of Rs. 1,255 million was reduced from interest expenses in Fiscal 2008. In addition, in Fiscal 2009, imported coal accounted for 4.2% of our total coal received. A depreciation of the Rupee would also increase the costs of such imports. Since the current tariff regulations allow us to pass through foreign exchange fluctuations through our tariffs, we do not currently hedge our FC exposure. If as a result of future changes in tariff regulations we are unable to recover the costs of foreign exchange variations through our tariffs, we may be required to use hedging arrangements, which may not fully protect us from foreign exchange fluctuations.

54. Our ability to raise foreign capital may be constrained by Indian law. The limitations on raising foreign debt may have an adverse effect on our business growth, financial condition and results of operation.

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 and future investment plans and hence could constrain our ability to obtain financings

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. The limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

55. Our ability to raise foreign capital is constrained by global economic conditions and conditions in foreign financial markets.

We have raised and expect to continue to raise capital in foreign markets. Our ability to raise foreign capital is constrained by the conditions of these markets. The global capital and credit markets have recently been experiencing periods of extreme volatility and disruption. The global financial crisis, concerns over recession, inflation or deflation, energy costs, geopolitical issues, commodity prices and the availability and cost of credit, have contributed to unprecedented levels of market volatility and diminished expectations for the global economy and the capital and consumer markets. These factors, combined with others, may impact our ability to raise capital in foreign markets. An inability to raise foreign capital or access foreign credit markets would have a material adverse effect on our business and financial condition.

56. Demand for power in India may not increase as we anticipate.

It is generally believed that, demand for power in India will increase in connection with expected increases in India's Gross Domestic Product ("GDP"). However, there can be no assurance that demand for power in India will increase to the extent we expect or at all. In the event demand for power in India does not increase as we expect, our results of operations and expansion strategy may be materially and adversely affected.

57. Global economic conditions have been unprecedented and challenging and have had, and continue to have, an adverse effect on the Indian financial markets and the Indian economy in general, which has had, and may continue to have, a material adverse effect on our business and our financial performance and may have an impact on the price of our Equity Shares.

Global market and economic conditions have been unprecedented and challenging with tighter credit conditions and recession in most major economies continuing into 2009 and possibly 2010. Continued concerns about the systemic impact of potential long-term and wide-spread recession, energy costs, geopolitical issues, the availability and cost of credit, and the global housing and mortgage markets have contributed to increased market volatility and diminished expectations for western and emerging economies. In the second half of 2008, added concerns fuelled by the United States government conservatorship of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association, the declared bankruptcy of Lehman Brothers Holdings Inc., the United States government financial assistance to American International Group Inc., Citigroup Inc., Bank of America and other federal government interventions in the United States financial system led to increased market uncertainty and instability in both United States and international capital and credit markets. These conditions, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have contributed to volatility of unprecedented levels.

As a result of these market conditions, the cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and the strength of counterparties specifically has led many lenders and institutional investors to reduce, and in some cases, cease to provide credit to businesses and consumers. These factors have led to a decrease in spending by businesses and consumers alike and corresponding decreases in global infrastructure spending and commodity prices. Continued turbulence in the United States and international markets and economies and prolonged declines in business consumer spending may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our customers, including our

ability to refinance maturing liabilities and access the capital markets to meet liquidity needs. These global market and economic conditions have had, and continue to have, an adverse effect on the Indian financial markets and the Indian economy in general, which has had, and may continue to have, a material adverse effect on our business, our financial performance and may adversely affect the prices of our equity shares.

58. We intend to establish business operations in several countries and global political and other conditions may adversely affect our operations and financial performance

We intend to establish business operations in several countries including sourcing of fuel, joint ventures and consultancy services. Some of the countries that we intend to do business in are subject to considerable political and social volatility. Any significant deterioration in the world geopolitical, economic and other conditions in general and in our host countries in particular, including the threat of terrorism and outbreak of diseases such as SARS and avian flu, may have a material adverse affect on our business and financial performance.

59. Total expenditure under our resettlement and rehabilitation policy may exceed the amounts we anticipate

We incur expenditure toward resettlement and rehabilitation activities at our projects, including amounts payable to affected persons, resettlement grants, providing community facilities and compensatory afforestation, greenbelt development and other expenditure based on our Rehabilitation Action Plan. Based on the opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India, in respect of land in our possession, we have made provision for Rs. 2,842 million as of Fiscal 2009 towards such expenditure. However, expenditure toward resettlement and rehabilitation activities is beyond the control of our management. For instance, significant opposition by local communities, non-governmental organizations and other parties to the land acquisition process may put pressure on us to increase our resettlement and rehabilitation related compensation and expenditure. We cannot assure you that the amount we have provisioned to spend will be sufficient to cover our actual expenditure and our obligations toward resettlement and rehabilitation activities.

60. Natural calamities could have a negative effect on the Indian economy and cause our business to suffer.

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their effect on the Indian economy. For example, as a result of drought conditions in the country during Fiscal 2003, the agricultural sector recorded negative growth for that period. The erratic progress of the monsoon in 2004 and 2009 affected sowing operations for certain crops. Further prolonged spells of below normal rainfall or other natural calamities could have a negative effect on the Indian economy, adversely affecting our business and the price of our Equity Shares.

61. Significant differences exist between Indian GAAP and other accounting principles such as U.S. GAAP and IFRS, which may be material to investors' assessment of our financial condition. Our failure to successfully adopt IFRS when it becomes effective could have a material adverse effect on the price of our Equity Shares.

Our financial statements are prepared in accordance with Indian GAAP which differs in certain respects from IFRS and U.S. GAAP. As a result, our consolidated financial statements and reported earnings could be different from those which would be reported under IFRS or U.S. GAAP. Such differences may be material. Each of U.S. GAAP and IFRS differs in significant respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Had the

financial statements and other financial information been prepared in accordance with IFRS or U.S. GAAP, the results of operations and financial position may have been materially different. Due to the differences that exist between Indian GAAP and IFRS or U.S. GAAP, the financial information in respect of us contained in this Red Herring Prospectus may not be an effective means to compare us with other companies that prepare their financial information in accordance with IFRS or U.S. GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. In making an investment decision, investors must rely upon their own examination of us, the terms of the Offer and the financial information relating to us. Potential investors should consult their own professional advisors for an understanding of these differences between Indian GAAP and IFRS or U.S. GAAP, and how such differences might affect the financial information contained herein.

The Institute of Chartered Accountants of India, the accounting body that regulates the accounting firms in India, has announced a road map for the adoption of, and convergence with, IFRS, pursuant to which all public companies in India, including ours, may be required to prepare their annual and interim financial statements under IFRS beginning with the Fiscal period commencing April 1, 2011. As there is significant lack of clarity on the adoption of and convergence with IFRS and there is not yet a significant body of established practice on which to draw in respect of forming judgments regarding the implementation and application of IFRS, we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholder's equity will not appear materially worse under IFRS than under Indian GAAP. As we transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems and internal controls. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IFRS by April 2011 could have a material adverse effect on the price of our Equity Shares.

62. After this Offer, the price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not be sustained.

The prices of our Equity Shares may fluctuate after this Offer due to a wide variety of factors, including:

- volatility in the Indian and global securities markets;
- our operational performance, financial results and capacity expansion;
- developments in India's economic liberalization and deregulation policies, particularly in the power sector; and
- changes in India's laws and regulations impacting our business.

We cannot assure you that an active trading market for our Equity Shares will be sustained after this Offer, or that the price at which our Equity Shares are offered will correspond to the prices at which they will trade in the market subsequent to this Offer.

63. Any future issuance of Equity Shares by us or sale of our Equity Shares by the GoI or any other major shareholders may dilute your shareholding and adversely affect the trading price of the Equity Shares.

Any future issuance of Equity Shares by us or sale of our Equity Shares by the GoI or by other significant shareholders, or any future issuance of convertible securities by us, may significantly affect the trading price of our Equity Shares. Such issuances of Equity Shares and convertible securities may dilute the positions of investors in the Equity Shares and could adversely affect the market price of our Equity Shares.

64. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. The Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasions between listed companies and the Indian stock exchanges, and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

Prominent Notes:

- Our net worth as at September 30, 2009 as per our audited financial statement included in this Red Herring Prospectus was Rs. 617,157 million (on an unconsolidated basis).
- Further Public Offer of 412,273,220 Equity Shares through an Offer for Sale by the Selling Shareholder for cash at prices determined through the Alternate Book Building Method under Part D of Schedule XI of the SEBI Regulations aggregating Rs. [●]. The Offer comprises a Net Offer to the public of 408,000,000 Equity Shares and an Employee Reservation Portion of 4,273,220 Equity Shares for subscription by Eligible Employees. The Offer shall constitute approximately 5% of the post-Offer paid-up Equity Share capital of our Company.
- The average cost of acquisition per Equity Share by the Promoter is Rs. 10.
- For details of transactions by our Company with our Subsidiaries/Joint Ventures during the last year including the nature and cumulative value of the transactions, see “**Financial Statements – Related Party Disclosures**” on page F 49.
- Our Company was incorporated on November 7, 1975 under the Companies Act as a private limited company under the name ‘National Thermal Power Corporation Private Limited’ and the word “Private” was deleted on September 30, 1976. On September 30, 1985, our Company was converted from a private limited company into a public limited company. Subsequently, the name of our Company was changed to its present name ‘NTPC Limited’ and a fresh certificate of incorporation was issued on October 28, 2005. The objects clause of the Memorandum was amended pursuant to shareholders’ resolution dated May 15, 2007 to include the activities to be carried on by our Company as reflected by the new name i.e., diversifying its business operations beyond thermal power generation to include, among others, generation of power through hydro, nuclear and renewable energy sources and undertaking coal mining and oil exploration activities.
- There has been no financing arrangement whereby the Directors of our Company and their relatives have financed the purchase by any other person of securities of the Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of this Red Herring Prospectus with Securities and Exchange Board of India (“SEBI”).

- Investors may contact the BRLMs who have submitted the due diligence certificate to the Board, for any complaint pertaining to the Offer.

SECTION III - INTRODUCTION

SUMMARY OF INDUSTRY

Unless otherwise indicated, the information in this section is derived from a combination of various official and unofficial publicly available materials and sources of information. It has not been independently verified by the Company, the BRLMs or their respective legal or financial advisors, and no representations is made as to the accuracy of this information, which may be inconsistent with information available or compiled from other sources. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness, underlying assumptions and reliability cannot be assured. Accordingly, investment decisions should not be based on such information. For further details in relation to the power sector, see “Industry Overview” on page 44.

The GoI has identified infrastructure inadequacy as a significant constraint in realizing India’s economic growth objectives. In particular, the power sector has been recognized by the GoI as a key infrastructure to sustain economic growth. Under the Eleventh Plan, the power sector is expected to attract 30.4% of the total investment in infrastructure during the Eleventh Plan. Of the total expected investment of Rs. 7,253.33 billion in electricity, Rs. 4,034.76 billion (56%) is expected to be invested for generation, Rs. 1,520.77 billion (21%) for transmission and Rs. 1,697.22 billion for distribution.

(2006-07 prices)

Sectors	Rs. billion	US\$ billion @ Rs. 41/\$	Sectoral shares (%)
Electricity (incl. NCE)	7,253.33	176.91	30.4
Roads	3,668.43	89.47	15.4
Telecom	3,141.18	76.61	13.2
Railways (incl. MRTS)	3,035.30	74.03	12.7
Irrigation (incl. Watershed)	2,625.08	64.03	11.0
Water Supply and Sanitation	2,342.68	57.14	9.8
Ports	869.89	21.22	3.6
Airports	408.80	9.97	1.7
Storage	263.27	6.42	1.1
Gas	241.18	5.88	1.0
Total	23,849.05	581.68	100

Source: Projections of Investment in Infrastructure During XI Plan: Planning Commission

Overview of the Power Industry

India has total power generation capacity of 155,859 MW as of November 30, 2009. The power industry in India has been characterized by energy shortages. In Fiscal 2009, there was a shortage of 11.1% in terms of total energy requirements and 11.9% in terms of peak demand requirements. During the period of April 1, 2009 to November 30, 2009, the peak demand deficit rose to 12.6% and energy shortages came down to 9.6%. The total energy shortage during this period was 86,001 million units and India’s peak demand deficit during the same period was 13,024 MW. The low per capita consumption of electric power in India compared to the world average presents a significant potential for sustainable growth in the demand for electric power in India.

Although power generation capacity has increased substantially in recent years, it has not kept pace with the continued growth of the Indian economy, despite very low per capita electricity consumption. India

has one of the lowest electricity consumption levels in the world, at 704.2 units per capita in 2007-08, due in part to unreliable supply and inadequate distribution networks.

To address the persistent shortages, the GoI has taken significant action to restructure the industry, attract investment and plan for fast track capacity addition through incentivised policy initiatives. These included measures such as restructuring the SEBs to improve their financial condition, and regulatory and policy intervention such as the Electricity Act 2003, the National Electricity Policy 2005, the Tariff Policy 2006, Tariff Based Bidding Guidelines 2005 and the National Hydro Policy 2008, among others. The GoI has also liberalised policies relating to the transmission and distribution sectors.

SUMMARY OF BUSINESS

Investors should note that this is only a summary and does not contain all information that you should consider before investing in our Equity Shares. You should read the entire Red Herring Prospectus, including the information in “Risk Factors”, “Our Business” and “Financial Statements” and related notes on pages xvi, 55 and F1, respectively, before deciding to invest in our Equity Shares.

We are the largest power generating company in India. As of September 30, 2009, our owned installed power generating capacity is approximately 18.6% of India's total installed capacity. In Fiscal 2009, we contributed 28.6% of the total power generation of India. (Source: CEA). In 2009, we were the top independent power producer (“IPP”) in Asia, and ranked second in the world, on the basis of asset worth, revenues, profits and return on invested capital, according to a study conducted by Platts, a division of the McGraw-Hill Companies. Prior to this Offer, the GoI owns approximately 89.5% of our Equity Share capital.

As of September 30, 2009, our total installed power generation capacity was 30,644 MW, including 28,350 MW of generation capacity through 112 units owned by us and 2,294 MW of capacity through two joint venture companies. Of our owned capacity, 86.0% is coal-based, operated through 15 coal-based power stations, and 14.0% is gas-based, operated through seven gas-based power stations (including one naphtha-fired station). In Fiscal 2009, we generated 206.9 billion units of electricity through our owned stations.

We operate our stations at a level of efficiency that exceeds the average in India, based upon availability factor (which is a measure of how often a station is available to generate power) and average plant load factor (“PLF”) (which is a measure of how much of its capacity a plant actually uses to generate electricity). In Fiscal 2009, our coal-based stations operated at an average availability factor of 92.5%, and they achieved an average PLF of 91.1%, compared to the all-India average PLF for coal-based stations of 77.2%. In Fiscal 2009, of our 15 coal-based power stations, four operated at a PLF of greater than 95.0% and one operated at a PLF of 99.4%. In Fiscal 2009, our gas-based stations operated at an average availability of 86.7% and an average PLF of 67.0%, compared to the all-India average PLF for gas-based stations of 57.6%. PLF of our gas-based stations has improved to 78.4% in the first half of Fiscal 2010 due to increased gas availability. Our average selling price of electricity was Rs. 2.12 per unit in Fiscal 2009.

We have developed a long term technology roadmap for the induction of high efficiency equipment, including supercritical and ultra-supercritical machines at our new plants. We also intend to use other advanced technologies in the renovation and modernisation of our aging power stations. We believe that these technologies will help us to achieve higher efficiency and availability.

As of September 30, 2009, we have added 3,240 MW during the Eleventh Plan, and we are presently engaged in construction activities for projects representing 17,930 MW (including 4,000 MW undertaken by our joint venture companies). We are also pursuing a basket of projects for approximately 33,000 MW of capacity which are in various stages, including projects for which tender has been invited, a FR prepared, or a FR is under preparation and approval, in order to achieve our stated goal of 75,000 MW capacity by Fiscal 2017. We take up new projects upon establishing the availability of inputs such as land, water, fuel, off-take arrangements and environmental clearances.

We have begun to progressively diversify our fuel mix. We are currently constructing hydroelectric power projects. As of September 30, 2009, 1,920 MW of capacity is under construction and 552 MW is under bidding. We are also preparing FR's and detailed project reports for hydroelectric power projects to achieve hydroelectric capacity of approximately 9,000 MW by Fiscal 2017. We are also seeking

other renewable energy projects, such as wind and solar, to have 1,000 MW of our generating capacity from other renewable sources by Fiscal 2017.

Currently, all of our total sales of electricity are made pursuant to long term PPAs. More than 90% of our sales of electricity are to SEBs and state owned distribution companies for which payments are secured through letter of credits (“LC”) and the Tripartite Agreements. For private distribution company customers, payments are secured through letters of credit backed by a first charge created on their receivables in our favour. In order to capitalize on the opportunity from the sale of merchant power, we are implementing 2,120 MW of power projects, as merchant power plants (“MPPS”) for selling power outside long-term PPAs at a market-based price. As provided by the National Electricity Policy, 2005, up to 15% of new generating capacity may be sold outside long-term PPAs. However, some of the power generation from our merchant capacity may also be sold under PPAs.

As of September 30, 2009, we have signed long term CSAs covering 12 of our 15 coal-based stations. We have also executed gas supply agreements with GAIL for the supply of gas for our gas-based power stations, which are valid up to 2021.

We are also continuing to diversify our business to become an integrated power company. In order to secure our fuel supply, we have diversified into coal mining. We have been awarded eight coal mining blocks by the GoI, including two blocks awarded for development under a joint venture with Coal India Limited. In 2002 we incorporated our power trading subsidiary, NTPC Vidyut Vyapar Nigam Limited (“NVVN”), which has grown to become the second largest power trader in India. In order to incentivize the development of solar power in India, the GoI has designated NVVN as the nodal agency for the purchase of up to 1,000 MW of solar power commissioned by Fiscal 2013 under the National Solar Mission and sale after bundling an equivalent MW capacity from our stations.

We have developed a consulting business to leverage our technical and operational skills and knowledge base, domestically and internationally. Total revenues from our consulting business has increased to Rs. 1,325 million in Fiscal 2009 from Rs. 341 million in Fiscal 2004. Through our consulting business we are currently supporting capacity addition, operation and maintenance, renovation and modernisation and performance improvement of approximately 26,000 MW of generating capacity in India. The other businesses we are developing include equipment manufacturing, to ensure supply of critical equipment and spare parts, and an electricity distribution business.

In line with the increase in our supply and generation capabilities over the last two years, we have achieved significant growth in our gross income and profit after tax. Our gross revenue increased to Rs. 452,728 million in Fiscal 2009 from Rs. 400,177 million in Fiscal 2008. Our profit after tax was Rs. 82,013 million in Fiscal 2009 and Rs. 74,148 million in Fiscal 2008. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations - Components of Revenue and Expenditure*” on page 165 for a discussion of these line items in our income statements.

We were incorporated on November 7, 1975 as a thermal power generating company with the objective of complementing state initiatives in the integrated development of thermal power generation in the country. We have implemented a series of initiatives designed to provide us with a superior corporate governance framework. We were conferred the status of “Navratna” by the GoI in 1997, which granted us operational and financial autonomy.

Our Competitive Strengths

We believe that the following are our primary competitive strengths:

- Leadership position in the Indian power sector
- Strong cash flow
- Sound customer relations and commercial performance
- High operational efficiency of coal-based stations
- Long term agreements for coal and gas supply
- Strategic locations near fuel source
- Effective project implementation
- Ability to turn around underperforming stations
- Experienced in-house engineering capabilities
- Advanced information technology platform
- Strong balance sheet
- Government support
- Competent and committed workforce
- Emphasis on corporate governance

Our Strategy

Our corporate vision is to be “a world class integrated power major, powering India’s growth, with increasing global presence.” We believe that the following strategies will enable us to achieve this vision:

- Maintain market leadership
- Improve our operating performance
- Pursue our fuel security
- Diversify fuel mix
- Develop merchant power capabilities
- Strengthen our diversified businesses
- Adopt advanced technologies
- Emphasize research and development
- Invest in employee development
- Expand our corporate social responsibility initiatives

SUMMARY FINANCIAL INFORMATION

The following tables set forth our selected historical financial information derived from the audited financial information for the half year ended September 30, 2009 and Fiscals 2009 and 2008 and the unaudited standalone statement of profit and loss for the half year ended September 30, 2008. The audited summary financial information presented below should be read in conjunction with our financial statements included in this Red Herring Prospectus, the notes thereto and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 161.

SUMMARY OF UNCONSOLIDATED PROFIT & LOSS ACCOUNT

(Rs. in million)

	Fiscal Year ended March 31,		Half-Year ended September 30,	
	2008	2009	2008 (Unaudited Reviewed)	2009
Income:				
Sales (net of electricity duty)	370,501	419,238	192,009	227,855
Energy internally consumed	409	514	244	281
Provisions written back	64	170	3	55
Other income	29,203	32,806	14,374	14,837
Total Income	400,177	452,728	206,630	243,028
Expenditure:				
Fuel	220,202	271,107	120,944	143,495
Employees' remuneration and benefits	18,960	24,631	11,826	10,945
Generation, administration & other expenses	16,284	18,192	8,677	9,908
Depreciation	21,385	23,645	10,791	12,565
Provisions	71	246	-	2
Interest and finance charges	17,981	20,229	9,483	9,854
Total Expenditures	294,883	358,050	161,721	186,769
Profit before Tax, Prior Period Adjustments and Extraordinary Items	105,294	94,678	44,909	56,259
Prior period income/ expenditure (net)	2,745	1,083	868	(389)
Profit before Tax	102,549	93,595	44,041	56,648
Provision for :				
Current Tax				
Current year	24,637	25,337	11,019	11,680
Earlier years	3,680	(13,953)	(5,445)	(112)
Fringe Benefit Tax				
Current year	214	210	98	-
Earlier years	(45)	-	-	10
Deferred tax	1,411	(4,488)	(1,034)	1,614

	Fiscal Year ended March 31,		Half-Year ended September 30,	
	2008	2009	2008 (Unaudited Reviewed)	2009
Less:Deferred tax recoverable	1,411	(4,488)	(1,034)	-
Current/Fringe benefit tax transferred to expenditure during construction /development of coal mines	85	12	2	-
Provision for Taxation (net)	28,401	11,582	5,670	13,192
Profit after Tax	74,148	82,013	38,371	43,456

SUMMARY OF UNCONSOLIDATED ASSETS & LIABILITIES

(Rs. in million)

	As at March 31,		As at September 30, 2009
	2008	2009	
Fixed Assets (A):			
Gross Block	533,680	623,530	626,180
Less: Depreciation	272,743	294,153	307,429
Net Block	260,937	329,377	318,751
Capital Work-in-Progress	184,389	212,211	250,617
Construction Stores and Advances	40,394	51,838	52,547
Sub-total (A)	485,720	593,426	621,915
Investments (B)	152,672	139,835	164,590
Deferred Foreign Currency Fluctuation Assets (C)	-	9,734	8,487
Current Assets, Loans & Advances (D):			
Inventories	26,757	32,434	27,047
Sundry Debtors	29,827	35,842	56,133
Cash and Bank Balances	149,332	162,716	163,868
Other Current Assets	9,218	9,792	10,221
Loans and Advances	40,354	68,469	35,267
Sub-total (D)	255,488	309,253	292,536
Liabilities & Provisions (E):			
Secured Loans	73,147	89,696	92,359
Unsecured Loans	198,759	255,982	254,620
Deferred Tax Liability (net)	1	1	1,615
Deferred Revenue on Account of Advance against Depreciation	13,734	19,360	16,185
Deferred Income from Foreign Currency Fluctuation	-	6,077	4,563
Deferred Foreign Currency Fluctuation Liability	2,554	545	623
Current Liabilities	55,483	74,391	81,300
Provisions	23,816	32,495	19,106
Sub-total (E)	367,494	478,547	470,371
NET WORTH (A+B+C+D-E)	526,386	573,701	617,157
Represented by:			
Share Capital (F)	82,455	82,455	82,455
Reserves and Surplus (G)	443,931	491,246	534,702
NET WORTH (F+G)	526,386	573,701	617,157

SUMMARY OF CONSOLIDATED PROFIT & LOSS ACCOUNT

(Rs. in million)

	Fiscal year ended March 31,		Half-Year ended September 30, 2009
	2008	2009	
Income:			
Sales (Net of electricity duty)	386,350	442,453	241,753
Energy internally consumed	409	514	281
Provisions written back	64	171	55
Other Income	29,547	33,334	15,005
Total Income	416,370	476,472	257,094
Expenditure:			
Fuel	222,187	273,464	146,515
Electricity purchased	9,471	15,839	5,851
Cost of material and services	1,364	1,244	872
Employees' remuneration and benefits	19,533	25,325	11,416
Generation, administration & other expenses	16,842	19,749	10,505
Depreciation	22,060	24,949	13,629
Provisions	74	299	26
Interest and finance charges	18,581	21,435	11,073
Total Expenditure	310,112	382,304	199,887
Profit before Tax, Prior period adjustments and Extraordinary Items	106,258	94,168	57,207
Prior period income/ expenditure (net)	2,748	1,095	(412)
Profit before Tax	103,510	93,073	57,619
Provision for :			
Current Tax			
Current year	25,042	25,896	11,873
Earlier years	3,680	(13,953)	(112)
Fringe Benefit Tax			
Current year	226	219	-
Earlier years	(45)	-	10
Deferred tax	1,478	(4,520)	1,637
Less:Deferred Tax Recoverable	1,477	(4,521)	(16)
Current/Fringe benefit tax transferred to expenditure during construction/development of coal mines	93	15	(1)
Provision for taxation (net)	28,811	12,148	13,425
Profit after Tax	74,699	80,925	44,194

SUMMARY OF CONSOLIDATED ASSETS & LIABILITIES

(Rs. in million)

	As at March 31,		As at September 30, 2009
	2008	2009	
Goodwill on Consolidation (A)	6	6	6
Fixed Assets (B):			
Gross Block	556,472	647,410	666,101
Less: Depreciation	274,868	297,755	312,325
Net Block	281,604	349,655	353,776
Capital Work-in-Progress	206,991	247,647	282,857
Construction stores and advances	49,305	61,646	64,956
Sub-total (B)	537,900	658,948	701,589
Investments (C)	134,470	116,960	138,030
Deferred Foreign Currency Fluctuation Assets (D)	-	9,734	8,487
Current Assets, Loans & Advances (E):			
Inventories	27,512	33,616	28,788
Sundry Debtors	31,727	38,189	59,838
Cash and bank balances	153,605	172,505	173,412
Other Current Assets	9,272	9,934	10,512
Loans and Advances	41,041	70,389	36,995
Sub-total (E)	263,157	324,633	309,545
Liabilities & Provisions (F):			
Secured loans	104,388	132,117	143,698
Unsecured loans	198,759	256,109	255,170
Deferred Tax Liability (net)	2	1	1,654
Deferred Revenue on Account of Advance against Depreciation	13,734	19,360	16,185
Deferred Income from Foreign Currency Fluctuation	-	6,077	4,563
Deferred Foreign Currency Fluctuation Liability	2,554	545	623
Current Liabilities	62,155	87,191	95,297
Provisions	24,070	33,143	19,775
Minority Interest	1,242	1,662	2,230
Sub-total (F)	406,904	536,205	539,195
NET WORTH (A+B+C+D+E-F)	528,629	574,076	618,462
Represented by:			
Share Capital (G)	82,455	82,455	82,455
Reserves and Surplus (H)	446,174	491,621	536,007
NET WORTH (G+H)	528,629	574,076	618,462

THE OFFER

Offer	412,273,220 Equity Shares
<i>Of which</i>	
Employee Reservation Portion	4,273,220 Equity Shares
Therefore,	
Net Offer to the Public	408,000,000 Equity Shares
<i>Of which</i>	
A) QIB Portion	Up to 204,000,000 Equity Shares
<i>Of which</i>	
Available for allocation to Mutual Funds only	10,200,000 Equity Shares
Balance for all QIBs including Mutual Funds	193,800,000 Equity Shares
B) Non-Institutional Portion	Not less than 61,200,000 Equity Shares
C) Retail Portion	Not less than 142,800,000 Equity Shares
Equity Shares outstanding prior to the Offer	8,245,464,400 Equity Shares
Equity Shares outstanding after the Offer	8,245,464,400 Equity Shares

The Selling Shareholder is offering 412,273,220 Equity Shares which have been held by it for a period of at least one year as on the date of filing of this Red Herring Prospectus.

Any unsubscribed portion in any reserved category shall be added to the Net Offer to the public. In case of under-subscription in the Net Offer to the public category, spill-over to the extent of under-subscription shall be permitted from the reserved category to the Net Offer to the public. Under subscription in any other category, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company and the Selling Shareholder in consultation with the BRLMs and the Designated Stock Exchange.

The MoP through its letter no. 3/7/2007-Th.I dated January 6, 2010 conveyed the approval granted by the GoI to the Offer.

GENERAL INFORMATION

Our Company was incorporated on November 7, 1975 under the Companies Act as a private limited company under the name “National Thermal Power Corporation Private Limited” and the word “Private” was deleted on September 30, 1976. On September 30, 1985, our Company was converted from a private limited company into a public limited company. Subsequently, the name of our Company was changed to its present name ‘NTPC Limited’ and a fresh certificate of incorporation was issued on October 28, 2005. For further details, see “*History and Certain Corporate Matters*” on page 101.

Registered and Corporate Office of our Company

Registered and Corporate Office

NTPC Limited
NTPC Bhawan
SCOPE Complex
7, Institutional Area, Lodhi Road
New Delhi 110 003, India
Tel: + (91 11) 2436 0100
Fax: + (91 11) 2436 1018

Details	Registration/Identification number
Registration Number	055-7966
Company Identification Number	L40101DL1975GOI007966

For details in changes in our Registered and Corporate Office, see “*History and Certain Corporate Matters*” on page 101.

Address of the Registrar of Companies

Our Company is registered at the office of:

The Registrar of Companies
National Capital Territory of Delhi and Haryana
4th Floor, IFCI Tower
61, Nehru Place
New Delhi 110 019, India
Tel: + (91 11) 2623 5704
Fax: + (91 11) 2623 5702

Board of Directors

The following table sets out the current details regarding our Board as on the date of the filing of this Red Herring Prospectus:

Name, Designation, Occupation and DIN	Age (years)	Address
Mr. R. S. Sharma	59	Flat No. 58, Block B, Millenium Apartments, Sector 61, Noida 201 301 Uttar Pradesh, India
Designation: Chairman and Managing Director		
Occupation: Service		
DIN: 00012452		

Name, Designation, Occupation and DIN	Age (years)	Address
Mr. Chandan Roy Designation: Director (Operations) Occupation: Service DIN: 00015157	59	170, Madan Lal Block, Asian Games Village, New Delhi 110 049, India
Mr. A. K. Singhal Designation: Director (Finance) Occupation: Service DIN: 00011085	55	Hari Kunj, House No. 900 Sector 37, Faridabad 121 003, Haryana, India
Mr. R. C. Shrivastav Designation: Director (Human Resources) Occupation: Service DIN: 00561514	59	P-326, Jalvayu Vihar, Sector 21 Noida 201 301, Uttar Pradesh, India
Mr. I. J. Kapoor Designation: Director (Commercial) Occupation: Service DIN: 02051043	53	F-93, Bali Nagar, New Delhi 110 015, India
Mr. B. P. Singh Designation: Director (Projects) Occupation: Service DIN: 01507784	56	117 'C', B/W Block, Shalimar Bagh, Delhi 110 088, India
Mr. I. C. P. Keshari Designation: Government Nominee Director Occupation: Service DIN: 00042289	47	R-51, Nivedita Kunj, Sector X, R.K. Puram, New Delhi 110 022, India
Mr. Rakesh Jain Designation: Government Nominee Director Occupation: Service DIN: 02682574	52	D-II/62, Kaka Nagar, New Delhi 110 003, India

Name, Designation, Occupation and DIN	Age (years)	Address
Mr. M. N. Buch Designation: Independent Director Occupation: Retired DIN: 00283737	68	B-1/403, Power Welfare Organisation Housing Complex, Sector No. 43, Gurgaon 122 002, Haryana, India
Mr. Shanti Narain Designation: Independent Director Occupation: Retired DIN: 00615370	68	202, Vasant Enclave, Rao Tula Ram Marg, New Delhi 110 057, India
Mr. P. K. Sengupta Designation: Independent Director Occupation: Retired DIN: 00096198	69	Flat No. B-204, Koyala Vihar Vasundhara, V.I.P. Road, Kolkata 700 052, West Bengal, India
Mr. K. Dharmarajan Designation: Independent Director Occupation: Retired DIN: 02322767	66	A-3, Sarvodya Enclave, Sri Aurobindo Marg, New Delhi 110 017, India
Dr. M. Govinda Rao Designation: Independent Director Occupation: Retired DIN: 01982343	62	Flat No. 1, NIPFP Staff Quarters, 18/2 Satsang Vihar Marg, Special Institutional Area, New Delhi 110 067, India
Mr. Kanwal Nath Designation: Independent Director Occupation: Retired DIN: 02520307	62	7210, DLF City Phase- IV, Gurgaon 122 009, Haryana, India
Mr. Adesh C. Jain Designation: Independent Director Occupation: Professional DIN: 01301382	64	C-47, Sector 56, Noida 201 301, Uttar Pradesh, India
Mr. A. K. Sanwalka Designation: Independent Director	62	J-8/11, DLF City Phase II, Gurgaon 122 002, Haryana, India

Name, Designation, Occupation and DIN	Age (years)	Address
Occupation: Retired		
DIN: 02125521		
Mr. Santosh Nautiyal	63	1454, ATS Green Village, Sector 93 A, Greater Noida Expressway, Noida 201 301, Uttar Pradesh, India
Designation: Independent Director		
Occupation: Retired		
DIN: 01127740		

For further information, see “*Our Management*” on page 141.

Company Secretary and Compliance Officer

Mr. A. K. Rastogi

NTPC Bhawan
SCOPE Complex
7, Institutional Area, Lodhi Road
New Delhi 110 003, India
Tel: + (91 11) 2436 0071
Fax: + (91 11) 2436 0241
E-mail: akrastogi@ntpc.co.in

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

Book Running Lead Managers

ICICI Securities Limited

ICICI Centre
H.T. Parekh Marg
Churchgate
Mumbai 400 020
Maharashtra, India
Tel: + (91 22) 2288 2460
Fax: + (91 22) 2282 6580
E-mail: ntpc.fpo@icicisecurities.com
Investor Grievance E-mail:
customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Mr. Anupam Kumar
SEBI Registration No.: INM000011179

Citigroup Global Markets India Private Limited

12th Floor, Bakhtawar
Nariman Point
Mumbai 400 021
Maharashtra, India
Tel: + (91 22) 6631 9999
Fax: + (91 22) 6646 6192
E-mail: ntpc.fpo@citi.com
Investor Grievance E-mail:
investors.cgmib@citi.com
Website: www.citibank.co.in
Contact Person: Mr. Ranjeet Bhide
SEBI Registration No.:
INM000010718

J.P. Morgan India Private Limited

J.P. Morgan Tower
Off. C.S.T. Road, Kalina
Santacruz (East)
Mumbai 400 098
Maharashtra, India
Tel: + (91 22) 6157 3000
Fax: + (91 22) 6157 3911
E-mail: ntpc_fpo@jpmorgan.com
Investor Grievance E-mail:
investorsmb.jpmpil@jpmorgan.com
Website: www.jpmpil.com
Contact Person: Mr. Sagarnil Pal
SEBI Registration No.: INM000002970

Kotak Mahindra Capital Company Limited

1st Floor, Bakhtawar
229, Nariman Point
Mumbai 400 021
Maharashtra, India
Tel: + (91 22) 6634 1100
Fax: + (91 22) 2284 0492
E-mail: ntpc.fpo@kotak.com
Investor Grievance E-mail:
kmccredressal@kotak.com
Website: www.kmcc.co.in
Contact Person: Mr. Chandrakant Bhole
SEBI Registration No.: INM000008704

Syndicate Member***Kotak Securities Limited***

Nirlon House, 4th Floor
Dr. Annie Beasant Road
Near Passport Office, Worli
Mumbai 400 030
Maharashtra, India
Tel: (91 22) 6652 9191
Fax: (91 22) 6661 7046
Email: umesh.gupta@kotak.com
Website: www.kotak.com
Contact Person: Mr. Umesh Gupta
SEBI Registration No.: BSE: INB 010808153; NSE: INB 230808130

Domestic legal counsel to the Company and the Selling Shareholder***Amarchand & Mangaldas & Suresh A. Shroff & Co.***

Amarchand Towers
216, Okhla Industrial Estate, Phase III
New Delhi 110 020, India
Tel.: + (91 11) 2692 0500
Fax: + (91 11) 2692 4900

Domestic legal counsel to the BRLMs***Luthra & Luthra Law Offices***

103, Ashoka Estate
Barakhamba Road
New Delhi 110 001, India
Tel: + (91 11) 4121 5100
Fax: + (91 11) 2372 3909

International legal counsel to the Offer***O'Melveny & Myers LLP***

9 Raffles Place
22-01/02 Republic Plaza 1
Singapore 048619
Tel: + (65) 6593 1800
Fax: + (65) 6593 1801

Registrar to the Offer

Karvy Computershare Private Limited

17-24 Vittalrao Nagar
Madhapur
Hyderabad 500 081
Andhra Pradesh, India
Tel: + (91 40) 2342 0815
Fax: + (91 40) 2343 1551
E-mail: ntpcfpo@karvy.com
Website: www.karvy.com
Contact Person: Mr. M. Murali Krishna
SEBI Registration No.: INR000000221

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSB for the Applications Supported by Blocked Amount (“ASBA”) Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer to the above mentioned SEBI link.

Bankers to our Company

Allahabad Bank

1st Floor, Allahabad Bank Building
17, Parliament Street
New Delhi 110 001, India
Tel: + (91 11) 2336 6832
Fax: + (91 11) 2334 2102
E-mail: br.del_ifb@allahabadbank.in
Website: www.allahabadbank.co.in
Contact Person: Mr. Satyendra Kumar

Canara Bank

Prime Corporate Branch
#38, Ground Floor, Ansal Tower
Nehru Place
New Delhi 110 019, India
Tel: + (91 11) 2641 1519
Fax: + (91 11) 2641 6895
E-mail: delhi2624@canbank.co.in
Website: www.canarabank.com
Contact Person: Mr. S. Subramanian

Citibank N.A.

Ground Floor, Jeevan Vihar
3, Parliament Street
New Delhi 110 001, India
Tel: + (91 11) 4135 3356
Fax: + (91 11) 2336 3933
E-mail: india.citiservice@citi.com
Website: www.citibank.com/india
Contact Person: Mr. Amit Ganju

Andhra Bank

A-778, Sector 19
Noida 201 301
Uttar Pradesh, India
Tel: + (91 120) 254 2165
Fax: + (91 120) 244 4083
E-mail: bmdel1106@andhrabank.co.in
Website: www.andhrabank.in
Contact Person: Mr. C. S. Pandey

Central Bank of India

55, Madhuban Building
Nehru Place
New Delhi 110 019, India
Tel: + (91 11) 2644 0213
Fax: + (91 11) 2646 9228
E-mail: agmdela.1410@centralbank.co.in
Website: www.centralbankofindia.co.in
Contact Person: Mr. A. K. Singh

Dena Bank

Scope Complex
Ground Floor, Core No. 6
7 Institutional Area, Lodhi Road
New Delhi 110 003, India
Tel: + (91 11) 2436 0440
Fax: + (91 11) 2436 3767
E-mail: scopec@denabank.co.in
Website: www.denabank.com
Contact Person: Ms. Manorma Mishra

Indian Overseas Bank

14-15 Farm Bhawan
Nehru Place
New Delhi 110 019, India
Tel: + (91 11) 2643 5370
Fax: + (91 11) 2648 9201
E-mail: nehrubr@delco.iobnet.co.in
Website: www.iob.co.in
Contact Person: Mr. B. Natrajan

Oriental Bank of Commerce

A 30-33, Connaught Place
New Delhi 110 001, India
Tel: + (91 11) 2332 1991
Fax: + (91 11) 2332 3007
E-mail: bm0179@obc.co.in
Website: obcindia.co.in
Contact Person: Mr. Chiranjiv Chawla

Punjab and Sind Bank

B.O. NTPC Engineering Office Complex
Sector 24
Noida 201 301 India
Tel: + (91 120) 2410 301
Fax: + (91 11) 2634 7410
E-mail: x1029@psb.org.in
Website: www.psbindia.com
Contact Person: Mr. Sanjeev Mehta

State Bank of Mysore

Nos. 3, 4 and 5, DDA Building
Nehru Place
New Delhi 110 019, India
Tel: + (91 11) 2644 3042
Fax: + (91 11) 2621 6893
E-mail: nehruplace@sbm.co.in
Website: www.statebankofmysore.co.in
Contact Person: Mr. Shanta Ram

State Bank of Patiala

2nd Floor, Chanderlok Building
36, Janpath
New Delhi 110 001, India
Tel: + (91 11) 2331 9563
Fax: + (91 11) 2335 4365
E-mail: sbpcbnd@yahoo.co.in
Website: www.sbp.co.in
Contact Person: Mr. Umesh Madan

State Bank of Travancore

18/4, Arya Samaj Road
New Delhi 110 005, India
Tel: + (91 11) 2875 8886

The Jammu and Kashmir Bank Limited

G-40, Connaught Place
New Delhi 110 001, India
Tel: + (91 11) 2335 2102
Fax: + (91 11) 2335 2103
E-mail: circus@jkbmail.com
Website: www.jkb.net
Contact Person: Mr. R. N. Dhar

Punjab National Bank

Sansad Marg
New Delhi 110 001, India
Tel: + (91 11) 2371 0021
Fax: + (91 11) 2376 6175
E-mail: BO0153@pnb.co.in
Website: www.pnbindia.com
Contact Person: Mr. Alok Srivastav

State Bank of Bikaner and Jaipur

G-72, Connaught Circus
New Delhi 110 001, India
Tel: + (91 11) 2332 4699
Fax: + (91 11) 2371 9044
E-mail: sbbj10016@sbbj.co.in
Website: www.sbbjbank.com
Contact Person: Ms. Namrata Singh

State Bank of Hyderabad

Core 6, Scope Complex
Lodhi Road
New Delhi 110 003, India
Tel: + (91 11) 4715 4901
Fax: + (91 11) 2436 5907
E-mail: scopecomplex@sbhyd.co.in
Website: www.sbhyd.com
Contact Person: Mr. Sunil Kowshal

State Bank of India

11th and 12th Floor, Jawahar Vyapar Bhawan
Tolstoy Marg
New Delhi 110 001, India
Tel: + (91 11) 2335 9507
Fax: + (91 11) 2335 2793
E-mail: cagnd@sbi.co.in
Website: www.sbi.co.in
Contact Person: Mr. C. B. Kunkhal

UCO Bank

H 46, Connaught Place
New Delhi 110 001, India
Tel: + (91 11) 2332 2044

Fax: + (91 11) 2875 5036
E-mail: newdelhi@sbt.co.in
Website: www.statebankoftravancore.com
Contact Person: Mr. P. M. Jose

Union Bank of India

First Floor, M-11
Connaught Circus
New Delhi 110 001, India
Tel: + (91 11) 2341 7401
Fax: + (91 11) 2341 7405
E-mail: ifbcp@unionbankofindia.com
Website: www.unionbankofindia.com
Contact Person: Mr. Pankaj Sharma

Vijaya Bank

Ground Floor, Vijaya Building
17, Barakhamba Road
New Delhi 110 001, India
Tel: + (91 11) 2371 2241
Fax: + (91 11) 2371 3928
E-mail: del.barakhambaroad@vijayabank.co.in
Website: www.vijayabank.com
Contact Person: Mr. I. M. Singh

ICICI Bank Limited

9A, Phelps Building
1st Floor, Connaught Place
New Delhi 110 001, India
Tel: + (91 11) 6631 0450
Fax: + (91 11) 6631 0410
E-mail: amit.dkumar@icicibank.com
Website: www.icicibank.com
Contact Person: Mr. Anshu Ananta

Bankers to the Offer and Escrow Collection Banks

ABN Amro Bank N.V.

Brady House, 14 Veer Nariman Road
Hornimon Circle, Fort
Mumbai 400 023
Maharashtra, India
Tel: + (91 22) 6658 5858
Fax: + (91 22) 2204 2673
E-mail: Chaitali.nandi@in.abnamro.com
Website: www.abnamro.co.in
Contact Person: Mrs. Chaitali Nandi
SEBI Registration No.: INB100000034

Fax: + (91 11) 2373 1705
E-mail: BO.Connaught@UCOBank.co.in
Website: www.ucobank.com
Contact Person: Mr. A. Chatterjee

United Bank of India

Fourth Floor, 11
Hemanta Basu Sarani
Kolkata 700 001
West Bengal, India
Tel: (+91 33) 2248 8369 / 2313 1550
Fax: (+91 33) 2242 0897
E-mail: agmifm@unitedbank.co.in
Website: www.unitedbankofindia.com
Contact Person: Mr. Debjiban Basu

Bank of India

Tandwa Branch
P.O. Tandwa
Tandwa 825 321
District Chatra
Jharkhand, India
Tel: + (91 6559) 244 454
Fax: + (91 6546) 223 956
E-mail:
Tandwa.Hazaribagh@bankofindia.co.in
Website: www.bankofindia.com
Contact Person: Mr. S. K. Swain

Axis Bank Limited

E-64, Greater Kailash I
New Delhi 110048, India
Tel: + (91 11) 2923 0450
Fax: + (91 11) 4163 5253
E-mail: ipsita.chakraborty@axisbank.com
Website: www.axisbank.com
Contact Person: Ms. Ipsita Chakraborty
SEBI Registration No.: INB100000017

HDFC Bank Limited

Lodha-I Think Techno Campus
O-3 Level, Kanjurmarg (East)
Mumbai 400 042
Maharashtra, India
Tel: + (91 22) 3075 2928
Fax: + (91 22) 2579 9801
E-mail: Deepak.rane@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr. Deepak Rane
SEBI Registration No.: INB100000063

Standard Chartered Bank

270, D.N. Road, Fort
Mumbai 400 001
Maharashtra, India
Tel: + (91 22) 2268 3955
Fax: + (91 22) 2209 2216
E-mail: joseph.george@sc.com
Website: www.standardchartered.co.in
Contact Person: Mr. Joseph George
SEBI Registration No.: INB100000885

Yes Bank Limited

2nd Floor, Tiecicon House
Dr. E. Moses Road, Mahalaxmi
Mumbai 400 011
Maharashtra, India
Tel: + (91 22) 6622 9031
Fax: + (91 22) 2497 4875
E-mail: dlbtiservices@yesbank.in
Website: www.yesbank.in
Contact Person: Mr. Mahesh Shirali
SEBI Registration No.: INB100000935

Kotak Mahindra Bank Limited

5th Floor, Dani Corporate Park
158, CST Road, Santacruz (E)
Mumbai 400 098
Maharashtra, India
Tel: + (91 22) 6759 5336
Fax: + (91 22) 6759 5374
E-mail: amit.kr@kotak.com
Website: www.kotak.com
Contact Person: Mr. Amit Kumar
SEBI Registration No.: INB100000927

State Bank of India

Mumbai Main Br. Building
Mumbai Samachar Marg, Fort
Mumbai 400 023
Maharashtra, India
Tel: + (91 22) 2266 2133
Fax: + (91 22) 2266 4959
E-mail: sbi.11777@sbi.co.in
Website: www.statebankofindia.com
Contact Person: Mrs. Surekha Shinde
SEBI Registration No.: INB100000038

The Hongkong and Shanghai Banking Corporation Limited

2nd Floor, Shiv Building
Plot No. 139-140 B, Western Express Highway
Sahar Road Junction, Vile Parle (East)
Mumbai 400 057
Maharashtra, India
Tel: + (91) 98217 80250
Fax: + (91 22) 4035 7657
E-mail: mustafasanchawalla@hsbc.co.in
Website: www.hsbc.co.in
Contact Person: Mr. Mustafa Sanchawalla
SEBI Registration No.: IBN100000027

Refund Bank(s)

HDFC Bank Limited

Lodha-I Think Techno Campus
O-3 Level, Kanjumarg (East)
Mumbai 400 042
Maharashtra, India
Tel: + (91 22) 3075 2928
Fax: + (91 22) 2579 9801
E-mail: Deepak.rane@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr. Deepak Rane
SEBI Registration No.: INB100000063

Kotak Mahindra Bank Limited

5th Floor, Dani Corporate Park
158, CST Road, Santacruz (E)
Mumbai 400 098
Maharashtra, India
Tel: + (91 22) 6759 5336
Fax: + (91 22) 6759 5374
E-mail: amit.kr@kotak.com
Website: www.kotak.com
Contact Person: Mr. Amit Kumar
SEBI Registration No.: INB100000927

State Bank of India

Mumbai Main Br. Building
Mumbai Samachar Marg, Fort
Mumbai 400 023
Maharashtra, India
Tel: + (91 22) 2266 2133
Fax: + (91 22) 2266 4959
E-mail: sbi.11777@sbi.co.in
Website: www.statebankofindia.com
Contact Person: Mrs. Surekha Shinde
SEBI Registration No.: INB100000038

Auditors

M/s. Varma & Varma

Chartered Accountants
No. 104, Metro Plamgrove Apartments
Rajbhavan Road, Somajiguda
Hyderabad 500 082
Andhra Pradesh, India
Tel: + (91 40) 6662 8081
Fax: + (91 80) 4244 4000
E-mail: hyderabad@varmaandvarma.com
Firm Registration No.: 004532S

M/s. B.C. Jain & Co.

Chartered Accountants
16/77A Civil Lines
Kanpur 208 001
Uttar Pradesh, India
Tel: + (91 512) 2311 380
Fax: + (91 512) 2304 487
E-mail: mail@bcjc.in
Firm Registration No.: 001099C

M/s. Parakh & Company

Chartered Accountants
323, Ganapati Plaza
M.I. Road
Jaipur 302 001
Rajasthan, India
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Credit Rating

As the Offer is of Equity Shares, credit rating is not required.

Trustees

As the Offer is of Equity Shares, the appointment of trustees is not required.

IPO Grading

As this is not an initial public offer (“**IPO**”) of our Company’s Equity Shares, grading of this Offer is not required.

Monitoring Agency

As this is an Offer for Sale, there is no requirement for appointing a monitoring agency.

Experts

Except for the Auditor’s Report of the Auditors of our Company on the audited financial information, included in this Red Herring Prospectus, our Company has not obtained any expert opinions.

Statement of inter-se allocation of responsibility of the Book Running Lead Managers

The following table sets forth the *inter se* allocation of responsibilities for various activities in relation to this Offer among the BRLMs:

S.No.	Activities	Responsibility	Co-ordinator
1.	Capital structuring with relative components and formalities such as type of instruments etc.	I-Sec, Citi, JPM, Kotak	Citi
2.	Due diligence of the Company’s operations / management / business plans / legal etc.	I-Sec, Citi, JPM, Kotak	I-Sec
3.	Drafting & design of offer document containing salient features of the Prospectus. The designated Lead Manager shall ensure compliance with stipulated requirements and completion of prescribed formalities with Stock Exchange, Registrar of Companies and SEBI	I-Sec, Citi, JPM, Kotak	I-Sec
4.	Drafting and approval of all publicity material including statutory advertisements, corporate advertisement, brochures, etc.	I-Sec, Citi, JPM, Kotak	Citi
	Appointment of Ad Agency		
5.	Appointment of Registrar to the Offer and Bankers to the Offer	I-Sec, Citi, JPM, Kotak	I-Sec

S.No.	Activities	Responsibility	Co-ordinator
6.	Appointment of Printer <ul style="list-style-type: none"> Ensure availability of adequate number of forms at all the centres Follow-up on distribution of publicity and Offer material including forms, the Prospectus and deciding on the quantum of Offer material 	I-Sec, Citi, JPM, Kotak	Kotak
7.	Marketing of the Offer, which will cover, <i>inter alia</i> : <ul style="list-style-type: none"> Formulating marketing strategies, preparation of publicity budget; Finalising media, marketing and public relations strategy; Finalising centre for holding conferences for brokers, etc.; Finalising collection centres; Arrange for selection of underwriters and underwriting agreement; and Domestic Institutional Marketing 	I-Sec, Citi, JPM, Kotak	Kotak
8.	Domestic retail marketing along with HNI	I-Sec, Citi, JPM, Kotak	I-Sec
9.	Finalizing the list of QIBs. Divisions of QIBs for one to one meetings, road show related activities, including preparation of road show presentation and other procurement and preparation of FAQs	I-Sec, Citi, JPM, Kotak	Citi/JPM
10.	Managing the Book	I-Sec, Citi, JPM, Kotak	JPM
11.	Finalizing of Pricing and Allocation	I-Sec, Citi, JPM, Kotak	Citi/Kotak
12.	Post-Bidding activities including management of escrow accounts, coordination with Registrar and Banks, Refund to Bidders, etc. BRLMs shall be responsible for ensuring that these agencies fulfil their functions and enable him to discharge this responsibility through suitable agreements with offerer/Company	I-Sec, Citi, JPM, Kotak	Citi

Book Building Process

The Offer is being made through the Alternate Method of Book Building pursuant to Part D of Schedule XI of the SEBI Regulations under which QIBs shall submit their Bids at any price above the Floor Price and Non-Institutional Bidders, Retail Individual Bidders and Bidders applying under the Employee Reservation Portion shall submit their Bids at the Floor Price.

The principal parties involved in the Book Building Process are:

- (1) The Company;
- (2) The Selling Shareholder;
- (3) Book Running Lead Managers;
- (4) Syndicate Member, who is an intermediary registered with SEBI or registered as broker with the Bombay Stock Exchange (“BSE”)/the National Stock Exchange of India Limited (“NSE”) and eligible to act as an underwriter. Syndicate Member is appointed by the BRLMs;
- (5) Registrar to the Offer;
- (6) Escrow Collection Banks; and
- (7) SCSBs.

The Offer is being made through the Book Building Process wherein up to 50% of the Net Offer will be available for allocation on a price priority basis to QIBs. 5% of this QIB Portion shall be available for allocation to Mutual Funds on a price priority basis. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders, and not less than 35% of

the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at the Floor Price. Further, 4,273,220 Equity Shares shall be made available for allocation on a proportionate basis to the Eligible Employees, subject to valid Bids being received at the Floor Price. Any unsubscribed portion in any reserved category shall be added to the Net Offer to the public. In case of under-subscription in the Net Offer to the public category, spill-over to the extent of under-subscription shall be permitted from the reserved category to the Net Offer to the public.

In accordance with the SEBI Regulations, QIBs bidding in the QIB Portion are not allowed to withdraw their Bid(s) after the Bid/Offer Closing Date. For further details, see “*Offer Structure*” on page 299.

Our Company and the Selling Shareholder shall comply with regulations issued by SEBI for this Offer. In this regard, our Company has appointed ICICI Securities Limited (“**I-Sec**”), Citigroup Global Markets India Private Limited (“**Citi**”), J.P. Morgan India Private Limited (“**JPM**”) and Kotak Mahindra Capital Company Limited (“**Kotak**”) as the BRLMs to manage the Offer and to procure subscriptions to the Offer.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (For further details see “*Offer Procedure – Who Can Bid*” on page 307).
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form and the ASBA Bid cum Application Form.
3. Pursuant to SEBI circular dated August 24, 2004 and all supplementary circulars issued thereto, including circulars dated July 20, 2006, September 26, 2006 and April 3, 2008, except for Bids on behalf of the Central or State Government and the officials appointed by the courts, for Bids of all values ensure that you have mentioned your PAN allotted under the I.T. Act in the Bid cum Application Form and the ASBA Bid cum Application Form.

However, Bidders residing in the state of Sikkim are exempt from the mandatory requirement of PAN. The exemption is subject to the ‘Depository Participants’ (“**DP**”) verifying the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence in support of their address (see “*Offer Procedure – Permanent Account Number or PAN*” on page 330).

4. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form and the ASBA Bid cum Application Form.
5. Ensure the correctness of your demographic details (as defined in the “*Offer Procedure-Bidders Depository Account Details*” on page 324) given in the Bid cum Application Form and the ASBA Bid cum Application Form, with the details recorded with your DP.
6. Bids by QIBs will have to be submitted to the Syndicate.
7. Bids by ASBA Bidders will have to be submitted to the designated branches of the SCSBs. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that the ASBA Bid cum Application Form is not rejected.

Withdrawal of the Offer

The Selling Shareholder, in consultation with the BRLMs, reserves the right not to proceed with the Offer anytime after the Bid/Offer Opening Date but before the Allotment of Equity Shares. In such an event, a public notice would be issued in the newspapers, in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date, providing reasons for not proceeding with the Offer. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day from the day of receipt of such notification.

In the event the Selling Shareholder in consultation with the BRLMs withdraws the Offer after the Bid/Offer Closing Date, a fresh offer document will be filed with the RoC/SEBI in the event we subsequently decide to proceed with the further public offering.

Bid/Offer Period

BID/OFFER OPENS ON	February 3, 2010
BID/OFFER CLOSES ON	February 5, 2010

Bids and any revision in Bids, shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/Offer Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form, or in case of Bids submitted through ASBA, the designated branches of the SCSBs, except that on the Bid/Offer Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders; and (ii) until 5.00 p.m. in case of Bids by Retail Individual Bidders and Eligible Employees, where the Bid Amount is up to Rs. 100,000 which may be entered up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by the BRLMs to the Stock Exchanges within half an hour of such closure. Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Offer Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Offer. If such Bids are not uploaded, the Company, the Selling Shareholder, BRLMs and the Syndicate Member shall not be responsible. Bids will be accepted only on Working Days.

QIB Bidders may note that only upward revision is permitted with respect to the quantity and/or price of the Equity Shares, in any option, for which a Bid has been submitted.

On the Bid/Offer Closing Date, an extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders and Eligible Employees, after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the BRLMs to the Stock Exchanges within half an hour of such closure.

The Company and the Selling Shareholder reserve the right to revise the Bid/Offer Period subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at the terminals of the members of the Syndicate.

Underwriting Agreement

After the determination of the Clearing Prices and allocation of our Equity Shares but prior to filing of the Prospectus with the RoC, our Company and the Selling Shareholder will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Offer. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Member does not fulfill its underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions to closing, as specified therein.

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

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in [●])
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]
Total	[●]	[●]

The abovementioned is indicative underwriting and this would be finalised 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 abovementioned 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 Securities and Exchange Board of India Act, 1992, (“SEBI Act”) or registered as brokers with the Stock Exchange(s). The Selling Shareholder and the committee of our Board, namely the “Committee for Further Public Offering of Equity Shares”, at its meeting held on [●], has accepted and entered into the Underwriting Agreement with the Underwriters.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. Subject to the SEBI Regulations, 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 subscriptions for/subscribe to Equity Shares to the extent of the defaulted amount.

The underwriting arrangements mentioned above shall not apply to the subscriptions by the ASBA Bidders in this Offer.

CAPITAL STRUCTURE

Our share capital as on the date of filing of this Red Herring Prospectus is set forth below.

(Amount in Rs. million except share data)		
	Aggregate nominal value	Aggregate Value at Floor Price
A. Authorised Capital*		
10,000,000,000 Equity Shares of Rs. 10 each	100,000.00	
B. Issued, Subscribed and Paid-Up Capital before the Offer		
8,245,464,400 Equity Shares of Rs. 10 each	82,454.64	
C. Present Offer in terms of this Red Herring Prospectus**		
Offer of: 412,273,220 Equity Shares of Rs. 10 each	4,122.73	[●]
D. Employee Reservation Portion in terms of this Red Herring Prospectus		
4,273,220 Equity Shares of Rs. 10 each	42.73	[●]
E. Net Offer		
408,000,000 Equity Shares of Rs. 10 each	4,080.00	[●]
Of Which:		
QIB Portion of up to 204,000,000 Equity Shares:	[●]	[●]
Non-Institutional Portion of not less than 61,200,000 Equity Shares:	[●]	[●]
Retail Portion of not less than 142,800,000 Equity Shares:	[●]	[●]
F. Equity Capital after the Offer		
8,245,464,400 Equity Shares of Rs. 10 each	[●]	[●]
G. Share Premium Account		
Before the Offer	22,281.00	
After the Offer	22,281.00	[●]

*For details of changes in the authorised share capital of the Company, please see “**History and Certain Corporate Matters**” on page 101.

**The MoP through its letter no. 3/7/2007-Th.I dated January 6, 2010 conveyed the approval granted by the GoI for the Offer.

Offer for Sale by the Selling Shareholder:

The Offer comprises an Offer for Sale of 412,273,220 Equity Shares by the President of India, acting through the MoP.

The Equity Shares constituting the Offer for Sale have been held by the Selling Shareholder for a period of more than one year prior to the filing of this Red Herring Prospectus with the RoC.

Notes to the Capital Structure

1. Equity Share capital history of our Company:

Year of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue price (Rs.)	Consideration in Cash/ other than cash	Nature of allotment	Cumulative Equity Share Capital (Rs.)
1977	2	1,000	1,000	Cash	Subscription to Equity Shares on signing of the Memorandum of Association	2,000
	2	1,000	1,000	Cash	Release of Equity by GoI for issue of share in favour of nominees of President of India	4,000
	258,597	1,000	1,000	Cash	Further issue*	258,601,000
1978	550,000	1,000	1,000	Cash	Further issue*	808,601,000
1979	1,280,100	1,000	1,000	Cash	Further issue*	2,088,701,000
1980	2,462,800	1,000	1,000	Cash	Further issue*	4,551,501,000
1981	2,520,500	1,000	1,000	Cash	Further issue*	7,072,001,000
1982	4,048,130	1,000	1,000	Cash	Further issue*	11,120,131,000
1983	2,829,831	1,000	1,000	Cash	Further issue*	13,949,962,000
1984	5,080,100	1,000	1,000	Cash	Further issue*	19,030,062,000
1985	6,212,276	1,000	1,000	Cash	Further issue*	25,242,338,000
1986	3	1,000	1,000	Cash	Release of Equity by GoI for issue of share in favour of nominees of President of India.	25,242,341,000
	5,678,196	1,000	1,000	Cash	Further issue*	30,920,537,000
1987	5,564,765	1,000	1,000	Cash	Further issue*	36,485,302,000
1988	6,866,650	1,000	1,000	Cash	Further issue*	43,351,952,000
1989	3,686,550	1,000	1,000	Cash	Further issue*	47,038,502,000
1990	10,198,600	1,000	1,000	Cash	Further issue*	57,237,102,000
1991	10,310,692	1,000	1,000	Cash	Further issue*	67,547,794,000
1992	7,352,000	1,000	1,000	Cash	Further issue*	74,899,794,000
1993	5,098,600	1,000	1,000	Cash	Further issue*	79,998,394,000
1996	(13,862,600)	1,000	-	-	Reduction of Equity Shares upon transfer of assets pertaining to transmission systems to Powergrid Corporation of India Limited as per MoP order dated March 31, 1994	66,135,794,000
	7,213,900	1,000	1,000	Cash	Further issue*	73,349,694,000
1997	688,100	1,000	1,000	Cash	Further issue*	74,037,794,000
1998	1,587,700	1,000	1,000	Cash	Further issue*	75,625,494,000
1999	2,500,000	1,000	1,000	Cash	Further issue*	78,125,494,000
<i>Each Equity Share of our Company of face value Rs. 1,000 has been split into 100 Equity Shares of the face value of Rs. 10 each, pursuant to a shareholders' resolution dated September 23, 2002.</i>						
October 27, 2004	432,915,000	10	62	Cash	Allotment pursuant to the IPO of our Company	82,454,644,000
Total	8,245,464,400					82,454,644,000

* Allotment of Equity Shares to the President of India acting through the MoP against funds released by the GoI.

Our Company has not issued any Equity Shares during the preceding one year prior to the date of this Red Herring Prospectus. Further, none of our Equity Shares have been issued for a consideration other than cash.

2. Build-up of Promoter's shareholding and Lock-in

(a) Details of the build up of our Promoter's shareholding in our Company:

Date/year of Allotment	No. of Equity Shares	Face Value (Rs.)	Consideration per Equity Share (Rs.)	Consideration in Cash/ other than cash	Nature of allotment
1977	2	1,000	1,000	Cash	Subscription to shares on signing of the Memorandum of Association
	2	1,000	1,000	Cash	Release of Equity by GoI for issue of share in favour of nominees of President of India
	258,597	1,000	1,000	Cash	Further issue*
1978	550,000	1,000	1,000	Cash	Further issue*
1979	1,280,100	1,000	1,000	Cash	Further issue*
1980	2,462,800	1,000	1,000	Cash	Further issue*
1981	2,520,500	1,000	1,000	Cash	Further issue*
1982	4,048,130	1,000	1,000	Cash	Further issue*
1983	2,829,831	1,000	1,000	Cash	Further issue*
1984	5,080,100	1,000	1,000	Cash	Further issue*
1985	6,212,276	1,000	1,000	Cash	Further issue*
1986	3	1,000	1,000	Cash	Release of Equity by GoI for issue of share in favour of nominees of President of India.
	5,678,196	1,000	1,000	Cash	Further issue*
1987	5,564,765	1,000	1,000	Cash	Further issue*
1988	6,866,650	1,000	1,000	Cash	Further issue*
1989	3,686,550	1,000	1,000	Cash	Further issue*
1990	10,198,600	1,000	1,000	Cash	Further issue*
1991	10,310,692	1,000	1,000	Cash	Further issue*
1992	7,352,000	1,000	1,000	Cash	Further issue*
1993	5,098,600	1,000	1,000	Cash	Further issue*
1996	(13,862,600)	1,000	-	-	Reduction of Equity Shares upon transfer of assets pertaining to transmission systems to Powergrid Corporation of India Limited as per MoP order dated March 31, 1994
	7,213,900	1,000	1,000	Cash	Further issue*
1997	688,100	1,000	1,000	Cash	Further issue*
1998	1,587,700	1,000	1,000	Cash	Further issue*
1999	2,500,000	1,000	1,000	Cash	Further issue*

Each equity share of our Company of face value Rs. 1,000 has been split into 100 Equity Shares of the face

Date/year of Allotment	No. of Equity Shares	Face Value (Rs.)	Consideration per Equity Share (Rs.)	Consideration in Cash/ other than cash	Nature of allotment
<i>value of Rs. 10 each, pursuant to a shareholders' resolution dated September 23, 2002.</i>					
October 27, 2004	(432,915,000)	10	62	Cash	Offer for sale by the President of India
Total	7,379,634,400				

* Allotment of Equity Shares to the President of India acting through the MoP against funds released by the GoI.

(b) Details of Equity Shares locked in for one year

The MoP through its letter no. 3/7/2007-Th.I dated January 6, 2010 has granted approval for the lock-in of its entire post-Offer shareholding, i.e. 6,967,361,180 Equity Shares, for a period of one year from the date of transfer in the Offer or for such other time as may be required in terms of Regulation 36(b) of the SEBI Regulations.

(c) Other requirements in respect of lock-in

As per regulation 39 read with regulation 36 (b) of the SEBI Regulations, the locked in Equity Shares held by the Promoter, as specified above, may be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan.

As per regulation 40 of the SEBI Regulations, the Equity Shares held by persons other than the Promoter prior to the Offer may be transferred to any other person holding Equity Shares which are locked-in as per regulation 37 of the SEBI Regulations, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

In terms of regulation 40 of the SEBI Regulations, the Equity Shares held by the Promoter may be transferred *inter se* 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

3. The shareholding pattern of our Company as on December 31, 2009

Shareholders	Pre-Offer		Post-Offer*	
	No. of Equity Shares	Percentage of shareholding	No. of Equity Shares	Percentage of shareholding
Promoter (A)				
President of India, acting through the MoP	7,379,634,400	89.50	[●]	[●]
Sub-Total (A)	7,379,634,400	89.50	[●]	[●]
Public shareholding (B)				
Institutions (B1)				
Mutual Funds	120,274,848	1.46	[●]	[●]
Financial Institutions	275,072,912	3.34	[●]	[●]
Banks	5,114,517	0.06	[●]	[●]
Foreign Institutional Investors	195,843,243	2.38	[●]	[●]
Clearing members	1,602,265	0.02	[●]	[●]
Sub-Total (B)(1)	597,940,409	7.26	[●]	[●]
Non-institutions (B2)				
Bodies Corporate	99,983,531	1.21	[●]	[●]
Non Resident	4,307,436	0.05	[●]	[●]

Shareholders	Pre-Offer		Post-Offer*	
	No. of Equity Shares	Percentage of shareholding	No. of Equity Shares	Percentage of shareholding
Foreign Nationals	2,555	Negligible	[●]	[●]
Foreign Corporate Bodies	1,500	Negligible	[●]	[●]
OCBs	3,000	Negligible	[●]	[●]
Trusts	662,510	0.01	[●]	[●]
Individuals	158,552,794	1.92	[●]	[●]
HUF	4,408,889	0.05	[●]	[●]
Sub-Total (B)(2)	267,889,591	3.24	[●]	[●]
Total Public Shareholding (B) = (B)(1)+(B)(2)	865,830,000	10.50	[●]	[●]
GRAND TOTAL (A)+(B)	8,245,464,400	100.00	[●]	[●]

* Assuming that the Offer is fully subscribed

- A total of 1.04% of the Offer, i.e. 4,273,220 Equity Shares, have been reserved for allocation to Eligible Employees on a proportionate basis, subject to valid Bids being received at the Floor Price and subject to the bid by each Eligible Employee not exceeding Rs. 100,000. Only Eligible Employees would be eligible to apply in this Offer under the Employee Reservation Portion on a competitive basis. Bids by Eligible Employees bidding under the Employee Reservation Portion can also be made in the Net Offer and such Bids shall not be treated as multiple Bids. If the aggregate demand in the Employee Reservation Portion is greater than 4,273,220 Equity Shares at the Floor Price, allocation shall be made on a proportionate basis.
- Any unsubscribed portion in any reserved category shall be added to the Net Offer to the public. In case of under-subscription in the Net Offer to the public category, spill-over to the extent of under-subscription shall be permitted from the reserved category to the Net Offer to the public. In the event that the aggregate demand in the QIB Portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company and the Selling Shareholder in consultation with the BRLMs and the Designated Stock Exchange.
- The list of our top ten shareholders including the number of Equity Shares held by them and their respective shareholding in our Company as on January 8, 2010 is set forth below.

S. No.	Name of Shareholders	Number of Equity Shares	Shareholding (%)
1.	President of India	7,379,634,400	89.50
2.	LIC of India Money Plus	75,664,809	0.92
3.	Life Insurance Corporation of India	74,718,953	0.91
4.	LIC of India - Market Plus	50,047,190	0.61
5.	LIC of India Market Plus – 1	33,564,289	0.41
6.	Capital World Growth and Income Fund Inc.	29,619,270	0.36
7.	ICICI Prudential Life Insurance Company Limited	25,107,427	0.30
8.	Life Insurance Corporation of India – Profitplus	15,009,652	0.18
9.	ICICI Prudential Infrastructure Fund	14,949,576	0.18
10.	Janus Contrarian Fund	12,481,587	0.15
	Total	7,710,797,153	93.52

- All Equity Shares offered through the Offer are fully paid up.

8. Neither our Promoter nor our Directors and their immediate relatives have purchased or sold any Equity Shares during the period of six months immediately preceding the date of filing of this Red Herring Prospectus with the RoC.
9. Except Mr. R. S. Sharma, Mr. Chandan Roy, Mr. A. K. Singhal, Mr. R. C. Shrivastav, Mr. I. J. Kapoor, Mr. B. P. Singh and Mr. Adesh C. Jain, none of our Directors hold Equity Shares of our Company. For details, see “*Our Management*” on page 141.
10. As on the January 8, 2010, the total number of holders of our Equity Shares is 825,217.
11. We have not issued any Equity Shares out of revaluation reserves or for consideration other than cash.
12. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Offer, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder.
13. Our Promoter, our Company, our Directors and the BRLMs have not entered into any buy-back or standby arrangements for purchase of Equity Shares from any person.
14. Except for Kotak Mahindra Capital Company Limited who do not hold any Equity Shares in our Company, the remaining BRLMs hold our Equity Shares in the following manner: (i) ICICI Securities Limited/its affiliates hold 25,119,103 Equity Shares; (ii) affiliates of J.P. Morgan India Private Limited hold 6,826,643 Equity Shares; and (iii) an affiliate of Citigroup Global Markets India Private Limited holds 7,973,194 Equity Shares.
15. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares as on the date of this Red Herring Prospectus.
16. There shall be only one denomination of the 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. There has been no financing arrangement whereby the Directors of our Company and their relatives have financed the purchase by any other person of securities of the Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of this Red Herring Prospectus with the RoC.
18. No Equity Shares held by our Promoter are subject to any pledge.
19. Our Promoter will not participate in this Offer.
20. None of our sundry debtors are related to our Directors or Promoter or us.

OBJECTS OF THE OFFER

The objects of the Offer are to carry out the divestment of 412,273,220 Equity Shares by the Selling Shareholder. Our Company will not receive any proceeds from the Offer and all proceeds shall go to the Selling Shareholder.

Offer related expenses

The expenses for this Offer include lead management fees, underwriting and selling commission, registrar's fees, advertisement and marketing expenses, printing and distribution expenses, legal fees, SEBI filing fees, bidding software expenses and depository charges. The details of the estimated Offer expenses are set forth below.

S. No.	Activity Expense	Amount (Rs. million)	Percentage of Total Estimated Offer Expenditure	Percentage of Offer Size
1.	Fees of the Book Running Lead Managers*	[●]	[●]	[●]
2.	Underwriting and selling commission*(including commission to SCSBs for ASBA Applications) *	[●]	[●]	[●]
3.	Fees to Registrar to the Offer*	[●]	[●]	[●]
4.	Fees to the Legal Advisors*	[●]	[●]	[●]
5.	Fees to the Bankers to the Offer*	[●]	[●]	[●]
6.	Other Expenses (Printing and stationery, distribution and postage, advertisement and marketing expense etc.) *	[●]	[●]	[●]
	Total Estimated Offer Expenses	[●]	[●]	[●]

**Will be incorporated at the time of filing of the Prospectus.*

All expenses with respect to fees payable to the BRLMs, Registrar to the Offer, Legal Advisors and Bankers to the Offer as well as expenses towards the publication of advertisements in connection with the Offer will be paid by the Selling Shareholder.

BASIS FOR FLOOR PRICE

The Floor Price will be determined by our Company and the Selling Shareholder in consultation with the BRLMs, on the basis of assessment of market demand for our Equity Shares and on the basis of the following qualitative and quantitative factors. The face value of our Equity Shares is Rs. 10 and the Floor Price is [●] times the face value.

Specific attention of the investors is drawn to the sections titled “**Risk Factors**” and “**Financial Statements**” on pages xvi and F1, respectively, to have a more informed view about the investment proposition.

Qualitative Factors

We believe the following are our primary strengths:

- Leadership position in the Indian power sector
- Strong cash flow
- Sound customer relations and commercial performance
- High operational efficiency of coal-based stations
- Long term agreements for coal and gas supply
- Strategic locations near fuel source
- Effective project implementation
- Ability to turn around underperforming stations
- Experienced in-house engineering capabilities
- Advanced information technology platform
- Strong balance sheet
- Government support
- Competent and committed workforce
- Emphasis on corporate governance

For detailed discussion on the above factors, see “**Our Business**” on page 55.

Quantitative Factors

The information presentation below relating to the Company is based on audited consolidated and unconsolidated financial statements for Fiscals 2008 and 2009 and the six months period ended September 30, 2009 prepared in accordance with Indian GAAP. For details, see “**Financial Statements**” page F1.

1. EARNING PER SHARE (“EPS”):

As per our audited unconsolidated financial statements:

Fiscal	Basic and diluted EPS (in Rs.)	Weight
2009	9.95	2
2008	8.99	1
Weighted Average	9.63	

As per our audited consolidated financial statements:

Fiscal	Basic and diluted EPS (in Rs.)	Weight
2009	9.81	2
2008	9.06	1
Weighted Average	9.56	

As per our audited unconsolidated financial statements for the six months period ended September 30, 2009, the basic and diluted EPS was Rs. 5.27.

As per our audited consolidated financial statements for the six months period ended September 30, 2009, the basic and diluted EPS was Rs. 5.36.

Notes:

- a) *Basic EPS has been computed by dividing profit/(loss) after tax and before extraordinary items, by the number of Equity Shares outstanding during the period/year.*
- b) *Diluted EPS has been computed by dividing profit/(loss) after tax and before extraordinary items, by the number of diluted Equity Shares outstanding during the period/year.*
- c) *EPS calculations have been done in accordance with Accounting Standard 20-“Earning per share” issued by the Institute of Chartered Accountants of India.*

2. PRICE EARNING RATIO (“P/E RATIO”):

P/E Ratio in relation to Floor Price of Rs [●] per Equity Share of face value of Rs. 10 each:

- a) As per our audited unconsolidated financial statements for Fiscal 2009: [●]
- b) As per our audited consolidated financial statements for Fiscal 2009: [●]
- c) Industry P/E Ratio* –
 - a. Highest: 685.3
 - b. Lowest: Nil
 - c. Industry Composite: 23.7

* Source: Capital Market Vol. XXIV/22; Dec 28, 2009 - Jan 10, 2010
Industry: Power Generation and Supply

3. RETURN ON NET WORTH (“RoNW”):

RoNW as per audited unconsolidated financial statements

Fiscal	RoNW (%)	Weight
2009	14.30	2
2008	14.09	1
Weighted Average	14.23	

RoNW as per audited consolidated financial statements

Fiscal	RoNW (%)	Weight
2009	14.10	2
2008	14.13	1
Weighted Average	14.11	

As per our audited unconsolidated financial statements for the six months period ended September 30, 2009, the RoNW was 7.04%.

As per our audited consolidated financial statements for the six months period ended September 30, 2009, the RoNW was 7.15%.

Note:

RoNW has been computed by dividing net profit/(loss) after tax by the net worth.

4. Minimum Return on Increased Net Worth required to maintain pre-Offer EPS for Fiscal 2009:

There will be no change in the net worth post-Offer as the Offer is by way of offer for sale by the Selling Shareholder.

5. NET ASSET VALUE (“NAV”) PER EQUITY SHARE:

- a. As of Fiscal 2009 (unconsolidated) : Rs. 69.58
- b. As of Fiscal 2009 (consolidated) : Rs. 69.62
- c. As of September 30, 2009 (unconsolidated) : Rs. 74.85
- d. As of September 30, 2009 (consolidated) : Rs. 75.01
- e. Floor Price : Rs. [●]
- f. As of September 30, 2009 (unconsolidated) after the Offer¹: Rs. 74.85
- g. As of September 30, 2009 (consolidated) after the Offer¹: Rs. 75.01

Note:

NAV per Equity Share has been computed by dividing net worth after by number of Equity Shares outstanding at the end of the period.

¹There will be no change in the Net Worth post-Offer, due to the Offer, as the Offer is by way of offer for sale by the Selling Shareholder.

6. COMPARISON WITH INDUSTRY PEERS:

Name of the Company	Face Value per share (Rs.)	Trailing Twelve Months*		Last reported Financial Year (#)		
		EPS (Rs.)	P/E as on Dec 18, 2009	RoNW (%)	NAV per share	Sales (Rs. Mn)
NTPC Limited	10	10.6	19.6	14.30	69.58	419,752
Tata Power Limited	10	33.7	39.1	8.2	369.4	72,817
Reliance Infrastructure Limited	10	52.1	19.8	10.2	499.9	98,365
NHPC Limited	10	0.9	-	6.2	17.8	27,378
Reliance Power Limited	10	1.1	133.3	1.4	57.5	-

Source: Capital Market Vol. XXIV/22; Dec 28, 2009 – Jan 10, 2010

* Trailing Twelve Months ended September 30, 2009

Last Reported Fiscal Year ended March 31, 2009

STATEMENT OF TAX BENEFITS

The Board of Directors
NTPC Limited
Scope Complex
Lodhi Road
New Delhi
India

Dear Sirs,

We hereby report that the enclosed statement states the possible tax benefits available to NTPC Limited (the Company) and to its shareholders under the Direct and Indirect Tax Laws, presently in force in India. The benefits outlined in the statement will be dependent upon the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits will be dependant upon such conditions being fulfilled. Additionally, in respect of the Company benefits listed, the business imperatives faced by the Company in the future will also affect the benefits actually claimed.

The benefits discussed in the enclosed statement 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 tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- (i) the Company is currently availing any of these benefits or will avail these benefits in future; or
- (ii) the Company's share holders will avail these benefits in future; or
- (iii) the conditions prescribed for availing the benefits would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of the understanding of the business activities and operations of the Company.

For Dass Gupta & Associates
Chartered Accountants

Ashok Kumar Jain
Partner
M. No. 090563

For S. K. Mittal & Co.
Chartered Accountants

Gaurav Mittal
Partner
M. No. 099387

For Varma & Varma
Chartered Accountants

Cherian K. Baby
Partner
M. No. 016043

For Parakh & Co.
Chartered Accountants

V.D. Mantri
Partner
M. No. 074678

For B.C. Jain & Co.
Chartered Accountants

Rishabh Jain
Partner
M. No. 400912

For S. K. Mehta & Co.
Chartered Accountants

Rohit Mehta
Partner
M. No. 091382

Place: New Delhi

Date: January 3, 2010

STATEMENT OF TAX BENEFITS

The following possible tax benefits shall be available to the Company and the prospective shareholders under the Current Direct & Indirect Tax Laws. Several of these benefits 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 the fulfilling such conditions.

I SPECIAL TAX BENEFITS

A) TO THE COMPANY

A1. Under Central Sales Tax Act, 1956

- Tax on inter state sales leviable under Section 6(1) of the Central Sales Tax Act, 1956 is presently NIL on sale of electric energy.

A2. Under Customs Tariff

- In terms of notification No. 21/ 2002-Cus.,dated 1.3.2002 as amended by last Notification No. 137/2009-Cus. Dated 11.12.2009 under Customs Tariff of India, the goods required for setting up of any Mega Power Project, i.e., (a) a thermal power plant of a capacity of 700 MW or more located in the specified states or (b) a thermal power plant of a capacity of 1000 MW or more located in other states; (c) a hydel power plant of a capacity of 350 MW or more located in the specified states or (d) a hydel power plant of a capacity of 500 MW or more located in other states, are eligible to import at nil rate of custom duty subject to fulfillment of certain conditions.

Further, goods required for the expansion of any existing Mega power project are eligible to import at concessional rate of 2.5% basic custom duty subject to fulfillment of certain conditions.

- In terms of notification No. 21/2002-Cus., dated 1.3.2002 as amended by last Notification No. 77/2009-Cus. Dated 7.7.2009 under Customs Tariff of India, the Power Generating Companies are eligible to import goods required for setting up of any power generation projects including gas turbine power projects (other than captive power generation plant) at concessional rate of 5% basic custom duty under chapter 98 of Project Imports.
- In terms of notification No. 21/2002-Cus., dated 1.3.2002 as amended by last Notification No. 77/2009-Cus. Dated 7.7.2009 under Customs Tariff of India, the Power Generating Companies are eligible to import goods required for renovation or modernization of a power generation plants (other than captive power generation plant) at concessional rate of 5% basic custom duty-

A3. Under Central Excise Tariff

- In terms of the exemption granted under notification No. 4/2006-CE, dated 1.3.2006 under Central Excise Tariff, the company is entitled to purchase Liquified Natural Gas/ Natural Gas for use as fuel in generation of electricity at concessional rate of 5% excise duty.

A4. Under Foreign Trade Policy

- Supply of goods to power projects is entitled to deemed export benefits as available under Chapter 8 of Foreign Trade Policy of India.

II GENERAL TAX BENEFITS

To the Company

A1. Under the Income Tax Act, 1961 (IT Act)

- 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 ten consecutive assessment years out of fifteen years beginning from the year in which the undertaking generates power or commences transmission or distribution of power at any time ending before 31.03.2011, subject to limit prescribed under section 80A(2).

- In accordance with and subject to the provisions of Section 35, the Company would be entitled to deduction in respect of expenditure laid out or expended on scientific research related to the business.
- 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-O of the IT Act, are exempt from tax in the hands of the company, subject to provisions of section 14A and rules framed there under.
- While calculating dividend distribution tax as per provision of Section 115-O, the reduction shall be allowed in respect of the dividend received by a domestic company from a subsidiary company during the financial year provided the subsidiary company has paid tax on such dividend and the domestic company, is not a subsidiary of any other company. It is further provided that same amount of dividend shall not be taken into the reduction more than once. For this purpose a company shall be subsidiary of another company, if such other company holds more than half in nominal value of the equity share capital of another company.
- By virtue of Section 10(15) (i) of the IT Act interest income earned from 8.5% SLR Power Bonds and Long Term Advances of Delhi Government are exempt from tax in the hands of the Company, subject to provisions of section 14A and rules framed there under.

A2. Under Central Sales Tax 1956

- In terms of section 8(3)(b) of Central Sales Tax Act, 1956 the purchases made in the course of inter-state trade or commerce for use in the generation or distribution of electricity is eligible for concessional rate of 2% sales tax.

To the Members of the Company

B1. Under the Income Tax Act, 1961 (IT Act)

1. All Members

- By virtue of Section 10(34) of the IT Act, income earned by way of dividend income as referred to in Section 115-O of the IT Act, are exempt from tax in the hands of the shareholders, subject to provisions of section 14A and rules framed there under, wherever applicable.
- By virtue of Section 10 (38) inserted by Finance (No.2 Act, 2004) income arising from transfer of 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 Securities Transaction Tax under that Chapter.
- By virtue of Section 111A of the Income Tax Act, short term capital gain on transfer of equity share in the Company shall be chargeable to tax @ 15% (Plus applicable surcharge and education cess), 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 the Chapter. However, where the income includes any such short term capital gain, same shall not be considered for deduction under Chapter VIA and rebate under section 80C of Income Tax Act, 1961.

2. Resident Members

- In terms of section 10(23D) of the Income Tax Act, 1961, all mutual funds set up by public sector banks or public financial institutions or mutual funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India 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, subject to provisions of section 14A and rules framed there under, wherever applicable.

- Under Section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (not covered under section 10(38) of the Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain up to Rs.50 lacs are invested within a period of six months from the date of transfer in the bonds issued by
 - * National Highway Authority of India constituted under section 3 of National Highway 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 (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gain tax subject to other conditions, if the net sales 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.

If any part of the Capital gain is reinvested the exemption will be reduced proportionately. The amount so exempted shall be chargeable to tax subsequently, if residential property is transferred within a period of three years from the date of purchase/construction. Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house, the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

- Under Section 112 of the income Tax Act, 1961 and other relevant provisions of the Act, long term capital gains (not covered under Section 10(38) of the Act) 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

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 certain 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 a period exceeding 12 months shall (in cases not covered under Section 10(38) of the Act) be concessionally taxed at the flat rate of 10% (plus applicable surcharge and education cess) without indexation benefit but with protection against foreign exchange fluctuation.
- As per section 90(2) of the Act, the provision of the Act would prevail over the provision of the tax treaty to the extent they are more beneficial to the Non Resident. Thus, a Non Resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

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 (not covered under Section 10(38) of the Act) 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 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 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 at source has been deducted 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 (not covered under section 10(38) of the Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain up to Rs.50 lacs are invested within a period of six months from the date of transfer in the bonds issued by
 - * National Highway Authority of India constituted under section 3 of National Highway 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 (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gain tax subject to other conditions, if the net sales 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.

If any part of the Capital gain is reinvested the exemption will be reduced proportionately. The amount so exempted shall be chargeable to tax subsequently, if residential property is transferred within a period of three years from the date of purchase/construction. Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of

transfer of capital asset, another residential house, the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

4. Foreign Institutional Investors (FIIs)

- By virtue of Section 10(34) of the IT Act, income earned by way of dividend income as referred to in Section 115-O of the IT Act, are exempt from tax in the hands of the institutional investor, subject to provisions of section 14A and rules framed there under wherever applicable.
- The income by way of short term capital gains or long term capital gains (not covered under Section 10(38) of the Act) 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) and 15% (plus applicable surcharge and education cess) if transaction for the sale is subject to security transaction tax.
 - * Long term capital gains - 10% (without cost indexation plus applicable surcharge and education cess) and 20% (plus applicable surcharge and education cess) with indexation benefit.

(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 (not covered under section 10(38) of the Act) 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 issued by:
 - * National Highway Authority of India constituted under section 3 of National Highway Authority of India Act, 1988;
 - * Rural Electrification Corporation Limited, 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.

- As per section 90(2) of the Act, the provision of the Act would prevail over the provision of the tax treaty to the extent they are more beneficial to the Non Resident. Thus, a Non Resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

5. Venture Capital Companies / Funds

In terms of Section 10 (23FB) of the Income Tax Act, 1961, all Venture Capital Companies / Funds 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.

B.2 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.

Notes:

- All the above benefits are as per the current tax law as amended by the Finance Act, 2009 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 scheme.
- 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 US

INDUSTRY OVERVIEW

Unless otherwise indicated, all financial and statistical data relating to the power industry in India in the following discussion is derived from the MoP's Annual Report (2008-2009), the CEA General Review (2008-2009) and Executive Summary (November 2009) and the Power Sector at a Glance Report by CEA, Integrated Resource Planning Division (July 2009). Certain information in this section has been extracted from publicly available documents prepared by various sources, including the RBI. The data may have been re-classified by us for the purpose of presentation. Unless otherwise indicated, the data presented excludes captive capacity and generation. The term "units" as used herein refers to kilowatt hours.

Overview of the Indian Economy

India is the fourth largest economy in the world after the United States of America, China and Japan in purchasing power parity terms. (Source: *World Development Report, 2009*). India is also among the fastest growing economies globally and has grown at an average rate of 8.2% per annum during the last five years. (Source: *RBI Second Quarter Review of Monetary Policy 2009-2010, RBI Annual Policy Statement for the Year 2008-09, 2007-08, and 2006-07*). According to the Planning Commission of India, the Eleventh Plan (2007-08 to 2011-12) aims at a sustainable GDP growth rate of 9.0%. Although the Indian economy slowed down significantly during the third and fourth quarters of Fiscal 2009, largely due to the effects of the global financial crisis, the Indian economy was still able to grow at a rate of 6.1% for the first quarter of Fiscal 2010.

The GoI has identified infrastructure inadequacy as a significant constraint in realizing India's economic growth objectives. In particular, the power sector has been recognized by the GoI as a key infrastructure to sustain economic growth. Under the Eleventh Plan, the power sector is expected to attract 30.4% of the total investment in infrastructure during the Eleventh Plan. Of the total expected investment of Rs. 7,253.33 billion in electricity, Rs. 4,034.76 billion (56%) is expected to be invested for generation, Rs. 1,520.77 billion (21%) for transmission and Rs. 1,697.22 billion for distribution.

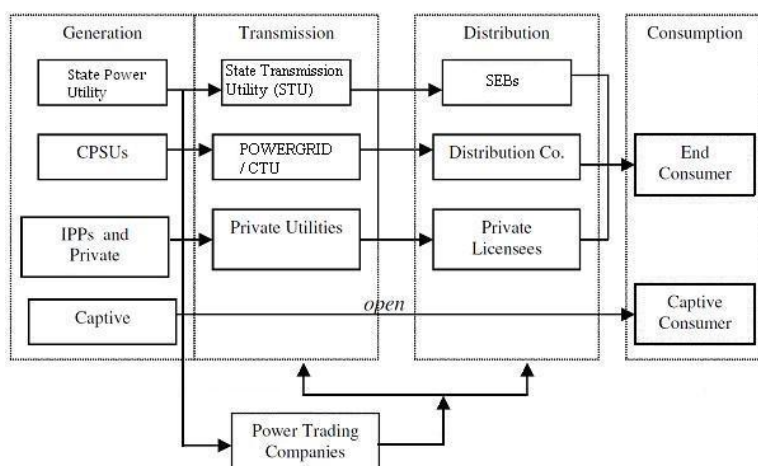
(2006-07 prices)

Sectors	Rs. billion	US\$ billion @ Rs. 41/\$	Sectoral shares (%)
Electricity (incl. NCE)	7,253.33	176.91	30.4
Roads	3,668.43	89.47	15.4
Telecom	3,141.18	76.61	13.2
Railways (incl. MRTS)	3,035.30	74.03	12.7
Irrigation (incl. Watershed)	2,625.08	64.03	11.0
Water Supply and Sanitation	2,342.68	57.14	9.8
Ports	869.89	21.22	3.6
Airports	408.80	9.97	1.7
Storage	263.27	6.42	1.1
Gas	241.18	5.88	1.0
Total	23,849.05	581.68	100

Source: *Projections of Investment in Infrastructure During XI Plan: Planning Commission*

Organization of the Power Industry

The following diagram depicts, in schematic form, the structure of the Indian power industry:



Keys to the diagram

CPSUs	Central Public Sector Undertakings
IPP	Independent Power Producer
CTU	Central Transmission Utility
SEB	State Electricity Board

Overview of the Power Industry

India has total power generation capacity of 155,859 MW as of November 30, 2009. The power industry in India has been characterized by energy shortages. In Fiscal 2009, there was a shortage of 11.1% in terms of total energy requirements and 11.9% in terms of peak demand requirements. During the period of April 1, 2009 to November 30, 2009, the peak demand deficit rose to 12.6% and energy shortages came down to 9.6%. The total energy shortage during this period was 86,001 million units and India's peak demand deficit during the same period was 13,024 MW. The low per capita consumption of electric power in India compared to the world average presents a significant potential for sustainable growth in the demand for electric power in India.

Although power generation capacity has increased substantially in recent years, it has not kept pace with the continued growth of the Indian economy, despite very low per capita electricity consumption. India has one of the lowest electricity consumption levels in the world, at 704.2 units per capita in 2007-08, due in part to unreliable supply and inadequate distribution networks.

To address the persistent shortages, the GoI has taken significant action to restructure the industry, attract investment and plan for fast track capacity addition through incentivised policy initiatives. These included measures such as restructuring the SEBs to improve their financial condition, and regulatory and policy intervention such as the Electricity Act, the National Electricity Policy 2005, the Tariff Policy 2006, Tariff Based Bidding Guidelines 2005 and the National Hydro Policy 2008, among others. The GoI has also liberalised policies relating to the transmission and distribution sectors.

History

At the time of independence in 1947, India had a meagre power generating capacity of 1,352 MW which has since increased to 155,859 MW as of November 30, 2009. After independence, electricity was made subject to the concurrent jurisdiction of the state and central governments, although Parliament was given the ability to exercise pre-emptive power. The Electricity (Supply) Act, 1948 (the "Supply Act") led to the creation of the SEBs. The SEBs are state government agencies with the sole responsibility for generation, transmission and distribution of electricity within each state. Many of the SEBs have since been unbundled into state utilities for generation, transmission and distribution. As of November 30, 2009, the SEBs and the state utilities own or control approximately

50.3% of India's total generating capacity and have substantial control of most of the distribution assets. The MoP is primarily responsible for the development of the power industry in the country.

The GoI has made a series of investments to develop the power sector in India, to supplement the efforts of the states. In 1975, the GoI created NTPC (known then as National Thermal Power Corporation Ltd.) and NHPC Limited (“**NHPC**”) to establish thermal and hydro generating plants and to install associated interregional transmission systems. In the same year, the GoI established the CEA in its present form to develop a uniform national power policy. Later, NEEPCO, Satluj Jal Vidyut Nigam Limited – SJVN (formerly Nathpa Jhakri Power Corporation Limited - NJPC) and THDC Limited (formerly known as Tehri Hydro Development Corporation Limited) (“**THDC**”) were incorporated as hydro power generating companies in the Central Sector. In 1992, the GoI established the central entity known today as the Power Grid Corporation of India Limited (“**PGCIL**”) to construct, operate and maintain inter-state and interregional transmission systems. These entities are collectively referred to as the Central Power Sector Utilities (“**CPSUs**”) and are directly accountable to the MoP. The MoP also controls the Power Finance Corporation Limited (“**PFC**”) and Rural Electrification Corporation Limited (“**REC**”), both of which are intended to help channel investment into the power sector. PGCIL, NTPC and PFC promoted India's first power trading company, PTC India Limited (“**PTC**”) in 1999, to allow surplus power supplies to be efficiently traded to utilities with deficit power supplies.

To supplement public sector investment, the GoI took steps in 1991 to attract private investment to the power industry. The GoI permitted 100% foreign ownership of power generating assets and provided assured returns, a five-year tax holiday and low equity requirements. Some private generators were also furnished with counter-guarantees against non-payment of dues by SEBs.

Through successive Five Year Plans, the GoI implemented a major expansion of generating assets. From 1982, when NTPC's first project was commissioned, to November 2009, India's total installed capacity increased from 35,781 MW to 155,859 MW, representing a compound annual growth rate of 5.46%. In addition, captive generation capacity at the end of Fiscal 2009 was approximately 19,509 MW. The transmission and distribution network has been expanded so as to keep pace with the capacity expansion plans.

Industry Developments

In recent years, the GoI has taken significant action to restructure the industry, attract investment and plan for fast track capacity addition through new policy initiatives. These actions have included the restructuring of the SEBs referred to above, and liberalisation of policies relating to the transmission and distribution sectors.

In order to incentivise the states to take concrete measures to restructure their power operations, the GoI introduced the Accelerated Power Development and Reforms Programme (“**APDRP**”). APDRP was launched in Fiscal 2003 to be implemented in the 10th Plan as additional central assistance to the states for strengthening and upgrading sub-transmission and distribution systems of high-density load centres such as towns and industrial areas. The main objectives of the programme were to reduce Aggregate Technical and Commercial loss (“**AT&C**”) and to improve quality and reliability of supply. Recent amendments to the APDRP require actual, demonstrable performance in terms of sustained loss reduction, establishment of reliable and automated systems for sustained collection of accurate base line data, and the adoption of information technology in the areas of energy accounting before taking up the regular distribution strengthening projects.

The GoI also implemented the Scheme for One Time Settlement of Outstanding Dues, which settled the outstanding dues of the SEBs payable to the CPSUs, and set up a system to facilitate the full payment of subsequent billings. The One Time Settlement depended upon a Tripartite Agreement, under which outstanding payables to the CPSUs, including NTPC, were securitized in the form of tax-free bonds issued by the RBI on behalf of the state governments. In addition, the Tripartite Agreement

provided for establishment of LC by SEBs equal to 105% of average monthly billing for ensuring prompt payment of energy bills.

The Electricity Act which consolidated all existing laws governing the industry, created a program for restructuring the SEBs, and introduced greater competition and access into certain segments of the industry.

Demand and Supply

Demand for energy grows in tandem with the growth of the economy. This can be seen from the following table, which shows the growth in real GDP from Fiscal 2003 through Fiscal 2009 and the growth in demand for energy in the same period.

Real GDP Growth and Growth in Demand for Energy

Fiscal Year	Real GDP growth	Growth in Demand for Energy
2003	3.8%	4.5%
2004	8.5%	2.4%
2005	7.5%	5.7%
2006	9.5%	6.8%
2007	9.7%	9.3%
2008	9.0%	7.1%
2009	6.7%	4.7%

Source: CEA, Power Scenario at a Glance, December 2009 and Annual and Quarterly Estimates of GDP at Current Prices, Base Year 1999-2000, MOSP

Demand-Supply Overview

The Indian power sector has historically been characterized by energy shortages which have been increasing over the years. The demand for electricity has consistently exceeded the supply, and the demand-supply gap has been widening as may be seen from the table below. In Fiscal 2009, peak energy deficit was estimated to be at 11.9% and total energy requirement was estimated to be 11.0%. The following table sets forth the peak and total shortages of power in India from 2001 to March 2009:

Fiscal Year	Peak Demand				Energy Requirement			
	Demand (MW)	Availability (MW)	Deficit (MW)	%	Requirement (MU)	Availability (MU)	Deficit (MU)	%
2001	78,037	67,880	10,157	13.0	507,216	467,400	39,816	7.8
2002	78,441	69,189	9,252	11.8	522,537	483,350	39,187	7.5
2003	81,492	71,547	9,945	12.2	545,983	497,890	48,093	8.8
2004	84,574	75,066	9,508	11.2	559,264	519,398	39,866	7.1
2005	87,906	77,652	10,254	11.7	591,373	548,115	43,258	7.3
2006	93,255	81,792	11,463	12.3	631,554	578,819	52,735	8.4
2007	100,715	86,818	13,897	13.8	690,587	624,495	66,092	9.6
2008	108,866	90,793	18,073	16.6	737,052	664,660	72,392	9.8
2009	109,809	96,785	13,024	11.9	777,039	691,038	86,001	11.1

Source: MoP Annual Report 2008-09

Demand is expected to continue to rise in future years, with a significant demand-supply gap continuing.

Future Electric Energy Requirements

Fiscal Year	Electrical Energy Requirement at Power Station Bus Bars (GWh)	Annual Peak Electric Load at Power Station Bus Bars (MW)
2012	968,659	152,746
2017	1,392,066	218,209
2022	1,914,508	298,253

Source: 17th Electric Power Survey, MoP

Consumption

India's power is consumed primarily by industrial users. The end users of power can be broadly classified into industrial, agricultural, domestic and commercial consumers. These consumers represented approximately 46.6%, 23.0%, 22.8% and 7.7%, respectively, of power consumption measured by sales in Fiscal 2008. (Source: Calculations based on statistics provided by PFC)

India has historically had very low per capita power consumption. The per capita consumption of power in India has increased from 503.0 units in 2005-2006 to 704.2 units in 2007-2008, at a Compounded Annual Growth Rate of 18.3% from Fiscal 2006 to Fiscal 2008, but India still has one of the lowest per capita power consumption ratios of the major world economies.

Per Capita Electricity Consumption in Selected Countries and World Average

Country	Per Capita Electricity Consumption in 2006 (units)
India	503
China	2,040
Egypt	1,382
Brazil	2,060
U.K.	6,192
Australia	11,309
U.S.A	13,515
World Average	2,750

Source: World Development Report 2010

Demand Projections of Energy and Peak Power

As per the GoI, Integrated Energy Policy, Report of the Expert Committee (August 2006), India will have total energy requirement of 1,425 Billion Units (at 8% GDP growth) and to meet the energy demand, the corresponding installed generating capacity required would be about 306,000 MW in Fiscal 2017. Please refer to the table below for details on the total projected energy, peak power requirement and the installed capacity required.

Year	Billion kWh				Projected Peak Demand (GW)		Installed Capacity Required (GW)	
	Total Energy Requirement		Energy Required at Bus Bar		@ GDP Growth Rate		@ GDP Growth Rate	
	@ GDP Growth Rate		@ GDP Growth Rate					
	8%	9%	8%	9%	8%	9%	8%	9%
2011-12	1,097	1,167	1,026	1,091	158	168	220	233
2016-17	1,524	1,687	1,425	1,577	226	250	306	337
2021-22	2,118	2,438	1,980	2,280	323	372	425	488
2026-27	2,866	3,423	2,680	3,201	437	522	575	685

Year	Billion kWh				Projected Peak Demand (GW)		Installed Capacity Required (GW)	
	Total Energy Requirement		Energy Required at Bus Bar		@ GDP Growth Rate		@ GDP Growth Rate	
	@ GDP Growth Rate	@ GDP Growth Rate	@ GDP Growth Rate	@ GDP Growth Rate				
	8%	9%	8%	9%	8%	9%	8%	9%
2031-32	3,880	4,806	3,628	4,493	592	733	778	960

Energy demand at bus bar is estimated at 6.5% auxiliary consumption.

Source: Government of India (“GoI”) Integrated Energy Policy, Report of the Expert Committee (August 2006)

Installed Capacity

As of November 2009, India’s power system had an installed generation capacity of approximately 155,859 MW. Generation capacity is divided by the State Sector, the Central Sector (representing state government operators) and the Private Sector. The State Sector represents the largest share of power generation capacity.

Distribution of Generation Capacity by Sector as of November 2009

Total Installed Capacity:	MW	% age
State Sector	78,414	50.3
Central Sector	49,812	32.0
Private Sector	27,633	17.7
Total	155,859	100.0

Source: CEA Executive Summary, November 2009

In addition, captive generation capacity was approximately 19,509 MW as of November 2009.

Thermal power plants account for most of India’s current installed generation capacity. Thermal plants are powered by coal, gas, naphtha or oil. These plants accounted for approximately 63.9% of total power capacity in India as of November 2009. Hydroelectric stations accounted for approximately 23.7% and others (including nuclear stations and wind power) accounted for approximately 12.4%.

Installed Generation Capacity by Sector and Type in Megawatts by Sector and Type as of November 2009

Type/Sector	Central	State	Private	Total
Thermal	37,127	48,703	13,798	99,628
Hydro	8,565	27,087	1,233	36,885
Nuclear	4,120	0	0	4,120
Renewables	0	2,624	12,602	15,226
Total	49,812	78,414	27,633	155,859

Source: CEA Executive Summary, November 2009

Capacity Utilisation

Capacity utilisation in the Indian power sector is measured by the PLF of generating plants. The average PLF for coal-fired plants in India has increased from 68.9% in Fiscal 2000 to 77.2% in Fiscal 2009 as may be seen from the following table:

Average PLF for Coal-Fired Plants in India

Fiscal Year	Central	State	Private	Overall
2000	67.3	67.3	63.7	68.9
2001	74.3	65.6	73.1	69.0
2002	74.3	67.0	74.7	69.9
2003	77.1	68.7	78.9	72.1
2004	78.7	68.4	80.5	72.7
2005	81.7	69.6	85.1	74.8
2006	82.1	67.1	85.4	73.6
2007	84.8	70.6	86.3	76.8
2008	86.7	71.9	90.8	78.6
2009	84.3	71.2	91.0	77.2

Source: MoP, 2008-2009 Annual Report

PLF varies significantly across ownership segments. Coal-fired generating plants owned by the SEBs operated at an average PLF of around 71.2% in Fiscal 2009, while those owned by private companies and our Company operated at an average PLF of 91.0% and 91.1%. However, the average PLF of CPSUs including our Company was 84.3% during the same period.

Future Capacity Additions

The GoI has set an ambitious target of providing “Power for All” by 2012. The GoI 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 the targets for new power generation capacity. The Eleventh Plan targeted a capacity increase of 78,700 MW, of which 19.9% is required to come from hydro capacity, 75.8% from thermal capacity and 4.3% from nuclear capacity. Eleventh Plan target based on type of fuel and sector is as described below:

Capacity Addition Programme by Type and Sector, Eleventh Plan (in MW)

Type/Sector	Central	State	Private	Total
Thermal	24,840	23,301	11,552	59,693
Hydro	8,654	3,482	3,491	15,627
Nuclear	3,380	0	0	3,380
Total	36,874	26,783	15,043	78,700

Source: MoP, 2008-2009 Annual Report

As of March 2009, only approximately 12,717 MW of the targeted capacity additions under the Eleventh Plan were completed. The GoI has tentatively set a target of 100,000 MW of new capacity under the Twelfth Plan.

Development of a Renewable Energy Generation Capacity

It is expected that renewable energy capacity will increase in India over the next several years. Aggregate generation capacity from renewable energy sources as of November 30, 2009 is approximately 15,225 MW, or 9.77% of India’s total installed capacity, according to the Ministry of New and Renewable Energy (“MNRE”). From the Eleventh Plan target of 15,000 MW (14,000 MW grid-interactive and 1,000 MW DPRS), it is anticipated that the GoI will target renewable energy capacity additions of approximately 30,000 MW for the Twelfth and Thirteenth Plans. By the end of the Thirteenth Plan period, renewable energy power generation capacity is targeted to reach 54,000

MW, or 5% of the anticipated electric power generation capacity, comprised of 40,000 MW wind power, 6,500 MW small hydro power and 7,500 MW bio-power. The prospective plan for grid-interactive renewable power is shown below:

Targeted Renewable Power Generation Capacity through Thirteenth Plan

Resource	Up to Ninth Plan	Tenth Plan	Eleventh Plan	Twelfth and Thirteenth Plan	Total
Wind power	1,667	5,333	10,500	22,500	40,000
Small Hydro power	1,438	522	1,400	3,140	6,500
Bio power	368	669	2,100	4,363	7,500
Solar power*	2	1	-	20,000	20,003
Total	3,475	6,525	14,000	50,003	74,003

Source: MNRE, Twelfth Plan Proposal for New and Renewable Energy.

*National Solar Mission targets of grid-connected solar power generation.

Transmission and Distribution

In India, the transmission and distribution is a three-tier structure comprised of regional grids, state grids and distribution networks. The distribution networks and the state grids are owned and operated by distribution licensees, SEBs or state governments through SEBs. Most of the inter-state transmission links are owned and operated by PGCIL. In order to facilitate the transfer of power between neighbouring states, state grids are interconnected to form regional grids. The regional grids facilitate transfers of power from power surplus states to power deficit states.

The GoI intends to gradually integrate the regional grids into a national grid to enable inter-regional power transfers, which would help optimize the country's national generating capacity. Currently, there is approximately 17,000 MW of inter-regional power transmission capacity. The MoP intends to establish an integrated National Power Grid by 2012 with an inter-regional power transmission capacity of approximately 37,000 MW. The GoI has permitted private investment in the transmission sector, and it has encouraged foreign direct investment ("FDI") in this sector.

Power Trading

The Electricity Act recognized power trading as a distinct activity from generation, transmission, and distribution. Power trading involves the exchange of power from utilities with surpluses to utilities 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, has created ample opportunities for trading of power. The regulatory developments include the announcement of rules and provisions for open access and licensing related to inter-state trading in electricity. Several entities have started trading operations or have trading licences. Current participants in the power trading business include PTC, our Subsidiary, NVVN, Tata Power Trading Company Limited and GMR Energy Limited, among others. The following tables show the increasing volume and higher prices of power traded in India for the periods indicated:

Volume of electricity transacted through Trading Licensees and Power Exchanges

Particulars	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009
Power traded (billion units)	11.85	14.19	15.02	20.96	24.69
Electricity Traded as % to Total Generation	2.16%	2.45%	2.41%	3.15%	3.57%
Weighted Average tariff of power traded (INR)	2.32	3.23	4.51	4.52	7.31

Source: CERC Annual Report 2008-09

The Power Exchanges

CERC has issued guidelines for setting up power exchanges. Three power exchanges, the Indian Energy Exchange (“**IEX**”), Power Exchange India Ltd (PXIL) and the National Power Exchange Limited (“**NPEX**”) have been promoted in India, of which the first two are functioning.

The power exchanges are designed to provide a fair and transparent mechanism for efficient price discovery of power that is traded, and the exchanges are intended to stabilize the market rate of surplus power. The trading system is based on an auction mechanism. Power trading activity is increasing. According to CERC, as of September 2009, only 8.9% were transacted through short term power transactions (representing 0.09% of the total power generated in India) that were traded through exchanges.

Merchant Power Plants

MPPs generate electricity for sale at market driven rates in the open, wholesale market. Typically, MPPs do not have PPAs and are built and owned by power developers. Merchant sales, however, include sale of power under short-term PPAs and on a spot-trade basis. Many new private sector market entrants are beginning to adopt the MPP model for their projects to generate higher returns as opposed to selling power through a long term PPA, as the off take risk is perceived to be lower in view of significant power shortages in the country. The MPPs can sell power to the power trading companies, the SEBs, and industrial and bulk consumers, subject to availability of “Open Access” for transmission of the merchant power.

Regulatory Framework and Recent Policy Initiatives

The Electricity Act provides the overall legislative framework for the power sector in India. The Central and State Governments share responsibility for the development of the power sector.

MoP is the administrative ministry of the Government governing the central power sector in the country and oversees the operation of all CPSUs. The CEA advises the MoP on electricity policy and technical matters, among others. The CERC was constituted under the Electricity Regulatory Commission Act, 1998 (the “**ERC Act**”) primarily with the objective of distancing regulatory and tariff setting responsibilities from the government to regulatory commissions. The CERC regulates the tariffs for the CPSUs and other entities with interstate generation or transmission operations. The ERC Act, which has been replaced by the Electricity Act, also provided for the formation of SERCs in the respective states for the rationalization of energy tariffs. As of March 31, 2009 all the states except Arunachal Pradesh have set up their regulatory commissions. In addition, two Joint Electricity Regulatory Commissions have been set up for Manipur & Mizoram and Goa and the Union Territories (“**UTs**”). Central Government by a notification dated the April 7, 2004 established the ATE to hear appeals against orders of the adjudicating officer or Regulatory Commissions.

Tariff Setting

Tariff Setting for Generators

The Electricity Act empowers the CERC to regulate the tariff of generating companies owned or controlled by the GoI, other generating companies having a composite scheme for the generation and sale of electricity in more than one state and other entities involved in interstate transmission operations. Tariffs for state sector generators are regulated by the respective SERCs. The Electricity Act also provides for the GoI to promulgate the National Electricity Policy and the Tariff Policy. The CERC and the SERCs are to be guided by these policies while framing tariff regulations.

The tariff for electricity supplied from CPSUs and other entities with interstate generation is based on a cost-plus approach with operating and financial parameters on a normative basis. The tariff is designed to provide a reasonable return to the generating company and an incentive for efficient operation through industry norms. CERC has issued tariff regulations for the tariff period from April 1, 2009 for a period of five years. These regulations provide for tariffs consisting of a capacity charge, a variable charge and an unscheduled interchange charge. For further discussion on tariffs and their impact on our results of operations, see “*Our Business - Sales of Electricity*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations - Factors Affecting our Results of Operations*” on pages 71 and 162, respectively.

Tariff Setting for End Consumers

Under the Electricity Act, the retail tariff or tariffs for end customers is set by the respective SERCs based on a process of public hearings. The Electricity Act allows state governments to provide power at subsidized rates, but requires them to fund the subsidy out of their respective state government budgets.

While setting the tariff for end consumers, some states have attempted to cross-subsidise tariffs by charging lower rates for agricultural and domestic consumers, and charging higher rates for industrial and commercial consumers. Tariffs, even with cross-subsidization, have not kept pace with the cost of supply. The cost of supply for distribution licensees averaged Rs. 2.93 per unit in Fiscal 2008, up from Rs. 2.76 per unit in Fiscal 2007. The average tariff has not increased proportionately with the increase in the cost of supply. The average revenue (without subsidy) was Rs. 2.40 per unit in Fiscal 2008, leaving a gap of Rs. 0.53 for every unit of power supplied. This has adversely affected most of the SEBs and their commercial losses totalled approximately Rs. 340,950 million in Fiscal 2008.

Recent Policy Initiatives

Tariff-Based Bidding

In January 2005, the MoP issued guidelines under the Electricity Act for tariff determination through a bidding procedure under which distribution licensees would procure power on long and medium-term basis through the bidding process. These guidelines have been recently amended to include the sale of power from the 15% quota in the new generating capacity and 40% of the total saleable energy for Hydro projects which can be kept outside the long term PPAs as per the Policy and Central Government has to issue guidelines for procurement of this power. Under the guidelines, SERC is permitted to determine the hydro power tariff, provided that 60% of the total saleable energy generated from hydro capacity is committed to a long term PPA.

Ultra Mega Power Projects (UMPP)

The GoI has announced a policy of encouraging the development of thermal power projects with a capacity of approximately 4,000 MW and utilizing “supercritical technology,” known as UMPPs. The development of UMPPs is a component of the GoI’s “Power to All” plan. UMPPs are to be developed under the supervision of the PFC, utilizing tariff-based competitive bidding. As of now, four UMPPs projects have been awarded, and the GoI has stated that it plans to invite bids for three more UMPPs by the end of current Fiscal year.

Rural Electrification Policy, August 2006

Under the Common Minimum Programme, the GoI and the state governments shall jointly create rural electricity infrastructure to provide access to electricity to all rural areas by August 2011 including electrification of households, the agriculture sector, healthcare and small and medium scale industries. To achieve this objective the GoI formed the Rajiv Gandhi Grameen Vidyutikaran Yojana. The Rural Electrification Corporation Limited, a GoI enterprise under the MoP, is the nodal agency of

the GoI to implement the rural electrification programme by providing loan assistance and coordinating with state governments, state utilities and other concerned agencies for effective implementation of the schemes.

Hydro Power Policy, 2008

The Hydro Power Policy, 2008 emphasizes increasing private investment in the development of hydroelectric projects. The policy aims at attracting private funds by encouraging joint ventures with private developers and the use of the IPP model, in addition to promoting power trading and speeding up the availability of statutory clearances. The objectives of the National Hydro Power Policy, 2008 are discussed in detail in “***Regulations and Policies in India***” on page 80.

National Solar Mission, 2009

The MNRE has approved a new policy on development of solar energy in India by the Jawaharlal Nehru National Solar Mission. The mission recommends the implementation of an installed capacity of 20,000 MW in three stages by the end of the Thirteenth Five Year Plan in 2022. It proposes to establish a single window investor-friendly mechanism, which reduces risk and at the same time, provides an attractive, predictable and sufficiently adequate tariff for the purchase of solar power for the grid. The key driver for promoting solar power would be through a Renewable Purchase Obligation (RPO) mandated for power utilities, with a specific solar component.

Our power-trading subsidiary, NVVN, has been designated by the GoI as nodal agency for entering in to PPAs with solar power developers who will be setting up Solar Projects within next three years (i.e. up to March 2013).

The MoP will provide equivalent MW of power from the unallocated quota of NTPC stations for bundling with solar power. NVVN will bundle this power and sell this bundled power at a rate fixed as per CERC regulations for a period of 25 years. The GoI will review significant price movements in the market rate. NVVN will supply the bundled power to distribution utilities, these distribution utilities will be entitled to use part of the bundled power to meet their RPO, as determined by CERC.

Mission 2012: Power for All

The MoP has set a goal - Mission 2012: Power for All. It has developed a blueprint for power sector development with the objectives of:

- Sufficient power to achieve a GDP growth rate of eight percent;
- Reliable power;
- Quality power;
- Optimum power cost;
- Commercial viability of the power industry; and
- Power for All.

OUR BUSINESS

Overview

We are the largest power generating company in India. As of September 30, 2009, our owned installed power generating capacity is approximately 18.6% of India's total installed capacity. In Fiscal 2009, we contributed 28.6% of the total power generation of India. (*Source: CEA*). In 2009, we were the top IPP in Asia, and ranked second in the world, on the basis of asset worth, revenues, profits and return on invested capital, according to a study conducted by Platts, a division of the McGraw-Hill Companies. Prior to this Offer, the GoI owns approximately 89.5% of our Equity Share capital.

As of September 30, 2009, our total installed power generation capacity was 30,644 MW, including 28,350 MW of generation capacity through 112 units owned by us and 2,294 MW of capacity through two joint venture companies. Of our owned capacity, 86.0% is coal-based, operated through 15 coal-based power stations, and 14.0% is gas-based, operated through seven gas-based power stations (including one naphtha-fired station). In Fiscal 2009, we generated 206.9 billion units of electricity through our owned stations.

We operate our stations at a level of efficiency that exceeds the average in India, based upon availability factor (which is a measure of how often a station is available to generate power) and average plant load factor (“**PLF**”) (which is a measure of how much of its capacity a plant actually uses to generate electricity). In Fiscal 2009, our coal-based stations operated at an average availability factor of 92.5%, and they achieved an average PLF of 91.1%, compared to the all-India average PLF for coal-based stations of 77.2%. In Fiscal 2009, of our 15 coal-based power stations, four operated at a PLF of greater than 95.0% and one operated at a PLF of 99.4%. In Fiscal 2009, our gas-based stations operated at an average availability of 86.7% and an average PLF of 67.0%, compared to the all-India average PLF for gas-based stations of 57.6%. PLF of our gas-based stations has improved to 78.4% in the first half of Fiscal 2010 due to increased gas availability. Our average selling price of electricity was Rs. 2.12 per unit in Fiscal 2009.

We have developed a long term technology roadmap for the induction of high efficiency equipment, including supercritical and ultra-supercritical machines at our new plants. We also intend to use other advanced technologies in the renovation and modernisation of our aging power stations. We believe that these technologies will help us to achieve higher efficiency and availability.

As of September 30, 2009, we have added 3,240 MW during the Eleventh Plan, and we are presently engaged in construction activities for projects representing 17,930 MW (including 4,000 MW undertaken by our joint venture companies). We are also pursuing a basket of projects for approximately 33,000 MW of capacity which are in various stages, including projects for which tender has been invited, a FR prepared, or a FR is under preparation and approval, in order to achieve our stated goal of 75,000 MW capacity by Fiscal 2017. We take up new projects upon establishing the availability of inputs such as land, water, fuel, off-take arrangements and environmental clearances.

We have begun to progressively diversify our fuel mix. We are currently constructing hydroelectric power projects. As of September 30, 2009, 1,920 MW of capacity is under construction and 552 MW is under bidding. We are also preparing FRs and detailed project reports for hydroelectric power projects to achieve hydroelectric capacity of approximately 9,000 MW by Fiscal 2017. We are also seeking other renewable energy projects, such as wind and solar, to have 1,000 MW of our generating capacity from other renewable sources by Fiscal 2017.

Currently, all of our total sales of electricity are made pursuant to long term PPAs. More than 90% of our sales of electricity are to SEBs and state owned distribution companies for which payments are secured through LCs and the Tripartite Agreements (“**Tripartite Agreements**”). For private distribution company customers, payments are secured through letters of credit backed by a first charge created on their receivables in our favour. In order to capitalize on the opportunity from the sale of merchant power, we are implementing 2,120 MW of power projects, as merchant power plants for selling power outside long-term PPAs at a market-based price. As provided by the National Electricity Policy, 2005, up to 15% of new generating capacity may be sold outside long-term PPAs. However, some of the power generation from our merchant capacity may also be sold under PPAs.

As of September 30, 2009, we have signed long term CSAs covering 12 of our 15 coal-based stations. We have also executed gas supply agreements with GAIL for the supply of gas for our gas-based power stations, which are valid up to 2021.

We are also continuing to diversify our business to become an integrated power company. In order to secure our fuel supply, we have diversified into coal mining. We have been awarded eight coal mining blocks by the GoI, including two blocks awarded for development under a joint venture with Coal India Limited. In 2002 we incorporated our power trading subsidiary, NVVN, which has grown to become the second largest power trader in India. In order to incentivize the development of solar power in India, the GoI has designated NVVN as the nodal agency for the purchase of up to 1,000 MW of solar power commissioned by Fiscal 2013 under the National Solar Mission and sale after bundling an equivalent MW capacity from our stations.

We have developed a consulting business to leverage our technical and operational skills and knowledge base, domestically and internationally. Total revenues from our consulting business has increased to Rs. 1,325 million in Fiscal 2009 from Rs. 341 million in Fiscal 2004. Through our consulting business we are currently supporting capacity addition, operation and maintenance, renovation and modernisation and performance improvement of approximately 26,000 MW of generating capacity in India. The other businesses we are developing include equipment manufacturing, to ensure supply of critical equipment and spare parts, and an electricity distribution business.

In line with the increase in our supply and generation capabilities over the last two years, we have achieved significant growth in our gross income and profit after tax. Our gross revenue increased to Rs. 452,728 million in Fiscal 2009 from Rs. 400,177 million in Fiscal 2008. Our profit after tax was Rs. 82,013 million in Fiscal 2009 and Rs. 74,148 million in Fiscal 2008. See “**Management’s Discussion and Analysis of Financial Condition and Results of Operations - Components of Revenue and Expenditure**” on page 165 for a discussion of these line items in our income statements.

We were incorporated on November 7, 1975 as a thermal power generating company with the objective of complementing state initiatives in the integrated development of thermal power generation in the country. We have implemented a series of initiatives designed to provide us with a superior corporate governance framework. We were conferred the status of “Navratna” by the GoI in 1997, which granted us operational and financial autonomy.

Our Competitive Strengths

We believe that the following are our primary competitive strengths:

Leadership position in the Indian power sector

We are India's largest power generating company both in terms of installed capacity and generated output. As of September 30, 2009, our owned, installed capacity is 28,350 MW representing 18.6% of India's total installed capacity of approximately 152,360 MW. In Fiscal 2009, we generated 206.94

billion units of electricity, which represented 28.6% of India's total electricity output of 723.79 billion units (*Source: CEA*).

Strong cash flow

As of September 30, 2009, our entire owned installed capacity of 28,350 MW is contracted for sale through long term PPAs with SEBs and distribution companies. More than 90% of our sales of electricity are to SEBs and state owned distribution companies for which payments are secured through LCs and the Tripartite Agreements. For private distribution company customers, payments are secured through letters of credit backed by a first charge created on their receivables in our favour. Beyond 2016, our sales are secured through supplementary agreements with our customers under which the customers have agreed to create a first charge on their own receivables in our favour and in the event of a payment default assign such receivables into an escrow account. At the time we make investment decisions on new capacity or expansion of existing capacity, we typically enter into commitments from the SEBs and distribution companies for the purchase of the output.

Sound customer relations and commercial performance

We have realized 100% payment of current bills from our customers for the sixth year in succession indicating strong commercial performance and customer relations. Our incentive scheme encourages our customers to make prompt payment, and we realise nearly 60% of the monthly energy bills within a week of their presentation. We have implemented a customer relationship management program. We provide support services to our customers such as technical and managerial training for skill enhancement, technical services for efficiency and performance improvement in their areas of operation. In order to receive feedback from our customers, we have implemented a customer satisfaction index model. We consider customer feedback in designing our business strategies and processes.

High operational efficiency of coal-based stations

Our coal-based stations run at high rates of efficiency, enabling us to sell power at competitive prices and achieve savings. In Fiscal 2009, our coal-based stations achieved an average PLF of 91.1%, which compares favourably to the national average of 77.2%. Our coal-based stations also achieved an all time high average availability of 92.5% in Fiscal 2009. We monitor our stations and projects through our real time monitoring system and systematically maintain our stations to provide high availability. We believe that our monitoring and maintenance techniques offer us a competitive advantage in an industry where reliability and maintenance costs are a significant determinant of profitability.

Long term agreements for coal and gas supply

We believe that our long term fuel supply contracts help us to generate power at competitive prices by allowing us to have greater predictability and better planning of fuel supplies. As of September 30, 2009, we have signed long term coal supply agreements (“CSAs”) with coal companies covering 12 of our 15 coal-based stations. The three other stations receive coal pursuant to coal supply linkages allocated to us by the MoC while we negotiate CSAs for them. We have also entered into a series of agreements providing a committed supply of gas, with several gas vendors, including long-term gas supply agreements covering six of our gas-based generation stations. From time to time, we enter into arrangements to cover shortages on a fall back/spot basis. We have entered into a long-term fuel supply agreement to supply to our liquid fuel-based station.

Strategic locations near fuel source

Many of our stations are located in proximity to fuel sources. Over 86.0% of our total generation capacity is coal based, and ten out of 15 of our coal-based stations, representing 83.0% of our total coal-based capacity, are located in the range of seven to 80 kilometres from the coal mines that supply them, for which we have our own merry-go-round (MGR) rail system for transporting coal from the coal mines to the generating stations. The strategic locations of our coal-based stations and our MGR rail system enable us to reduce supply interruptions and lower transportation cost. Supplies to the other five stations are provided through the national railway system for which we receive the railway's consent at the time a linkage is allocated to us. In addition, all of our gas-based stations are located along major gas pipelines.

Effective project implementation

We rely on our three-tiered project management system known as IPMCS (Integrated Project Management Control System) which integrates our engineering management, contract management and construction management control centres. The IPMCS addresses all stages of project implementation from concept to commissioning. Further, we have adopted online web based monitoring for two projects and we intend to roll out the web based monitoring for all our projects. We are also setting up a central project monitoring centre. We have substantially reduced our average implementation time, which is the period between the award of the boiler, turbine and generator ("BTG") contracts and grid synchronization. Since 2000, the implementation time for a majority of our 500 MW projects has been 37 to 42 months.

Ability to turn around underperforming stations

We have a strong track-record in being able to turn around inefficient plants and enhance the efficiency levels significantly. The PLF of each of the four underperforming plants we acquired namely, Unchahar Thermal Power Station, Talcher Thermal Power Station, Tanda Thermal Power Station and Badarpur Thermal Power Station ranges from 89% to 94% in Fiscal 2009. The average PLF of these plants as of the date we acquired them was 22%. Our Talcher Thermal Power Station (460 MW), having an average life of over 34 years, achieved a PLF of 92.7% in Fiscal 2009 as compared to the PLF of 18.7% at the time of takeover in June 1995.

Experienced in-house engineering capabilities

We believe that our in-house engineering capabilities provide a key strength that enables us to achieve efficiencies and high performance in operations. We rely on our in-house team of approximately 600 engineers as of November 30, 2009, for most design and engineering functions, rather than relying on third party consultants. We have successfully adopted technologies, systems and processes from equipment suppliers from all over the world. Maintaining a quality team of specialized engineers enables us to respond more rapidly to engineering issues during project construction and operation.

Advanced information technology platform

We have invested in information systems that provide real time monitoring of our stations and have automated most of our business and financial processes. These systems facilitate quick identification of critical issues that require fast resolution. We can monitor performance of specific pieces of equipment in real time and also monitor simultaneously the progress of multiple projects at various location and stages of completion. We rolled out a highly advanced SAP ERP which covers all our location and business processes. We also have a robust communication network that empowers us to analyze and respond rapidly to the business challenges.

Strong balance sheet

We have a strong balance sheet, which we believe will help us to make investments required for our growth plan, including borrowings for capital expenditures and investments in research and development and business diversification. As of March 31, 2009, we had a debt to equity ratio of 0.6, a debt service coverage ratio of 3.7 and interest service coverage ratio of 10.2. Our average cost of borrowings was 7.2% p.a. in Fiscal 2009. We generated net cash of Rs. 96,881 million in Fiscal 2009 from operating activities which provides us with flexibility to implement our targeted plans. In addition, our strong financial ratios and credit ratings currently enable us to have ready access to domestic and international credit markets.

Government support

We believe that we derive a strategic advantage from our strong relationship with the GoI. The GoI is the promoter of our Company, and in each year we enter into a memorandum of understanding with the GoI providing for our annual performance targets. The GoI's support was critical in securing the settlement of outstanding dues owed to us by the SEBs. The grant of 'Navratna' status by the GoI a decade ago provided us with strategic and operational autonomy and enhanced financial powers to take investment decisions without GoI approval.

Competent and committed workforce

We believe that our employees possess a level of competence and commitment that provides us with a key differentiator from our competition. Our senior executives have extensive experience in our industry and many of them have been with us for a significant portion of their careers. The average length of service of our executives is 16 years. We invest significant resources in employee training and development, and we seek to recruit elite college graduates to join us for entry-level positions. We believe that we benefit from a work force that consists of young as well as experienced employees. In Fiscal 2009, a study by Great Places to Work Institutes' India Chapter in collaboration with Economic Times ranked us as one of the 'Great Places to Work for' among all Indian companies. We have reduced our executive turnover rate to 1.88% in Fiscal 2009 compared to 3.1% in the previous year, and it was further reduced to 0.6% in September 2009.

Emphasis on corporate governance

We believe that corporate governance is a key element in improving efficiency and it is critical that our business be transparent to our stakeholders. We seek to engrain corporate governance in our culture. We recently received the "ICSI National Award for Excellence in Corporate Governance 2009" from the Institute of Company Secretaries of India. We subject our operations to three separate audits. We have adopted an enterprise-wide risk management framework and committed valuable resource to continuously evaluate our risks and improve our corporate governance framework. We have also signed an "Integrity Pact" with Transparency International to bring more transparency in our public procurement process.

Our Strategy

Our corporate vision is to be "a world class integrated power major, powering India's growth, with increasing global presence." We believe that the following strategies will enable us to achieve this vision.

Maintain market leadership

We intend to continue to rapidly increase our generating capacity to maintain and grow our leadership position and remain as the largest Indian power generating company. We are currently constructing additional capacity aggregating to 17,930 MW consisting of 45 units at 16 locations. We are also

pursuing additional projects to enable us to become a 75,000 MW company by Fiscal 2017. We have updated our contracting, engineering and other processes in order to enable us to compress project implementation time.

Improve our operating performance

We have progressively improved our station efficiency through achieving a higher station availability, capacity utilisation and lower heat rate. We intend to adopt technologically advanced equipment, improved design and processes to remain an efficient operator.

Pursue our fuel security

We believe that fuel security is critical to a power generation company such as our Company and we intend to continue pursuing our fuel requirements by developing captive coal mines both on our own and jointly with our joint venture partners. We have begun to develop our Pakri-Barwadih coal mining project and beginning development activities in four other coal mining blocks. In addition, we have entered into a joint venture agreement with CIL for a company to develop the Brahmini and Chichro-Patsimal coal blocks with geological reserves estimated to be approximately two billion tonnes. We seek to commence coal production by the end of Fiscal 2012. We are also focussing on acquiring stakes in coal mines abroad. We intend to pursue oil and gas exploration, to ensure better control, greater security and reliability.

Diversify fuel mix

We intend to diversify generation capacity. We are currently implementing 1,920 MW hydroelectric projects, and we have memorandums of understanding for developing wind, solar and nuclear power stations. We seek to achieve a more diversified fuel mix, with approximately 70% from coal, 14% from gas, 12% from hydroelectric, 1% from other renewable sources, and 3% from nuclear by the end of Fiscal 2017.

Develop merchant power capabilities

We intend to diversify our sales strategy by selling power on a merchant power business. As provided by the National Electricity Policy, 2005, up to 15% of new generating capacity may be sold outside long-term PPAs. In order to capitalize on the opportunity from the sale of merchant power, we are implementing 2,120 MW of power projects, comprising two coal-based power projects of 1,000 MW and two hydroelectric-based power projects of 1,120 MW. This will enable us to sell a portion of our power generation at a market-based price although some of the power generation from the merchant capacity may also be sold under PPAs.

Strengthen our diversified businesses

We plan to continue to make investments in our diversified businesses and further strengthen our power trading business through NVVN. We believe our Company has attractive growth opportunities as the second largest power-trading company in India. We intend to enhance our consulting services capabilities in the domestic and international markets and also focus on our electricity distribution business. We believe that these initiatives will open new avenues for revenue and margin growth.

Adopt advanced technologies

We have developed a long term technology roadmap for the induction of high efficiency equipment, including supercritical and ultra-supercritical machines at our new plants. Our technological roadmap is intended to help us keep pace with global technical advances in power generation. For our new

coal-based stations, we have adopted state of the art, super-critical steam parameters to improve the heat rate resulting in efficiency gain and the consequent reduction in carbon dioxide emission. Our engineering team seeks to keep abreast of the latest global technological developments in our sector and to assess the suitability of these technologies for India. We currently have 5,280 MW supercritical capacity under construction, and we seek to commission the first 800 MW ultra-supercritical operating station by Fiscal 2016.

Emphasize research and development

We intend to continue applied research to improve the performance of our power stations. We intend to invest up to 1.0% of our annual profit after tax in research and development initiatives and climate change related research. We have established NTPC Energy Technology Research Alliance (“NETRA”), a state of the art centre for focusing on technologies pertaining to climate change, economic power generation, networked research and providing a complete spectrum of scientific services to enable our power stations to retain their technological edge.

Invest in employee development

We believe that employees are our important assets, and we have adopted a “people first” approach to our employees. We intend to continue developing the capabilities of our employees through an objective and open performance management system. We also intend to continue to provide comprehensive training to our employees at various stages in their careers to familiarize them with technological advances and up-to-date operational and management practices in our industry. We believe that our continuing initiatives will strengthen our identity as a preferred employer.

Expand our corporate social responsibility initiatives

We are committed to the cause of inclusive and sustainable socio-economic development and intend to expand our involvement in this area. We are sensitive to the needs of persons affected by our projects and follow a consultative process for resettlement and rehabilitation. We invest in furtherance of our corporate social responsibility initiatives. NTPC foundation is engaged in serving and empowering the physically challenged and economically weaker sections of the society.

Power Generation Business

Our core business is the generation and sale of electricity. We have installed substantial generation capacities in single locations, which are spread across India. As of September 30, 2009, our owned total installed capacity was 28,350 MW through 15 coal-based power stations (24,395 MW) comprising 80 units and seven gas-based power stations (3,955 MW) comprising 32 units including one naphtha-fired station. We also participate in and manage two joint venture companies of 2,294 MW comprising nine coal-based and six gas-based units.

The map below shows the locations of our existing power stations, as well as projects currently under construction, together with their respective capacities.

Our Power Stations

As of September 30, 2009, we owned the following power stations, aggregating 28,350 MW across India:

Owned Power Stations

Power Station	Location	Installed Capacity (MW)	Fuel Type
Northern Region			
Singrauli	Sonebhadra, Uttar Pradesh	2,000	Coal
Rihand	Sonebhadra, Uttar Pradesh	2,000	Coal
Tanda	Ambedkar Nagar, Uttar Pradesh	440	Coal
Unchahar	Rae Bareli, Uttar Pradesh	1,050	Coal
Total Northern Region		5,490	
Western Region			
Korba	Korba, Chhattisgarh	2,100	Coal
Vindhyachal	Sidhi, Madhya Pradesh	3,260	Coal
Sipat	Bilaspur, Chhattisgarh	1,000	Coal
Kawas	Surat, Gujarat	645	Gas
Jhanor Gandhar	Bharuch, Gujarat	648	Gas
Total Western Region		7,653	
Southern Region			
Ramagundam	Karimnagar, Andhra Pradesh	2,600	Coal
Simhadri	Vishakhapatnam, Andhra Pradesh	1,000	Coal
Kayamkulam	Allappuzha, Kerala	350	Naphtha
Total Southern Region		3,950	
Eastern Region			
Farakka	Murshidabad, West Bengal	1,600	Coal
Kahalgaoon	Bhagalpur, Bihar	2,340	Coal
Talcher STPS	Angul, Orissa	3,000	Coal
Talcher TPS	Angul, Orissa	460	Coal
Total Eastern Region		7,400	
National Capital Region (NCR)			
Badarpur	Badarpur, New Delhi	705	Coal
Dadri Thermal	Gautam Budh Nagar, Uttar Pradesh	840	Coal
Dadri Gas	Gautam Budh Nagar, Uttar Pradesh	817	Gas
Anta	Baran, Rajasthan	413	Gas
Auraiya	Auraiya, Uttar Pradesh	652	Gas
Faridabad	Faridabad, Haryana	430	Gas
Total NCR		3,857	
Grand Total		28,350	

As of September 30, 2009, we owned the following power stations aggregating 2,294 MW with our joint venture partners:

Name of the Company	Location	Fuel	Installed Capacity (MW)
NTPC-SAIL Power Company Private Ltd.	Durgapur, West Bengal	Coal	120
	Rourkela, Orissa	Coal	120
	Bhilai, Chhattisgarh	Coal	574
Ratnagiri Gas and Power Private Limited	Ratnagiri, Maharashtra	Gas	1480
Total			2,294

Operational Performance

In Fiscal 2009, we generated 206.9 billion units of electricity, 183.3 billion units or 88.6%, through our coal-based stations and 23.6 billion units or 11.4% through our gas-based stations.

The operating efficiency of our power stations has improved over the years. The availability factor of our coal-based stations has increased from 86.5% in Fiscal 1994 to 92.5% in Fiscal 2009. The availability factor of our gas-based stations has increased from 60.2% in Fiscal 1994 to 86.7% in Fiscal 2009. The average PLF of our coal-based stations, has increased from 78.1% in Fiscal 1994 to 91.1% in Fiscal 2009. In Fiscal 2009, the average PLF for coal-based power stations in India was 77.2%. The average PLF of our gas-based stations has increased from 50.3% in Fiscal 1994 to 67.0% in Fiscal 2009. In Fiscal 2009, the average PLF for gas-based power stations in India was 57.6%.

The following table presents certain company-wide operating data for the last five Fiscal years:

	Fiscal Year				
	2009	2008	2007	2006	2005
Installed Capacity (MW)	27,850	27,350	26,350	23,935	23,435
Generation (Billion Units) *	206.9	200.9	188.7	170.9	159.1
Sales (Billion Units)	193.7	188.0	176.5	159.0	147.8
Average availability (%)					
Coal-fired:	92.5	92.1	90.1	89.9	91.2
Gas-fired:	86.7	85.9	85.1	82.2	82.4
Average PLF (%)					
Coal-fired:	91.1	92.2	89.4	87.5	87.5
Gas-fired:	67.0	68.1	71.9	65.8	65.4

* Includes generation during pre-commissioning phase.

Memorandum of Understanding with the Government of India

We enter into an annual MoU with the GoI. The MoU sets annual performance targets. The MOUs for Fiscal 2008 and 2009 also contain provisions to give effect to the arrangements under the One Time Settlement. The GoI evaluates our actual performance against these targets at the end of each fiscal year. We have received an “excellent” rating, being the highest rating given, in seventeen of the last nineteen years.

Capacity Expansion Program

At India’s current projected GDP growth rate of between seven and eight percent, power demand is expected to grow significantly. We expect that a large energy deficit will exist as has occurred in the past. We have embarked on an aggressive capacity addition program, in line with the GoI’s policy of adding capacity to meet the demands for energy in India. We have a stated goal to be a 75,000 MW company by Fiscal 2017. We have also begun to progressively diversify our fuel mix. We are planning a capacity addition of approximately 9,000 MW through hydroelectric power, 2,000 MW through nuclear power and 1,000 MW through renewable energy resources by 2017.

We have adopted a multi-pronged strategy that includes capacity addition through green field projects, brown field expansions, joint ventures and acquisitions. We first identify new potential sites or existing sites that could potentially be expanded. We then seek to establish project viability through FRs.

We currently have 17,930 MW of additional capacity under construction. We have also identified a basket of projects for approximately 33,000 MW of capacity in various stages, through which we

believe we can achieve our stated goal of 75,000 MW capacity by Fiscal 2017. We classify our basket of projects for capacity in the following categories:

- Projects under construction
- Projects for which we have invited bids from vendors
- Projects for which the FR s are approved
- Projects for which FRs are under preparation.

The current basket of projects which we are pursuing is described below.

Projects under construction

We are presently engaged in construction activities for projects representing 17,930 MW, including 4,000 MW undertaken by joint venture companies, which are in different stages of completion:

Projects under construction - owned capacity

Name of Project	State	Capacity (MW)	Approved Project Cost (Rs. in Million)	Fuel Type
Sipat – I *	Chhatisgarh	1,980	83,234	Coal
Barh – I *	Bihar	1,980	86,930	Coal
Korba – III	Chhatisgarh	500	24,485	Coal
NCTPP – II, Dadri	Uttar Pradesh	980	51,353	Coal
Farakka – III	West Bengal	500	25,704	Coal
Simhadri – II	Andhra Pradesh	1,000	50,385	Coal
Bongaigaon	Assam	750	43,754	Coal
Barh – II*	Bihar	1,320	73,410	Coal
Mauda - I	Maharashtra	1,000	54,593	Coal
Rihand – III	Uttar Pradesh	1,000	62,308	Coal
Vindhyachal – IV	Madhya Pradesh	1,000	59,150	Coal
Kol Dam	Himachal Pradesh	800	45,272	Hydro
Loharinag Pala	Uttarakhand	600	28,951	Hydro
Tapovan Vishnugad	Uttarakhand	520	29,785	Hydro
Subtotal-owned (A)		13,930	719,314	

*Indicates projects using super-critical technology

Projects under construction - joint ventures

Name of Project	State	Capacity	Fuel Type
Vallur – I, Phase – I, JV with TNEB	Tamil Nadu	1,000	Coal
Vallur – I, Phase – II, JV with TNEB	Tamil Nadu	500	Coal
Indira Gandhi STPP	Haryana	1,500	Coal
Nabinagar, JV with Railways	Bihar	1,000	Coal
Subtotal-joint ventures (B)		4,000	
Total-owned and joint ventures (A+B)		17,930	

Projects for which we have invited bids from vendors

Projects for which we have invited bids from vendors owned capacity

Name of Project	State	Capacity (MW)	Fuel Type
Solapur	Maharashtra	1,320	Coal
Mauda II	Maharashtra	1,320	Coal

Name of Project	State	Capacity (MW)	Fuel Type
North Karanpura	Jharkhand	1,980	Coal
Singrauli III	Uttar Pradesh	500	Coal
Rupsiyabagar Khasiabara	Uttarakhand	261	Hydro
Renewable Energy Sources	Various Locations	100	Wind
Subtotal-owned capacity (A)		5,481	
Projects for which we have invited bids from vendors- joint ventures and subsidiaries			
Meja Urja Nigam Pvt. Ltd.	Uttar Pradesh	1,320	Coal
Nabinagar Power Generating Co Pvt. Ltd.	Bihar	1,980	Coal
Kanti Bijlee Utpadan Nigam Limited	Bihar	390	Coal
Lata Tapovan	Uttarakhand	171	Hydro
Rammam-III	West Bengal	120	Hydro
Subtotal-joint ventures and subsidiaries (B)		3,981	
Total-owned and joint ventures and subsidiaries (A+B)		9,462	

Other Projects

We have also finalised FRs for projects having a total capacity of 4,245 MW, including a 15 MW grid-connected solar thermal power plant at our Anta site in Rajasthan. These projects have been approved by our board of directors. In addition, we have a basket of projects of approximately 20,000 MW for which feasibility studies are under preparation,

Construction has been suspended at the direction of the MoP at Loharinag-Pala Hydro Power Project (600 MW), due to an objection concerning the impact of diverting the river. The matter has been referred to the National Ganga River Basin Authority for a decision. Further, the work at North Karanpura Thermal Power Project has been put on hold due to an objection that the proposed location of the project is on a coal bearing area. There can be no assurance that these projects will continue, or that they will continue in a timely manner.

Project Management

We believe that an effective project management capability is critical to large scale capacity expansion like ours. Achieving efficiencies in the construction of new projects allows for cost savings, more efficient use of resources, and a higher return on our invested capital. We may also achieve tariff incentives as per 2009 Regulations.

Our IPMCS integrates our engineering management, contract management and construction management control centres. The IPMCS addresses all stages of project implementation from concept to commissioning. We have reduced our average implementation time, defined as the award of the BTG contract to grid synchronization. Since 2000, the average implementation time for a majority of our 500 MW projects has been 37 to 42 months.

In 2008 we achieved the highest status of Prize Winner from the International Project Management Association for our project management approach at our Vindhyachal III (2X500 MW). Earlier, our Simhadri Thermal Power Project (2X500 MW) received the International Project Management Award 2005 at the International Project Management World Congress.

We have adopted online web based monitoring for two projects, and we intend to roll out the web based monitoring for all our projects. We intend to integrate our project system module with our suppliers and agencies for monitoring the status of supplies. We are also setting up a Project Monitoring Centre (PMC) which we expect to be operational soon that will have audio-video conferencing and other IT and communications-enabled facilities to help in fast tracking of the projects and will facilitate in project implementation. We have IPMA certified project managers and experienced construction engineers at different levels.

Our size enables us to achieve savings in the purchasing of materials and equipment for our capacity expansion plan. We have adopted pooled procurement of some of the ‘Balance of Plants’ (“**BoP**”) packages in our recent projects, resulting in savings in capital cost as well as man-hour savings in design and procurement. We adopted a “bulk tendering” procedure in 2009 under which suppliers will submit bids for bulk orders of super-critical turbines and boilers. We believe that a bulk order procedure will allow us to achieve savings in capital cost of project.

Other Areas of Business

Consulting and Other Services

Our consultancy division provides various services to state generating companies, SEBs and other private power companies, including engineering, procurement, quality assurance and inspection, construction supervision, project management, commissioning, operation and management, renovation and modernisation, including gap analysis and performance improvement plans. In Fiscal 2009, our consultancy division earned a total revenue of Rs. 1,325 million. We continue to expand our consultancy business and seek to leverage our experience in the power sector to expand these operations in both India and abroad. We believe that involvement in consultancy projects abroad will give us exposure to international best practices in our industry and in the new businesses we may pursue.

Power Trading

We believe the existence of regional imbalances and the adoption of availability based tariffs may increase opportunities for power trading. We are engaged in power trading through our wholly owned subsidiary, NVVN, which was incorporated in November 2002. In Fiscal 2009, NVVN traded 4,831 million units of electricity and transacted business with more than 30 State utilities. In Fiscal 2009 NVVN had revenue of Rs. 19,799 million and a profit after tax of Rs. 495 million. NVVN ranked second in India in Fiscal 2009 in power trading. NVVN also trades in ash and cenosphere in domestic and international markets, and it has delivered 432 MT of cenosphere during Fiscal 2009.

The GoI, as a part of Jawaharlal Nehru National Solar Mission, has named NVVN as a Nodal Agency for the purchase of up to 1,000 MW solar power from grid-connected solar power developers and sell after bundling an equivalent MW capacity from our stations at rates notified by CERC. The GoI has also designated NVVN as the Nodal Agency for cross-border trading of power from Bhutan, in addition to PTC.

In addition, we are a promoter of, and currently own 4.08% of the paid-up capital of, Power Trading Corporation of India Limited, which was the first power trading company in India. In 2008, we formed the NPEX with NHPC, Power Finance Corporation Limited (“**PFC**”) and Tata Consultancy Services Limited for setting up a trading platform for various power traders in India. This company has received in-principle approval from CERC for setting up a power exchange.

Electricity Distribution

Our Subsidiary, NTPC Electric Supply Company Limited (“**NESCL**”), which we formed in August 2002, is pursuing an electricity distribution business. NESCL is involved in the GoI’s rural electrification program in 30 districts and five states and has implemented electrification of 4107 villages during Fiscal 2009. In the past, NESCL acted as the “Advisor-cum-Consultant” for the MoP for implementation of schemes under the APDRP. NESCL is also participating in the distribution infrastructural development programme under consultancy assignments. NESCL recently formed a joint venture with Kerala Industrial Infrastructure Development Corporation (“**KINFRA**”), to pursue the retail distribution of power in various industrial parks developed by KINFRA in Kerala and SEZs

and industrial areas. In Fiscal 2009, NESCL generated gross income and profits after tax of Rs. 785 million and Rs. 185 million, respectively.

Diversified Businesses through Joint Ventures

We have also formed four joint venture companies for providing an array of services to various entities in the power sector, two of which are operational, and two of which have yet to commence their businesses. The two operational companies are Utility Powertech Ltd. (“**UPL**”) and NTPC Alstom Power Services Private Limited (“**NTPC Alstom**”). UPL, is a joint venture with Reliance Infrastructure Limited. It provides power station maintenance services. NTPC Alstom is a joint venture with Alstom Deutschland AG, Germany. The company undertakes the renovation and modernisation of old and under-performing power stations both in India and other countries of the South Asian Association of Regional Cooperation (“**SAARC**”).

The two companies that have not yet commenced operations are National High Power Test Laboratory Limited (“**NHPTL**”) and Energy Efficiency Services Limited (“**EESL**”). NHPTL, which was formed with NHPC, PGCIL and DVC, intends to develop a short-circuit test facility. We believe such facility is currently not available for transformers of 50MVA, 400 kV and above in India and that at present, manufacturers have to send their equipment to overseas testing labs. This facility will provide testing to power equipment manufactures in India allowing for savings in time and cost.

In 2009, we formed EESL with PFC, PGCIL and Rural Electrification Corporation Limited for carrying on and promoting the business of energy efficiency, energy conservation and climate change including the manufacture and supply of energy efficiency services and products.

Equipment Manufacturing Through Joint Ventures

We have also formed joint ventures for the manufacture of equipment used in the power business. The details of the companies are as follows:

- We formed NTPC BHEL Power Projects Pvt. Ltd. (“**NTPC BHEL**”), a joint venture with BHEL in Fiscal 2008 for carrying out engineering procurement and construction (“**EPC**”) activities in the power sector, and to engage in the manufacture and supply of equipment for power stations and other infrastructure projects in India and abroad.
- We formed BF-NTPC Energy Systems Limited (“**BF-NTPC Energy**”), a joint venture with Bharat Forge Limited, in June 2008 to establish a facility to take up manufacturing of castings, forgings, fittings and high pressure piping required for power projects and other industries and BOP equipment for the power sector.
- We have acquired a 44.6% stake in Transformers and Electricals Kerala Limited (“**TELK**”), through which we intend to manufacture and repair high voltage transformers and associated equipment. We believe this venture will enable us to meet the requirements of our own stations, and also service the very large ageing fleet of transformers in the country.

Power Generation Technologies and Processes

Coal-Based Power Stations

All of our coal-based power stations employ proven Pulverized Coal Combustion (“**PCC**”) technology which utilize the heat energy released by the combustion of pulverized coal in a boiler to create steam at high pressures and temperatures. The steam then drives a turbine, which in turn rotates an alternator to produce electricity.

CC technology can be bifurcated 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 and utilises 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 are understood to emit less pollutants than subcritical plants. We plan to employ supercritical technology more in the future.

Gas-Based Power Stations

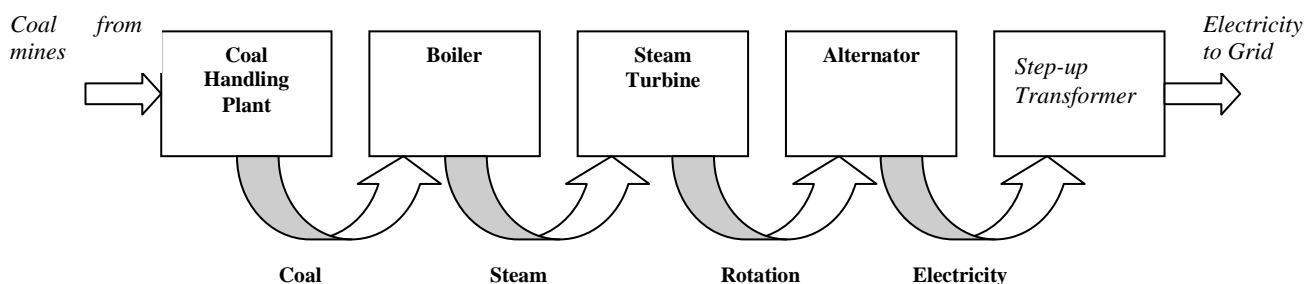
Our gas-based power stations employ Combined Cycle Gas Turbine (“CCGT”) technology, in which independent units of the gas turbine and the steam turbine are integrated. The energy for electricity generation under this technology comes from the combustion of the gas fuel. Hot gas formed by the combustion of the fuel drives a gas turbine, which in turn rotates an alternator to produce electricity. In the open cycle mode of operation, exhaust gas from the gas turbine is released to the atmosphere. In the combined cycle mode of operation, such exhaust gas, which would have been wasted and has no marketable value, is fed to a heat recovery boiler which produces steam to drive a steam turbine, which then rotates another alternator to produce additional electricity.

Hydroelectric Power

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.

Power Generation Processes

Coal-Fired Power Stations



Coal Handling Plants. Most of our coal-based power stations receive coal from mines through dedicated railways owned and operated by us. The coal handling plants receive coal, crush it to the required size and feed it to the boiler coal pulverisers.

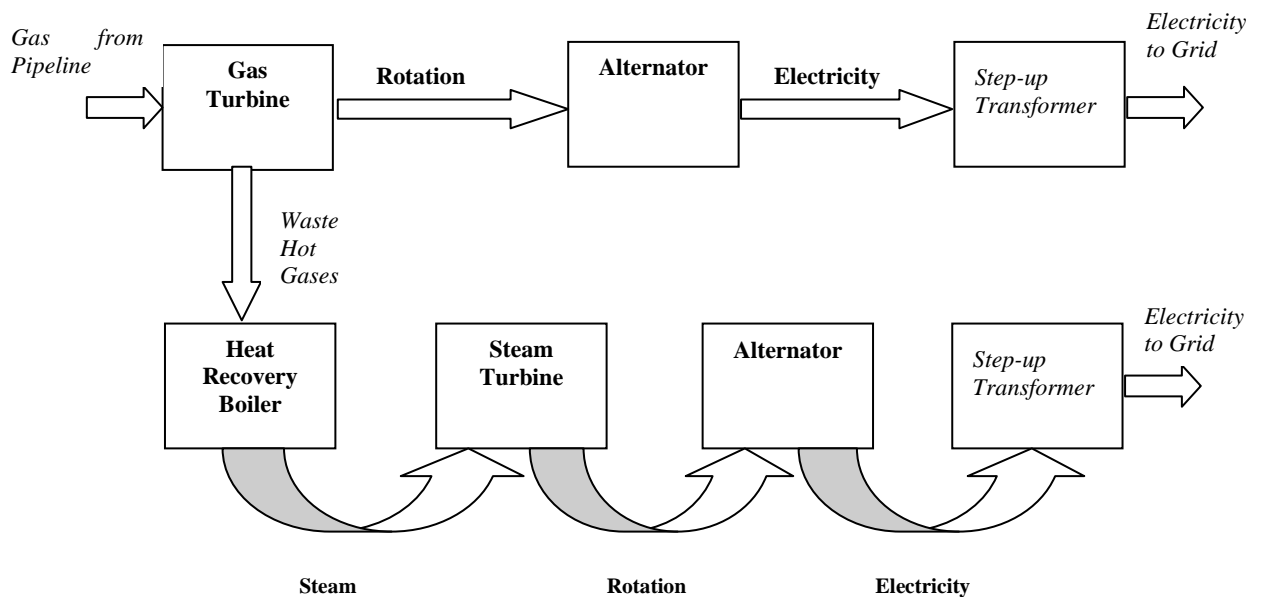
Boilers. Our boiler plants have coal pulverisers to grind coal into a finer size before it is fed to the boiler furnace. The boilers themselves are enclosures encased by tubes filled with flowing water. As the boiler furnace heats, the water flowing in the boiler tubes is converted into high pressure and high temperature steam. This steam is then conveyed to the turbine through steam pipelines.

Steam Turbines. The steam produced in the boiler drives steam turbines, making the turbines' rotors rotate at a high speeds.

Alternators. 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. The 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 in the transmission lines.

Gas-Fired Power Stations

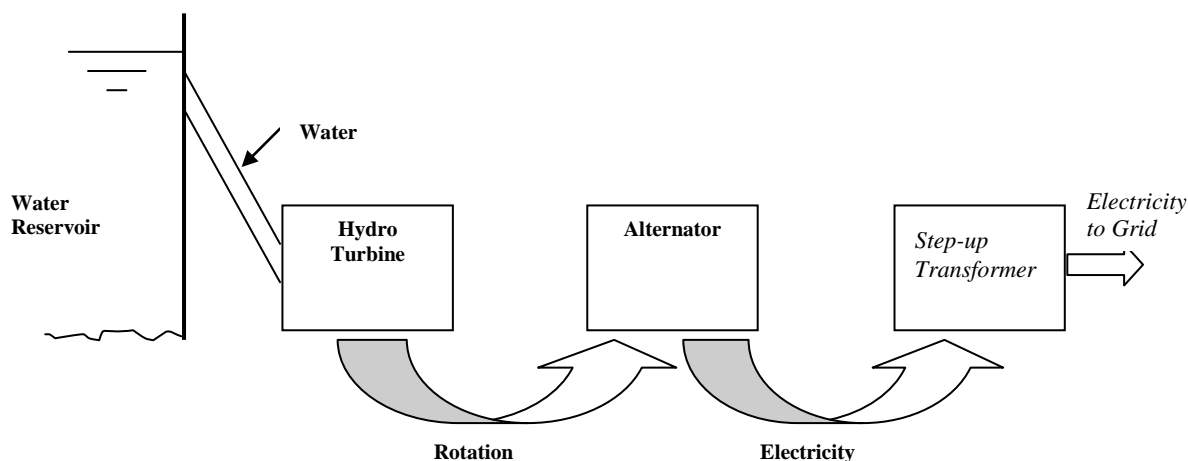


Gas Turbines. Each gas-based power station consists principally of an air compressor, a combustor and a turbine. Air is drawn in from the atmosphere and compressed before it is fed into the combustor. Gas fuel, which we draw from gas pipelines, burns in the combustor in the presence of the compressed air from the compressor. The gases produced in the combustor, a mixture of high temperature and high pressure hot gases, drive the turbine. The rotational energy of the turbine rotates the alternator, which produces electricity. The voltage of the electricity is stepped up through a transformer before it is fed to the grid.

Heat Recovery Boilers. The exhaust gas of gas-based 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.

Steam Turbines. The steam generated in the heat recovery boilers is used to generate additional electricity through steam turbines and separate alternators. The voltage of the electricity is stepped-up through transformers before it is fed to the grids.

Hydroelectric Power



The process of electricity generation in a hydroelectric powered power station is substantially the same as that of a coal-based power station. However, the turbine in hydroelectric plants is driven by water rather than steam. Instead of a boiler, hydroelectric plants utilize a water reservoir.

Sales of Electricity

Each of our stations has PPAs with its customers. As of March 31, 2009, the entire output of our power stations has been contracted for under long-term PPAs. The GoI allocates the capacity of each of our stations among the station's customers. Electricity is supplied to the distribution companies and/or SEBs in accordance with the terms of the allocation letters issued by the GoI. For our coal-based stations, the term of the PPA for most stations is 25 years, while for our gas-based stations, the term of the PPA for most stations is 15 years. The term of the PPA for our hydroelectric project which is under construction is 35 years. The terms are equal to the expected useful lives of the stations. The actual lives of the stations are often longer, and, unless the customer ceases to draw power, contracts continue in force until they are formally extended, renewed or replaced. As part of our investment approval procedures, we typically require PPAs to be in place for all new stations except for merchant power stations.

Historically, we had significant problems recovering payments from the SEBs and the distribution companies, which account for over 99% of our total sales. The OTSS eliminated these problems, as the dues from the SEBs that were past due were securitised by the Tax Free Bonds. All of our current billings to the SEBs are secured by Letters of Credits (LCs).

Under the Tripartite Agreements that were executed pursuant to the OTSS, each SEB was required to establish LCs in our favour with commercial banks. The LCs are required to cover 105% of the average monthly billing for the preceding 12 months and are required to be reviewed twice every fiscal year. If the LC for the required amount is not in place, we have the right to reduce the power supply to the concerned SEB by 2.5%. The SEBs are required to make payment either through the LC or otherwise within 60 days after we deliver the monthly invoice. If payment is not made within 60 days, we have the right to reduce power supply by 5% and if payment is not made within 75 days, we have the right to reduce power supply by 10%. If payment is not made within 90 days, we can further reduce power supply by 15% and thereafter RBI will be required to pay the outstanding amounts to us from the relevant state's account balance with the RBI. The Tripartite Agreements provide that upon divestment of ownership or control of a SEB or any of the entities resulting from the unbundling of a SEB, as applicable, in favour of any entity not owned or controlled, directly or indirectly, by the applicable state government, the Tripartite Agreement relating to the SEB or the

unbundled entity, as applicable, will expire. In such an event, the concerned unbundled entity will have to provide a payment security mechanism acceptable to us. In addition, dues owed to us from another SEB, the erstwhile Delhi Vidyut Board, were settled by a bipartite agreement with terms similar to the Tripartite Agreement.

Beyond 2016, our sales are secured through supplementary agreements with our customers under which the customers have agreed to create a first charge on their own receivables in our favour and in the event of a payment default assign such receivables into an escrow account.

Fuel Supply

Fuel represents our largest expense. Our primary fuels are coal, gas and naphtha and approximately 86.0% of our current owned generating capacity is coal-based and 14.0% is gas/naphtha-based.

Coal

We purchase substantially all of our coal requirement from subsidiaries of CIL and Singareni Collieries Company Limited (“SCCL”). As of September 30, 2009, we have signed long term CSAs covering 12 of our 15 coal-based stations. The three other stations receive coal pursuant to coal supply linkages allocated to us by the MoC while we negotiate CSAs for them. The CSAs remain in force for a period of 20 years from the effective date except for power stations with a remaining life less than 20 years, in which case the agreement is limited to the life of the power station. The CSAs have a provision for a review at the end of every five years, in respect of Annual Contracted Quantities (“ACQ”) and all other related provisions.

Each CSA addresses the quality and quantity of coal supply required for sustained generation. There is also a provision to pay a performance incentive to the coal supplier on delivery in excess of 90% of ACQ or a penalty on the failure to deliver the ACQ.

We also source imported coal through two public sector undertakings. During Fiscal 2009, imported coal comprised 4.2% of our total coal received. The pricing of coal for these imports is linked to global indices. We are also currently sourcing coal through e-auctions conducted by the subsidiary coal companies of CIL. We intend to continue to import coal to meet the shortfall in the supply of coal from domestic sources.

Gas

We source gas domestically under an administered price and supply regime. During Fiscal 2010, we have executed gas supply agreements with GAIL for the supply of gas for our gas-based power stations, which are valid up to 2021. As per the terms of these agreements, the gas price is regulated under government pricing orders issued by the Ministry of Petroleum and Natural Gas (“MoPNG”), from time to time. We have entered into a long term agreement with one of the private sector company for supply of gas from KG D6 basin based on allocation and price approved by GoI for three of our gas based stations. We are also sourcing gas and RLNG from public and private sector companies on a spot, short and/or long term basis after obtaining the prior consent of our customers for off-take of energy generated based on such fuel.

Coal Mining and Oil Exploration

At present, the overall demand for coal used in coal-based generating stations in India exceeds production. Demand is expected to increase substantially in connection with planned increases in coal-based capacity.

We have entered into coal mining to ensure better control, greater reliability and lower cost of our coal supply. Coal mining is integral to our fuel security strategies. The MoC has allotted six coal

blocks to us, which are: Pakri-Barwadih, Chatti-Bariatu, Kerandari, Dulanga, Talaipalli and Chatti-Bariatu (South). We expect coal from these coal blocks to help in meeting our coal demand for our upcoming coal-based projects in the Eleventh and Twelfth Plan periods and beyond. These blocks have estimated geological reserves of over three billion tonnes. We seek to commence coal production from these blocks during Fiscal 2012 and which could result in a production level of up to 47 Million Tonnes Per Annum (MTPA) by 2017. The Pakri-Barwadih project is in the most advanced stage of development. We have received approval by the MoC of a mining plan and environmental clearance from MoEF. The MoC has acquired 4,681 acres for this project. We are also engaged in development activities at four coal mining blocks. The MoC has approved mining plans for the Chatti-Bariatu, Kerandari and Dulanga projects, and it is considering the mining plan for the Talaipalli project.

In addition, we have recently signed a joint venture agreement with Coal India Limited for the formation of a joint venture company which will develop and operate Brahmini and Chichro-Patsimal coal blocks with geological reserves of around two billion tonnes to first meet the requirement of Farakka and Kahalgaon expansion projects and thereafter if found feasible, also consider power production.

In addition to enhancing and developing our own supplies, we have formed International Coal Ventures Private Ltd (“ICVL”), a joint venture company with Rashtriya Ispat Nigam Limited (“RINL”), SAIL, CIL and NMDC for the acquisition and operation of coal mine blocks abroad for securing coking and thermal coal supplies. In Fiscal 2007 we formed NTPC SCCL Global Ventures Private Limited, a joint venture with SCCL to undertake the development and operation and maintenance of coal blocks and integrated coal based power projects in India and abroad. We are also actively considering acquisition of stakes in coal mines and coal blocks in other countries and we have engaged consultants for conducting due diligence for some blocks abroad.

We have also begun oil exploration work, in one of the petroleum blocks, awarded under the New Exploration Licensing Policy V (“NELP”) to a consortium in which we have a 40% interest in Arunachal Pradesh. Under the recently concluded NELP VIII round, the GoI provisionally awarded us one block with a 100% interest and three blocks to separate consortiums in which we have 10% interest.

Competition

Due to the historical imbalance between demand and supply in the Indian power sector, there has generally been a stable market for power generation companies in India. Being the largest power generating company in the country with market share of approximately 18.6% as of September 30, 2009, in terms of installed capacity and about approximately 28.6% in terms of national generation, we are a dominant player in the field of generation. The Maharashtra State Power Generation Company Ltd with an installed capacity of 10,811 MW with market share of 7.1%, is the next largest entity as of September 30, 2009.

Private sector capacity of 25,891 MW as of September 30, 2009 comprised of 13,663 MW of thermal capacity, 10,995 MW of renewable energy capacity and 1,233 MW of hydroelectric capacity. Total power generation by private sector thermal plants up to September 30, 2009 was 41.9 billion units (Source: CEA). The total generation of our stations during the same period was 105.9 billion units.

Category of Generator	Installed Capacity (In MW) as of September 30, 2009	% of Total Installed Capacity
SEBs/Union Territories	76,627	50.3
Private Sector	25,891	17.0

Category of Generator	Installed Capacity (In MW) as of September 30, 2009	% of Total Installed Capacity
Central Sector (excluding our Company)	21,492	14.1
Our Company	28,350	18.6
Total	152,360	100.0

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 plants. These reforms provide opportunities for increased private sector involvement in power generation. Specifically, non-discriminatory open access regulations of state regulatory commissions which enable generators to sell directly to bulk consumers, has increased the financial viability of investment in power generation.

Competitive Bidding

The GoI's Tariff Policy issued in January 2006 provides that all future requirements of power should be procured through tariff based competitive bidding by distribution licensees. There are exceptions in the tariff policy for cases of expansion of existing projects or where there is a state controlled or state-owned company as an identified developer and where tariff is regulated.

Even for the public sector projects, the tariff policy has mandated that the tariff of all new generation and transmission projects is to be decided on the basis of competitive bidding after a period of five years from the date of the issuance of the tariff policy or when the Regulatory Commission is satisfied that the situation is ripe to introduce such competition. An amendment to the Tariff Policy pursuant to the Hydro Policy, 2008 has extended the existing exemption from tariff-based bidding up to January 2011 to private sector hydroelectric projects.

The GoI has also issued the Competitive Bidding Guidelines which do not bar the CPSUs from participating in tariff based bidding process. Both CPSUs and private sector developers are participating in the tariff based bidding process for securing power projects including coal based ultra mega power projects. Such competition is likely to further increase in the future.

Competition in hydroelectric power is also likely to increase. While under the Electricity Act, licensing is still required to commission a hydroelectric power plant, the increased opportunities for private investment in the market described above, when combined with available hydroelectric potential in India, has led to increased investment by various parties in hydroelectric projects.

Engineering and Technology

Our engineering division has been accredited with ISO-9001 certification by the United Kingdom Accreditation Service and the National Accreditation Board of Classification Bodies. We believe we have pioneered the adoption of several new technologies including combined cycle gas based power plants, satellite image processing and software, pneumatic fly ash extraction and ash water recirculation, liquid waste management systems and supercritical technology. These technologies have contributed to increased efficiency and greater environmental protection in our operations, and we believe they have become adopted more widely in the Indian power industry.

Some of the new technologies we are currently adopting include:

Thermal Projects & Stations

- Advanced supercritical parameters (involving supercritical pressure and temperatures) in our 1,320 MW Barh-II project designed to increase efficiency and have lower emissions compared to conventional units.
- Integrated gasification combined-cycle (“IGCC”) technology suitable for low grade Indian coal which we are developing to achieve higher efficiency, lower carbon dioxide and particulate emissions.
- Wet lime stone based flue gas de-sulphurization (“FGD”) for our Seismic project, to contain sulphur oxide gases due to high sulphur content in coal.
- Composite section technology, utilizing the ash and earth to alleviate the risk of liquefaction while avoiding stone columns at our Bongaigo project located in Siesmic Zone-5.
- Distributed architecture for power station switchyards to substantially reduce control cable quantities, cable trenches and size of switchyard control room and better energy metering accuracy.
- High efficiency motors and energy efficient lighting systems.
- A plant control and instrumentation network security system for ongoing projects and future projects for preventing unauthorised access and reducing the threat to the control system network of the plant.

Hydro Engineering

- Tunnel boring machine for speedy construction of tunnels
- Diaphragm wall for seepage control for barrage foundations.

Information Technology

We have invested heavily in information technologies designed to help us better monitor and run our business. We have deployed the SAP ERP system across our organization. Our ERP platform includes modules that not only automate business processes, but also provide business intelligence technologies designed to provide a single view of our business. The ERP platform also provides a real time view of the performance of our stations and even particular pieces of equipment. The ERP system is deployed through a centralized data center located at Noida with a full disaster recovery center in Hyderabad.

NETRA – Furthering our Research and Development work

In Fiscal 2009, we established a division in our Company called the NTPC Energy Technology Research Alliance (NETRA) to develop technologies in the power sector and provide scientific support to our generating stations. NETRA is focused on climate change, waste management, new and renewable energies and economical power generation. NETRA is also providing scientific services to other national and international utilities. In addition to providing scientific services to stations in the field of condition monitoring, station health assessment, corrosion control, specialized analysis, NETRA is also working on developing technologies for CO₂ fixation, solar thermal for power and air conditioning, liquid ammonia binary cycle, robotic based automatic devices for speedier inspections

of power station equipment, among others. We have filed 13 patent applications in the field of monitoring and diagnostics, and fly ash based products among others.

NETRA is housed in an energy conservation building code (ECBC) 2007 compliant building.

Globalisation Initiatives

We are exploring business opportunities abroad to expand our markets and reach. We are currently in the process of finalising a joint venture agreement with the Ceylon Electricity Board for setting up a coal based power station (2X250 MW) at Trincomalee in Sri Lanka. In addition, in December 2009, we signed an agreement to prepare a detailed project report for the Royal Government of Bhutan related to a 620 MW Amochhu Reservoir Hydroelectric Power Plant. We have established an office in Dubai for marketing our services in the Middle East. We are also exploring opportunities for our consultancy business opportunities in the UAE, Kuwait, Saudi Arabia, Nigeria and Kazakhstan.

Environment Management and Sustainable Development

Prior to the commencement of any power project, we undertake environmental impact assessment (“EIA”) studies and based on the various findings, we develop an environment management plan based on our environmental policy. We have a dedicated Environment Monitoring Group at each station. We are committed to complying with all statutory requirements, environmental regulations and quality standards as per the guidelines published by MoEF and the GoI from time to time. Our power plants use boilers and burners designed for better efficiency, and we use high efficiency electro-static precipitators (“ESPs”) in all our stations to keep Suspended Particulate Matter (“SPM”) below the prescribed limits. For monitoring quality of ambient air on a real time basis, advanced Ambient Air Quality Monitoring System (“AAQMS”) have been installed at 20 of our stations. We have also installed a dry ash collection plant for collection of ash in dry form which is utilized in ash bricks, road embankment, ash dyke raising, concrete manufacturing and for making other construction materials.

We have developed a long term plan to reduce our usage of agricultural and homestead lands and have put in place a rehabilitation and resettlement policy. Under this policy, we seek to minimize our land requirement for new plants. We also implement policies for affected communities to further sustainable income, health, education, sanitation and communication. We have an afforestation plan under which we have planted several million trees.

Environmental Compliance

The Central Pollution Control Board (“CPCB”) and the MoEF make laws related to environmental standards and are enforced by various pollution boards and pollution control committees. Each of our power projects requires various environmental clearances.

We believe that our operating stations are currently in compliance with applicable environmental regulations and have valid water and air consents, which are renewed from time to time. All projects under construction (except for our hydro electric power project at Koldam for which approval is currently awaited) have valid environmental clearance from the MoEF and no objection certificates from the State Pollution Control Boards (“SPCB”).

In addition, most of our power stations have been awarded ISO-14001 Environmental Management Systems certification.

Energy Efficiency

We set up the Centre for Power Efficiency and Environmental Protection (CenPEEP), with technical assistance of USAID/USDOE for green house gas (GHG) reduction. Through CenPEEP we have

demonstrated various state-of-the-art technologies and practices for improvement in efficiency and reliability in local conditions and disseminated to power stations through hands-on-training, guidelines and workshops.

The GoI entrusted CenPEEP to support demonstration of best practices in some of the state generating companies under Asia Pacific Partnership (APP) on clean development and climate. CenPEEP has been conferred many international and national awards for its efforts in propagating climate friendly technologies and commitment to quality and excellence and recently received India Power Award 2008 by CPU-India and International Gold Star Quality Award 2009 by BID International, Madrid.

Ash Utilisation

We are required to ensure that by 2014, 100% of fly ash produced through our generation activities is gainfully utilised. New stations and units must utilize the entire quantity of ash they produced in four years from the date of commissioning. The GoI also has interim ash utilisation requirements. Our actual ash utilisation has increased from 0.3 million tonnes in Fiscal 1992 to 24.4 million tonnes in Fiscal 2009 (or 56.7% of our total ash production) which is more than the present ash utilization targets. We utilize ash for ash dyke raising, mine filling, bricks/blocks/tiles manufacturing and landfills.

At present, we supply ash free of cost to consumers of ash, who use it in cement and asbestos industry, building products, land development and road construction. In order to provide fly ash in dry form to various users, dry ash extraction facilities have been provided at all our stations. Recently, the GoI has allowed sale of fly ash to certain users such as cement and asbestos industries, etc. However, the proceeds from the sale of fly ash are to be utilized only for development of infrastructure and promotional activities for ash utilisation. The GoI has given directions to mining companies and the construction industry for mandatory use of ash. We believe that these directions may further increase ash utilisation.

Corporate Social Responsibility

We follow the global practice of addressing Corporate Social Responsibility (CSR) issues in an integrated multi stake-holder approach covering the environment and social aspects. We have joined Global Compact, a United Nations initiative for corporate social responsibility committed to basic principles in the areas of human rights, labour standards, the environment and anti-corruption, and we submit Communication on Progress (“COP”) to UN Global Compact on an annual basis.

In line with our CSR – Community Development (CSR – CD) Policy, we have taken up various activities addressing the socio-economic issues at the national level as well as in the neighbourhood area of operating stations. We currently work in the areas of Primary Education, Community Health, Basic Infrastructure Development and Vocational Training. We also facilitate distributed generation, which involves the use of non-conventional energy sources to provide electricity to remote and rural areas.

We have also set up NTPC Foundation to help the physically challenged and other marginalized communities. This foundation has set up information and communication technology centres for the visually challenged, provided management services to a rehabilitation center, and is running observable treatment centres for tuberculosis patients.

Sectoral Support

We have participated in a variety of programs to further develop and support the power sector in India. We have participated in the MoP’s “Partnership in Excellence (PIE) Programme” under which we partner with a local state utility to assist in turnaround efforts at under-performing power stations.

In addition, our wholly owned subsidiary, NESCL, has been selected by the GoI to further the rural electrification works under the ‘Rajiv Gandhi Gramin Vidyutikaran Yojana’ by the GoI.

ITI adoption to improve the quality of skilled workforce

The Industrial Training Institutes (ITIs) provide vocational education in India. We are participating in an initiative of the MoP to upgrade the ITIs. Under this program, we have “adopted” 15 ITIs and plan to set up six new ITIs near our project locations.

Human Resources

Our success depends to a great extent on our ability to recruit, train and retain high quality professionals. We believe that our strong brand name, industry leadership position, wide range of growth opportunities and focus on long-term professional development give us significant advantages in attracting and retaining highly skilled employees. We follow a “people first” approach to leverage the potential of our employees. In 2009, we were ranked as one of the top 10 Best Companies to work for by the Great Place to Work and Economic Times survey. We have 24,979 employees as of September 30, 2009, including employees in our subsidiaries and joint ventures.

We encourage our employees to develop management and technology skills through internal training programmes, industry affiliations and external programmes. For continuous honing of these skills we maintain development and assessment centres, comprehensive feedback mechanisms and a number of other learning initiatives including e-learning. As a part of our commitment to training, we have set up the Power Management Institute (PMI), which is a training centre for our middle and senior level management personnel.

Unions

We believe that we have a harmonious relationship with our workers’ unions. Most of our generating stations have unions that are registered under the Trade Union Act 1926. Most of these unions are affiliated with one of the four major central employee federations - the All India Trade Union Congress, Bharatiya Mazdoor Sangh, Center for Industrial Trade Unions, and Indian National Trade Union Congress. However some of the workers’ unions functioning at our stations are unaffiliated. There has not been any major instance of unrest and there has been no loss of generation on this account.

Insurance

Our operating plants and equipment is insured against customary risks, including fire, machinery breakdown, earthquake and terrorism. Intentional unlawful acts, human error or any decline in our business as a result of any threat of war, outbreak of disease or epidemic is not insured. Also see “*Risk Factors*” on page xvi.

Intellectual Property

For details on our intellectual property, see “*Government and Other Approvals*” on page 244.

Property

Power Stations and Projects

We have immovable properties at our power stations and projects for the purpose of our business. These properties are held either on a freehold or a leasehold basis. The majority of our land, acquired for power stations and projects, is acquired through the legal procedure prescribed under the Land Acquisition Act, 1894. There are certain immovable properties for which the conveyance/sale deeds have not been executed in our favour. In addition, there are certain properties which have been acquired from the respective state governments, and for which mutations (the process by which

changes in beneficial ownership are formally recorded in land registries in India) have not yet been carried out in the records of the local land registries.

There are certain pending disputes in relation to our immovable properties at various stations. For further information, see “*Outstanding Litigation and Material Developments*” on page 192.

Set forth below is a brief summary of our immovable properties related to our power stations and projects.

S. No.	Power Project	Location	Acres
1.	Anta	Anta, Ratariya, Tamkhera and Chakshbad, Baran, Rajasthan	922.64
2.	Auraiya	Auraiya, Etawah, Uttar Pradesh	559.23
3.	Badarpur	Badarpur, Delhi	1,277.73
4.	Dadri	Dadri, Gautam Buddha Nagar, Uttar Pradesh	2,689.07
5.	Faridabad	Mujedi, Neemkha, Sihi, Jajrun and Piyala, Haryana	324.58
6.	Rihand Nagar	Sonebhadra, Uttar Pradesh	6,420
7.	Singrauli	Sonebhadra, Uttar Pradesh	4,538.52
8.	Tanda	Ambedkar Nagar, Uttar Pradesh	1,141.54
9.	Unchahar	Rae Bareilly, Uttar Pradesh	2,197.09
10.	Barh	Barh, Bihar	3,120.07
11.	Farakka	Murshidabad, West Bengal	4,493.91
12.	Kahalgau	Bhagalpur, Bihar	3,359.94
13.	North Karanpura	North Karanpura, Jharkhand	1,489.87
14.	Pakri	Pakri Barwadih, Jharkhand	28.37
15.	Bongaigaon	Bongaigaon, Uttar Pradesh	834.34
16.	Talcher	Angul, Orissa	997.78
17.	Talcher Kanhia	Angul, Orissa	3,737.13
18.	Gandhar	Bharuch, Gujarat	478.77
19.	Kawas	Surat, Gujarat	568.15
20.	Korba	Bilaspur, Chattisgarh	5,007.36
21.	Mouda	Dhamangoan, Rahadi, Anjangn, Mouda, Eshapur, Khumbhari, Babdev, Navegaon, Savargaon, Tarsa, Hivra, Khandala	1,334.55
22.	Sipat	Bilaspur, Chattisgarh	4,329.56
23.	Solapur	Solapur, Maharashtra	1,601.24
24.	Vindhyachal	Sidhi, Madhya Pradesh	4,466.54
25.	Ramagundam	Karimnagar Andhra Pradesh	9,558.05
26.	Rajiv Gandhi Combined Cycle Power Project	Allapuzha, Kerala	1,166.85
27.	Simhadri	Vishakapatnam, Andhra Pradesh	3,492.41
28.	Koldam Hydro Power Project	Bilaspur, Himachal Pradesh	3,671.88
29.	Lohari Nagpala	Lohari Nagapala, Uttaranchal	400.25
30.	Rupsiyabagar-Khasiabara	Rupsiabagar, Uttaranchal	0.57
31.	Tapovan Vishnugadh	Paini, Shelong, Chatloi Tapovan, Dhak, Ravigram	352.62

Offices and Residences

Our registered office is located at NTPC Bhawan, SCOPE Complex, 7 Institutional Area, Lodhi Road, New Delhi. We have seven regional headquarters at Lucknow (Northern), Patna (Eastern), Mumbai (Western), Secunderabad (southern), NOIDA (national capital region and hydro region) and Bhubaneswar, in addition to other offices across India, including an engineering office complex in NOIDA.

REGULATIONS AND POLICIES IN INDIA

The following description is a summary of the relevant regulations and policies as prescribed by the GoI and other regulatory bodies that are applicable to our business. The information detailed below has been obtained from the various legislations, including rules and regulations promulgated by regulatory bodies, and the bye-laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the Bidders and are neither designed nor intended to substitute for professional legal advice.

Power Generation

Background

The development of the electricity industry in India was guided by two pieces of legislations namely the Indian Electricity Act, 1910 and the Supply Act. The Indian Electricity Act, 1910 introduced a licensing system for the electricity industry and the Supply Act was responsible for introducing greater state involvement in the industry, facilitating regional co-ordination.

The Supply Act promoted state-owned, vertically integrated units through the creation of the SEBs, to develop a 'Grid System'. 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 in 1991 and 1998 to the Supply Act to open generation to the private sector, establish regional load dispatch centres ("RLDCs") and to provide for private sector participation in transmission.

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 ("ERC") 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 is a central unified legislation relating to generation, transmission, distribution, trading and use of electricity, that seeks to replace the multiple legislations that governed the Indian power sector.

The most significant reform initiative under the Electricity Act 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, the Electricity Act provides for a greater flexibility and grants the respective ERCs greater freedom in determining tariffs, without being constrained by rate-of-return regulations. The Electricity Act seeks to encourage competition with appropriate regulatory intervention. An ATE to hear appeals against the decision of the CERC and SERCs has been established.

Under the Electricity Act, no license is required for generation of electricity. However, the Electricity Act provided that transmission, distribution and trade of electricity are regulated activities which require licenses from the appropriate ERC, unless exempted by the appropriate government in accordance with the provisions of the Electricity Act. It was amended in 2007 to exempt captive

power generation plants from licensing requirements for supply to any licensee or consumer. GoI has also announced National Electricity Policy in 2005 to guide the development of the electricity sector in India.

Licensing

The Electricity Act stipulates that no person can transmit, or distribute or undertake trading in electricity, unless he is authorised to do so by a licence issued under Section 14, or is exempt under Section 13 of the Electricity Act. The Electricity Act provides for transmission licensee, distribution licensee and licensee for electricity trading. There can be a private distribution licensee as well.

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 the Electricity Act, no surcharge is required to be paid on wheeling of power from the captive plant to the destination of the use by its owner. This provides financial incentive to large consumers to set up their own captive plants. Through an amendment in 2007, Section 9 was amended to state that no separate license is required for supply of electricity generated from the captive power plant to any licensee or the consumer. 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 CERC's jurisdiction.

Transmission

Transmission being a regulated activity, involves intervention of various players. The Central Government is responsible for facilitating transmission and supply of electricity, particularly, inter-state, regional and inter-regional transmission. The Electricity Act vests the responsibility of efficient, economical and integrated transmission and supply of electricity with the GoI and empowers it to make region-wise demarcations of the country for the same. In addition, the Central Government will facilitate voluntary inter-connections and coordination of facilities for the inter-state, regional and inter-regional generation and transmission of electricity.

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.

The Electricity Act 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. The Electricity Act prohibits CTU and STU

from engaging in the business of generation or trading in electricity. Under the Electricity Act, a transmission licensee may with prior intimation to the appropriate ERC engage in any business for the optimum utilisation of its assets.

Under the Electricity Act, the GoI was empowered to establish the NLDC and 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 the Electricity Act.

The Electricity 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 CTU/STU. The Electricity Act also lays down provisions for intra-State transmission, where state commission facilitate and promote transmission, wheeling and inter-connection arrangements within its territorial jurisdiction for the transmission and supply of electricity by economical and efficient utilisation of the electricity.

Trading

The Electricity Act specifies trading in electricity as a licensed activity. Trading has been defined as the purchase of electricity for resale. This may involve wholesale supply (i.e., purchasing power from the 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 appropriate ERC.

The CERC, vide notification dated February 16, 2009, issued the CERC (Procedure, Terms and Conditions for grant of trading license and other related matters) Regulations, 2009 (the “**Trading License Regulations**”) to regulate the inter-state trading of electricity. The Trading License Regulations define inter-state trading as transfer of electricity from the territory of one State for resale to the territory of another State and includes electricity imported from any other country for resale in any State of India.

In terms of the Trading License Regulations, any person desirous of undertaking inter-state trading in electricity shall make an application to the CERC for the grant of license. The Trading License Regulations set out various qualifications for the grant of license for undertaking electricity trading, including certain technical and professional qualifications, and net worth requirements. An applicant is required to publish notice of his application in daily newspapers to receive objections, if any, to be filed before CERC. Further, a licensee is subject to certain conditions including the extent of trading margin, maintenance of records and submission of auditors’ report. The existing licensees are required to meet the net worth, current ratio and liquidity ratio criteria within a period up to March 31, 2010 and are required to pay license fee as specified by the CERC, from time to time.

The eligibility criteria include norms relating to capital adequacy and technical parameters. However, the National and Regional Load Despatch Centres, CTUs, STUs and other transmission licensees are not allowed to trade in power, to prevent unfair competition. The relevant ERCs also have the right to fix a ceiling on trading margins in intra-state trading.

Distribution and Retail Supply

The Electricity Act 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 the Electricity Act, 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. The distribution licensee with prior permission of the appropriate commission may engage itself in any other activities for optimal utilisation of its assets.

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 such as protecting the public from dangers involved, eliminating/reducing the risks of injury, notify accidents and failures of transmission and supplies of electricity. It shall also be required to comply with system specifications for supply and transmission of electricity. The Electricity Act 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

The Electricity Act has introduced significant changes in terms of tariff principles applicable to the electricity industry.

Under the Electricity Act, the appropriate ERCs are empowered to determine the tariff for:

- supply of electricity by a generating company to a distribution licensee. Provided that the appropriate commission may, in case of a shortage of supply of electricity, fix the minimum and maximum ceiling of tariff for sale or purchase of electricity in pursuance of an agreement, entered into between a generating company and a licensee or between licensees, for a period not exceeding one year to ensure reasonable prices of electricity;
- transmission of electricity;
- wheeling of electricity; and
- retail sale of electricity, provided that in case of distribution of electricity in the same area by two or more distribution licensees, the appropriate commission may, for promoting competition among distribution licensees, fix only maximum ceiling of tariff for retail sale of electricity.

The appropriate ERC 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 in the manner 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 ERCs have not been expressly permitted to depart from the tariff determining factors set out above.

However, the Electricity Act provides that the ERC 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 MoP has issued detailed guidelines for competitive bidding as well as standard bidding documents for competitive bid projects.

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, an energy charge, an unscheduled interchange charge and incentive payments); or (ii) competitive bidding route where the tariff is purely market based.

Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009

The CERC (Terms and Conditions of Tariff) Regulations, 2009 (“**CERC Tariff Regulations**”) applies in all cases where tariff for a generating station or a unit (other than those based on non-conventional energy sources) and the transmission system is yet to be determined by the CERC.

The tariff for supply of electricity from a thermal generating station shall comprise two parts, namely, capacity charge (for recovery of annual fixed cost) and energy charge (for recovery of primary fuel cost and limestone cost where applicable).

The tariff for supply of electricity from a hydro generating station shall comprise capacity charge and energy charge, for recovery of annual fixed cost through the two charges. The tariff for transmission of electricity on inter-State transmission system shall comprise transmission charge for recovery of annual fixed cost.

Tariff in respect of a generating station may be determined for the whole of the generating station or a stage or unit or block of the generating station, and tariff for the transmission system may be determined for the whole of the transmission system or the transmission line or sub-station. For the purpose of determination of tariff, the capital cost of the project may be broken up into stages and distinct units or blocks, transmission lines and sub-systems forming part of the project, if required, provided that where break-up of the capital cost of the project for different stages or units or blocks and transmission lines or sub-stations is not available and in case of on-going projects, the common facilities shall be apportioned on the basis of the installed capacity of the units, line length and number of bays and that in relation to multi-purpose hydro schemes, with irrigation, flood control and power components, the capital cost chargeable to the power component of the scheme only shall be considered for determination of tariff.

The generating company or the transmission licensee, as the case may be, may make an application for determination of tariff in respect of the units of the generating station or the transmission lines or sub-stations of the transmission system, completed or projected to be completed within six months from the date of application.

In case of the existing projects, the generating company or the transmission licensee, as the case may be, shall continue to provisionally bill the beneficiaries or the long-term customers with the tariff approved by the CERC and applicable as on March 31, 2009 for the period starting from April 1, 2009 till approval of tariff by the CERC in accordance with the CERC Tariff Regulations.

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.

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, GoI;
- approval of interest rates and local and 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 the Electricity Act, 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 the 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 a bulk power tariff structure. As noted, under the Electricity Act, the regulatory commission is required to adopt a bid-based tariff, although the Guidelines for Determination of Tariff by Bidding Process for Procurement of Power by Distribution Licensees, 2005 (“**Bidding Guidelines**”) permit the bidding authority to reject all price bids received. The Bidding Guidelines recommend bid evaluation on the basis of levelised tariff. 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.

Tariff rates for procurement of electricity by distribution licensees (Procurer), to be decided, can be for:

- long-term procurement of electricity for a period of seven years and above; and
- medium term procurement for a period of up to seven years but exceeding one year.

For long-term procurement under tariff bidding guidelines, a two-stage process featuring a separate request for qualification (“**RFQ**”) and request for proposal (“**RFP**”) stages shall be adopted for the bid process. The procurer may, at his option, adopt a single stage tender process for medium term procurement, combining the RFP and RFQ processes.

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 by 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. There is a special dispensation of five years for CPSUs from the date of issue of the Tariff Policy, 2006 for capacity addition through the MoU route. Some state regulators have, however, continued to purchase power under the MoU route, stating that the Tariff Policy is merely indicative and not binding.

However, for public sector projects, tariff for all new generation and transmission projects shall be decided on the basis of competitive bidding after January 2011 or when the regulatory commission is satisfied that the situation is ripe to introduce such competition.

National Electricity Policy

In compliance with the Electricity Act, the Central Government notified the National Electricity Policy in February, 2005. The National Electricity Policy aims at achieving the following objectives:

- open access to transmission and distribution system;
- availability of electricity for all households by 2010;
- availability of power on demand by 2012;
- to overcome the energy and peaking shortages and to make available adequate spinning reserve by 2012;
- 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 units 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.

National Electricity Plan

Assessment of demand is an important pre-requisite for planning capacity addition. The Electricity Act requires the CEA to frame a National Electricity Plan once in five years and revise the same from time to time in accordance with the National Electricity Policy. CEA has released a National Electricity Plan in April, 2007.

The National Electricity Plan would be for a short-term framework of five years while giving a 15 year perspective and would include:

- Short-term and long-term demand forecast for different regions;
- Suggested areas/locations for capacity additions in generation and transmission keeping in view the economics of generation and transmission, losses in the system, load centre requirements, grid stability, security of supply, quality of power including voltage profile and environmental considerations including, rehabilitation and resettlement;
- Integration of such possible locations with transmission system and development of national grid including type of transmission systems and requirement of redundancies;
- Different technologies available for efficient generation, transmission and distribution; and
- Fuel choices based on economy, energy security and environmental considerations.

Policy for setting up of Mega Power Projects

The Mega Power Policy was introduced by the MoP on November 10, 1995 and subsequently amended on December 14, 2009 wherein the following projects are classified as mega power projects.

The following conditions are required to be fulfilled by the developer of power projects for grant of mega power project status:

- A thermal power plant with a capacity of 700 MW or more, located in the states of Jammu and Kashmir, Sikkim, Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland and Tripura; or
- A thermal power plant of a capacity of 1,000 MW or more, located in states other than those specified in the clause above; or
- A hydro electricity power plant of a capacity of 350 MW or more, located in the states of Jammu and Kashmir, Sikkim, Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland and Tripura; or
- A hydro electricity power plant of a capacity of 500 MW or more, located in States other than those specified in the clause above.

Fiscal concessions/benefits available to the mega power projects:

- Zero Customs Duty: The import of capital equipment would be free of customs duty for these projects;
- Deemed Export Benefits: Deemed export benefits are available to domestic bidders for projects both under public and private sector on meeting certain requirements;
- Pre-conditions for availing the benefits: Goods required for setting up of any mega power project qualify for the above fiscal benefits after the project is certified that:
 - i. the power purchasing States have granted to the Regulatory Commissions full powers to fix tariffs;
 - ii. the power purchasing States undertake to carry out distribution reforms as laid down by the MoP; and
- Income Tax Benefits: In addition, the income-tax holiday regime as per Section 80-IA of the IT Act, 1961 is also available.

Roles of key organisations and players

The roles and functions of certain key organisations and players that operate in the power sector have been set out below:

Central and State Governments

The Electricity Act 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 has the power 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 state load despatch centre (SLDC), notifies the STU, vests property of STU in companies, draws up reorganisation 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 the Electricity Act 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 Supply Act 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 the Electricity Act has now removed. The technical clearance required for power projects under the provisions of the Supply Act has been eliminated, except in cases of hydro projects above a certain capital investment.

Electricity Regulatory Commissions

The Electricity Act 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 State, 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 the Electricity Act. The ERCs 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 ERCs 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 the Electricity Act, the Appellate Tribunal has been set up as an appellate body against orders of the relevant ERCs 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 ERCs 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 Electricity Act or the licensee. The ERCs 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 Electricity Act 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.

Mining Laws

The Mines and Minerals (Development and Regulations) Act, 1957, as amended, (“**MMDR Act**”), the Mineral Concession Rules, 1960, as amended, (“**MC Rules**”), and the Mineral Conservation and Development Rules, 1988, as amended, (“**MCD Rules**”), govern mining rights and the operations of mines in India. The MMDR Act was enacted to provide for the development and regulation of mines and minerals under the control of India and it lays down the substantive law pertaining to the grant, renewal and termination of reconnaissance, mining and prospecting licenses. The MCD Rules outline the procedures for obtaining a prospecting license or the mining lease, the terms and conditions of such licenses and the model form in which they are to be issued. The MCD Rules lay down guidelines for ensuring mining is carried out in a scientific and environmentally friendly manner.

The GoI announced the National Mineral Policy in 1993, which was amended in 2008, to sustain and develop mineral resources so as to ensure their adequate supply for the present needs and future requirements of India in a manner which will minimize the adverse effects of mineral development on the forest, environment and ecology through appropriate protective measures. The aim of the National Mineral Policy is to achieve zero waste mining and the extraction and utilization of the entire run of mines within a framework of sustainable development through the establishment of a resource inventory and registry, manpower development through education and training, infrastructure development in mineral bearing areas and the facilitation of financial support for mining. At the same time, the GoI also made various amendments to India's mining laws and regulations to reflect the principles underlying the National Mineral Policy.

Grant of a Mining Lease

A mining lease is granted by the applicable State Government. The mining lease agreement governs the terms on which the lessee may use the land for the purpose of mining operations. If the land on which the mines are located belongs to private parties, the lessee must acquire the surface rights relating to the land from such private parties. If a private party refuses to grant the required surface rights to the lessee, the lessee is entitled to inform the state government and deposit with the state government compensation for the acquisition of the surface rights. If the state government deems that such amount is fair and reasonable, the state government has the power to order a private party to permit the lessee to enter the land and carry out such operations as may be necessary for the purpose of mining. For determining what constitutes a fair amount of compensation payable to the private party, state governments are guided by the principles of the Land Acquisition Act, 1894, as amended, or Land Acquisition Act, which generally governs the acquisition of land by governments from private individuals. In case of land owned by the government, the surface right to operate in the lease area is granted by the government upon application as per the norms of that state government.

If the mining operations in respect of any mining lease results in the displacement of any persons, the consent of such affected persons, and their resettlement and rehabilitation as well as payment of benefits in accordance with the guidelines of the applicable state government, including payment for the acquired land owned by those displaced persons, needs to be settled or obtained before the commencement of the mining project. In respect of minerals listed in the First Schedule of the MMDR Act, prior approval of the GoI is required to be obtained by the state government for entering into the mining lease. The approval of the GoI is granted on the basis of the recommendations of the state governments, although the GoI has the discretion to overlook the recommendation of the state governments. On receiving the clearance of the GoI, the state government grants the final mining lease and prospecting license. The lease can be executed only after obtaining the mine plan approval from the IBM, which is valid for a period of five years. A mining lease for a mineral or prescribed group of associated minerals cannot exceed a total area of 10 square kilometers. Further, in a state (province), one person cannot acquire mining leases covering a total area of more than 10 square kilometers. However, the GoI may, if necessary in the interest of development of any mineral, relax this requirement.

The maximum term of a mining lease is 30 years and the minimum term is 20 years. A mining lease may be renewed for further periods of 20 years or less at the option of the lessee. Renewals are subject to the lessee not being in default of any applicable laws, including environmental laws. The MC Rules provide that if a lessee uses the minerals for its own industry, then such lessee is generally entitled to a renewal of its mining lease for a period of 20 years, unless it applies for a lesser period. The lessee is required to apply to the relevant state government for the renewal of the mining lease at least one year prior to the expiry of the mining lease. Any delay in applying for a renewal of the mining lease may be waived by the applicable state government provided that the application for renewal is made prior to expiry of the mining lease. In the event that the state government does not make any orders relating to an application for renewal prior to the expiration of the mining lease, the mining lease is deemed to be extended until such time the state government makes the order on the application for renewal.

Development of hydropower projects and power sharing formula

The MoP, by a notification dated June 8, 2001, has prescribed a three-stage procedure regarding the development of hydropower projects. The notification prescribes the key activities that are required to be performed at each stage and the time period for the completion of such key activities. Details of the activities to be undertaken during the three stages are set forth below:

- (a) **Stage-I:** Any hydropower generation company proposing to set up a hydropower station is required to approach the MoP for sanction of the proposed project. The MoP shall sanction expenditure of up to Rs. 100 million on survey, investigation and preparation of the pre- FR, subject to the same appearing in the five year plan. If the expenditure for the proposed project exceeds Rs. 100 million, it requires sanction by the PIB;
- (b) **Stage-II:** Involves preparation of the DPR, pre-construction works, development of infrastructure and land acquisition. In the event estimated cumulative expenditure for Stages I and II exceeds Rs. 100 million, the same shall be considered by the PIB. Proposals of over Rs. 200 million will be considered by the Ministry of Finance and those involving over Rs. 500 million require the approval of the CCEA; and
- (c) **Stage-III:** The approval of PIB/CCEA would be required in respect of the construction of the project. These approvals would be sought after the environment and forests clearances have been obtained from MoEF and TEC from the CEA.

In addition, the MoP, by its notification dated November 1, 1990 has prescribed the formula for sharing of power and benefits from all central sector hydroelectric projects commissioned after September 7, 1990. The salient features of the notification are set forth below:

- (a) 15% of the generation capacity will be kept as 'unallocated' with the GoI for distribution within the region or outside, depending on overall requirements;
- (b) 12% of the energy generated will be supplied free of cost to the concerned State where distress is caused by the setting up of the project; and
- (c) The remaining 73% is distributed between the States in the region on the basis of Central plan assistance given to various States in the region during the last five years and on the basis of consumption of electricity in the States in the region in the last five years, the two factors being given equal weightage.

The Hydro Power Policy, 2008

The Hydro Power Policy was notified by the GoI, setting out the following objectives: (a) inducing private investment in hydropower development; (b) harnessing the balance hydroelectric potential; (c) improving resettlement and rehabilitation; and (d) facilitating financial viability. The salient features of this policy are set forth below:

- (a) The existing dispensation available to the public sector regarding exemption from tariff based bidding up to January 2011 is extended to private sector hydroelectric projects;
- (b) State governments would be required to follow a transparent procedure for awarding potential sites to the private sector;
- (c) The concerned private developer would be required to follow the existing procedure, including getting the DPR prepared, obtaining concurrence of the CEA/State government, obtaining environment, forest and other statutory clearance and then approach the appropriate regulator. It would be obligatory for the developers to go through an international competitive

bidding process for award of contract for supply of equipment and construction of the project either through a turnkey contract or through a few well defined packages;

- (d) Tariff of the project would be decided by the appropriate commission;
- (e) Special incentive by way of merchant sales of up to 40% of the saleable energy is envisaged for the project(s) meeting the time lines;
- (f) An additional 1% free power from the project would be provided and earmarked for local area development fund, aimed at providing a regular stream of revenue for income generation and welfare schemes, creation of additional infrastructure and common facilities on a sustained and continued basis over the life of the project. It is further recommended that the host State government would also provide a matching 1% from their share of 12% free power towards this corpus fund. This fund could be operated by a standing committee headed by an officer of the State government not lower than a district magistrate;
- (g) For 10 years from the date of commissioning of the project, 100 units of electricity per month would be provided by the project developer to each project affected family through the relevant distribution company; and
- (h) In the interest of speedy implementation of hydroelectric projects, it is proposed that the Resettlement and Rehabilitation package should be more liberal than the National Resettlement and Rehabilitation Policy, 2007.

The National Water Policy, 2002

The National Water Policy, notified in 1987, was significantly amended and notified in 2002 by the Ministry of Water Resources, GoI. The National Water Policy notes that water allocation priorities should be broadly as follows: drinking water; irrigation; hydropower; ecology; agro-industries and non-agricultural industries; and navigation and other uses. However, the priorities could be modified or added to, if warranted by region specific considerations. The National Water Policy states that water resource development projects should, as far as possible, be planned and developed as multipurpose projects, with an integrated and multi-disciplinary approach to the planning, formulation, clearance and implementation of projects, including catchment area treatment and management, environmental and ecological aspects, the rehabilitation of affected people and command area development. Planning of projects and economic evaluation of projects in hilly areas should take into account, *inter alia*, possibilities of hydropower development.

Private sector participation should be encouraged in planning, development and management of water resources projects for diverse uses, wherever feasible. Private sector participation may help in introducing innovative ideas, generating financial resources, introducing corporate management and improving service efficiency and accountability to users. Various combinations of private sector participation, in building, owning, operating, leasing and transferring of water resources facilities, may be considered. Water sharing/distribution among the States should be guided by a national perspective with due regard to water resources availability and needs within the river basin. The National Water Policy recommends that the Inter-State Water Disputes Act, 1956, be amended for timely adjudication of water disputes referred to the Tribunal, respective States should formulate their own Water Policies backed by operational action plans in a time bound manner, and that States should evolve their own detailed resettlement and rehabilitation policies for the sector, taking into account the local conditions.

Regulations governing exploration and production of oil

Under Article 297 of the Constitution of India, jurisdiction over petroleum and natural gas occurring in their natural state in India, is vested with the Union of India. MoPNG is the principal regulator of

exploration and production of oil and natural gas in India. MoPNG is responsible for regulating exploration, production, distribution, marketing and pricing of petroleum resources, including crude oil and natural gas, and is also responsible for planning, development and regulation of oil field services.

The Directorate General of Hydrocarbons (“**DGH**”) was established under the aegis of MoPNG in 1993, with the objective of promoting sound management of Indian petroleum and natural gas resources, with regard to environment, safety, technological and economic aspects. The MoPNG felt the need to have an appropriate agency to regulate and oversee the upstream activities in the petroleum and natural gas sector and also advise the GoI in these areas. The Dasgupta Committee, which had reviewed the management of the Bombay High reservoir, had recommended the creation of an autonomous conservation board to oversee and review that oilfield development conforms to sound reservoir engineering practices in line with national interest. The Kaul Committee, which examined ONGC’s organizational structure, also recommended the establishment of an independent regulatory body called the DGH. Hitherto the upstream petroleum sector was largely a monopoly of public sector companies and was being increasingly thrown open to private investment and was invariably leading to a number of new operating companies in the private and joint sectors entering the field. There was thus a need to establish an agency that could effectively supervise the activities of all these companies in the national interest. Taking all the above into consideration, GoI decided to set up the DGH under the administrative control of the MoPNG.

The objective of the DGH is to promote sound management of the Indian petroleum and natural gas resources have a balanced regard for the environment, safety, technological and economic aspects of the petroleum activity.

The DGH has the following functions and responsibilities:

- (a) to provide technical advice to the MoPNG on issues relevant to the exploration an optimal exploitation of hydrocarbons in the country and on the strategy of taking up exploration and exploitation of oil and gas reserves abroad by the national oil companies;
- (b) to review the exploration programmes of companies operating under Petroleum Exploration Licenses granted under the Oil Fields (Regulation and Development) Act, 1948 (the “**Oilfields Act**”) and the Petroleum and Natural Gas Rules, 1959 (the “**PNG Rules**”) with a view to advising the GoI on the adequacy of these programmes;
- (c) to reassess the hydrocarbon reserves discovered and estimated by the operating companies in discussion with them;
- (d) to advise the GoI on the offering of acreage for exploration to companies as well as matters relating to relinquishment of acreage by companies;
- (e) to review the development plans for commercial discoveries of hydrocarbon reserves proposed by the operating companies and advise the GoI on the adequacy of such plans and the exploitation rates proposed and matters relating thereto;
- (f) to review and audit concurrently the management of petroleum reservoirs by operating companies and advise on any mid course correction required to ensure sound reservoir management practices in line with the optimal exploitation of reserves and the conservation of petroleum resources;
- (g) to regulate the preservation, upkeep and storage of data and samples pertaining to petroleum exploration, drilling production of reservoirs etc. and to cause the preparation of data packages for acreage on offer to companies;

- (h) to advise the GoI on the laying down of safety norms and framing regulations on safety in oilfield operations, prescribe pollution control measures and assist in inspection and periodic safety audit; and
- (i) all other matters incidental thereto and such other functions as may be assigned by the GoI from time to time.

The DGH has an Advisory Council, appointed by the GoI, comprising a Chairman and members, who are eminent persons in the field of oil exploration and production. The Advisory Council is serviced by the DGH which is headed by a Director General who is also the Member Secretary to the Council. The DGH is manned by such staff as the MoPNG in consultation with the DGH decides and is drawn from the oil industry on deputation/tenure basis. The Directorate General is appointed by the GoI on tenure/deputation basis and drawn from the oil industry/government. Specialists from outside the oil companies, as considered necessary, are also be appointed as consultants/advisers on contractual basis. The expenditure of the DGH is funded by grants from the Oil Industry Development Board. The headquarters of the Directorate General is at New Delhi.

Other bodies under the MoPNG's control include the (a) Oil Industry Development Board, which provides financial and other assistance for development of the oil industry; (b) Petroleum Conservation Research Association ("PCRA"); which promotes awareness of energy conservation and good practices in use and application of energy; (c) Centre for High Technology, which serves as a nodal data-gathering agency with respect to technological matters; and (d) Oil Industry Safety Directorate ("OISD"), which develops standards and codes for safety and fire-fighting and conducts periodic safety audits of petroleum handling facilities. In addition, DGMS issues directions in respect of onshore petroleum mining installations.

Highlights of India's exploration licensing regime (Pre-NELP regime)

Prior to NELP, the Oilfields Act and the PNG Rules regulated the issue of licences and PSCs. Under the Industrial Policy prevailing at the time, exploration blocks were offered for exploration and production only to national oil companies. ONGC and our Company, both public sector undertakings, were the two major entities involved in exploration of petroleum until 1997 while IOCL was the primary entity concerned with refining and processing oil after extraction. Private companies had access to hydrocarbon resources prior to NELP only through joint venture arrangements entered into with GoI, instead of complete participation through a bidding process. These joint venture arrangements contemplated mandatory participation of GoI through the national oil companies.

GoI offered acreages for exploration in 1980, 1982 and 1986. In 1986, in addition to offering exploration blocks ("**Nomination Blocks**") to national oil companies, GoI extended the offering of oil and gas acreages to private investors, including foreign investors. GoI further liberalised the petroleum exploitation and exploration policy in 1991 inviting discovered fields for joint or independent development to national oil companies as well as to private or international investors, on a competitive bidding basis. Companies would bid for the minimum work commitment for each phase of exploration, indicating in their bids the share of profit petroleum expected by them at various levels of returns, based on either multiples of investment recovered or on post-tax rates of return. Cost recovery was ring-fenced by producing area, with development and production costs in respect of a producing area being recoverable only from revenues of that producing area. However, exploration costs incurred in a block in which producing area was located could be recovered from revenues of that producing area. There was no minimum commitment regarding expenditure. The companies winning the blocks would enter into a PSC with GoI ("**Pre-NELP Contracts**").

National oil companies had the option of taking 30% participating interest in a Pre-NELP Contract at the time of a commercial discovery, such that they would meet their proportionate share of development and production costs, as well as an additional 10% working participation in any blocks

they chose, with 10% exploration costs being borne by them. Contractors were required to offer the entire share of oil accruing to them as cost oil or profit oil to GoI during this Pre-NELP Contract phase.

Pre-NELP Contracts were for a period of up to 25 years, in case of crude oil and associated gas (“ANG”), extendable by another five years. The contract period for non-associated gas (“NANG”) would extend for up to 35 years, taking into consideration the longer gestation period for gas projects. This included an exploration period of a maximum of 7 years. A seismic option was provided for in the first phase of exploration. Contractors would be required to relinquish 25% of the contract area to GoI at the end of the first phase of exploration and a further 50% of the original contract area at the end of the second exploration phase. However, this was negotiable, particularly for blocks requiring greater exploration input. Only producing and producible areas for which a mutually agreed work programme had been drawn up could be retained by contractors at the end of the exploration period. Pre-NELP Contractors were not liable to pay signature or production bonus or any royalty or cess on production, and were fully exempted from payment of customs duties and other taxes on imports required for petroleum operations. Further, they would enjoy income tax holiday for seven years from the start of commercial production.

Separate provisions were made for development of commercially exploitable natural gas resources, with priority being given to development of natural gas for the domestic market. Where GoI or its nominee elected to purchase gas, the price would be related to the replacement value of alternative liquid hydrocarbons.

New Exploration Licensing Policy (“NELP”)

NELP was formulated by GoI in 1997-98, to provide a level playing field where prospective contractors, including the public and private sectors, compete on equal terms for award of exploration and mining acreage. The NELP notification of 1999 specifies that there would be no mandatory state participation through the national oil companies and that national oil companies would be required to compete for obtaining PELs on a competitive basis instead of the previous system of obtaining PELs on a nomination basis. Under NELP, the ‘carried interest’ or ‘inherent interest’ concept whereby national oil companies carried a 30% interest that was exercisable by them on discovery of oil or gas in exploration operations has been removed. Further, preferential treatment of national oil companies and reservation of blocks is no longer practiced. NELP provides that companies including the national oil companies are to be paid international prices for oil discoveries made in blocks offered under NELP.

The model production sharing contract (“**Model PSC**”), was notified in terms of NELP, to be regulated under the PNG Rules, between GoI and a licensee or lessee with respect to grant of a PEL or PML. The Model PSC is an agreement between the contractor and GoI, under which the contractor bears exploration risks and development and production costs in return for a stipulated share of production resulting from this effort. Costs are recovered from commercial production. GoI’s share in a PSC is also subject to competitive bidding between prospective contractors. The Model PSC defines participating interest of contracting parties and designates an operator for the contract area under the PEL or PML. Where the contractor under the PSC includes more than one company or entity, such entities inter se are required to enter into a JOA. The contract period under the PSC includes an exploratory phase, including two sub-phases, during which time the contractor operates under a PEL, and a development and production phase, during which time the contractor operates under a PML.

Among other things, the PSC requires the contractor to obtain GoI approval for (a) an appraisal programme appraising any discovery, delineating petroleum reservoirs in terms of thickness and lateral extent and determining quantity of recoverable petroleum therein; (b) a development plan with respect to development of each commercial discovery; (c) an annual work programme for the contract period; (d) a minimum work programme with respect to each exploration phase; and (e) any abandonment or site restoration plans. A contractor signing a PSC is free to market oil and gas in the

domestic market and the option to amortise exploration and drilling expenditures over a period of 10 years from first commercial production. Other benefits under NELP include income tax holiday for seven years from the start of commercial production; and exemptions from, among other things, payment of signature, discovery or production bonus; customs duty on imports required for petroleum operations; minimum expenditure commitment during the exploration period; no mandatory state participation/carried interest by or for national oil companies. Under the Model PSC regime, the procedure for announcement of hydrocarbon discoveries is defined. Further, companies are required to prepare appraisal programmes of commercial discoveries made under nomination blocks, as well as development plan of such discoveries, in consultation with DGH within the specified period. The Model PSC features cost recovery to the operator and share of profit petroleum to GoI, as distinguished from existing contracts for CBM blocks, which feature production linked payment (“PLP”) to GoI and no cost recovery to the operator. In matters of dispute resolution, the Arbitration and Conciliation Act, 1996, based on the United Nations Commission on International Trade Law model, applies.

The first round for offer of blocks under NELP was in 1999. To date, there have been seven rounds of competitive bidding for award of PSCs under NELP.

Guidelines for Management of Oil and Gas Resources for Nomination Blocks (“Oil and Gas Nomination Block Management Guidelines”)

The Oil and Gas Nomination Block Management Guidelines were announced by the MoPNG. Nomination blocks are those which were awarded to national oil companies before the NELP and PSC regimes. Under the Oil and Gas Nomination Block Management Guidelines, the national oil companies are required to, among other things, prepare an appraisal programme of the discoveries made under nomination blocks in consultation with DGH within the specified time frame similar to the NELP regime. Additionally, the development plan of the discoveries made under nomination blocks has to be prepared by the national oil companies in consultation with DGH. Furthermore, the Oil and Gas Nomination Block Management Guidelines prescribe constitution of a management committee with a representative each from MoPNG, Director General, DGH and a director level representative from the Company. The Director General, DGH will act as chairman and the DGH is required to review and monitor progress and performance of national oil companies to the extent that optimal exploratory inputs are provided in each PEL, in accordance with international practice. DGH also has the power to frame procedures for announcement of hydrocarbon discoveries and reporting of hydrocarbon reserves similar to those under the PSC regime. Further, DGH is responsible for close monitoring of development of hydrocarbon discoveries from these blocks as well as monitoring reservoir health of all producing fields operated by national oil companies.

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 FDI. FDI is allowed under the automatic route for 100% in respect of projects relating to electricity generation, transmission and distribution, other than atomic reactor power plants and for coal and lignite mining for captive consumption by power projects, subject to the provisions of the Coal Mines (Nationalisation) Act, 1973, as amended. There is no limit on the project cost and the quantum of FDI.

Indian Energy Exchange for Online Trading in Electricity

India’s first power exchange –IEX became operational and trading was launched on June 27, 2008. The IEX is promoted by Financial Technologies (India) Limited and PTC. Another power exchange namely PXIL, promoted by NSE and National Commodities & Derivatives Exchange Ltd., started

operations from October 22, 2008. Both the power exchanges are operating successfully and contributing to trade and distribution of market information, promotion of competition and creation of liquidity in a deregulated power market. The trading is done through a web/electronic trading platform which ensures transparency and price discovery.

Labour and Environmental Regulations

Depending upon the nature of the activity undertaken by us, applicable environmental and labour laws and regulations include the following:

- The Contract Labour (Regulation and Abolition) Act, 1970;
- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- The Employees' State Insurance Act, 1948 ("**ESI Act**");
- The Factories Act, 1948;
- The Industrial Disputes Act, 1947;
- The Payment of Wages Act, 1936;
- The Workmen's Compensation Act, 1923;
- The Minimum Wages Act, 1948;
- The Payment of Bonus Act, 1965 ("**Bonus Act**");
- The Payment of Gratuity Act, 1972;
- The Environment (Protection) Act, 1986;
- The Environment Impact Assessment Notification S.O. 1533(E), 2006;
- The Forest (Conservation) Act, 1980 and The Forest (Conservation) Rules, 2003;
- The Hazardous Wastes (Management and Handling) Rules, 1989 ("**Hazardous Wastes Rules**");
- The Water (Prevention and Control of Pollution) Act, 1974;
- The Water (Prevention and Control of Pollution) Cess Act, 1977 ("**Water Cess Act**") and
- The Air (Prevention and Control of Pollution) Act, 1981.

Labour Laws

The Factories Act, 1948, as amended (the "Factories Act")

The Factories Act defines a 'factory' to be any premise which employs or employed on any day in the previous twelve months, ten or more workers and in which a manufacturing process is being carried on with the aid of power or any premises where there are or were in the previous twelve months, at least twenty workers working even though there is no manufacturing process being carried on with the aid of power. State Governments prescribe rules with respect to the prior submission of plans, their approval for the establishment of factories and the registration and licensing of factories.

The Factories Act provides that the 'occupier' of a factory (defined as the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors) shall ensure the health, safety and welfare of all workers while they are at work in the factory, especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers' health and safety, cleanliness and safe working conditions.

If there is a contravention of any of the provisions of the Factories Act or the rules framed thereunder, the occupier and manager of the factory may be punished with imprisonment for a term up to two years or with a fine up to Rs. 100,000 or with both, and in case of contravention continuing after conviction, with a fine of up to Rs. 1,000 per day of contravention. In case of a contravention which results in an accident causing death or serious bodily injury, the fine shall not be less than Rs. 25,000 in the case of an accident causing death, and Rs. 5,000 in the case of an accident causing serious bodily injury.

Environmental Laws

Our business is subject to environment laws and regulations. The applicability of these laws and regulations varies from operation to operation and is also dependent on the jurisdiction in which we operate. Compliance with relevant environmental laws is the responsibility of the occupier or operator of the facilities.

Our operations require various environmental and other permits covering, among other things, water use and discharges, stream diversions, solid waste disposal and air and other emissions. Major environmental laws applicable to our operations include:

The Environment (Protection) Act, 1986 (the “EPA”)

The EPA is an umbrella legislation in respect of the various environmental protection laws in India. The EPA vests the GoI with the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. This includes rules for inter alia, laying down the quality of environment, standards for emission of discharge of environment pollutants from various sources, inspection of any premises, plant, equipment, machinery, examination of manufacturing processes and materials likely to cause pollution. Penalties for violation of the EPA include fines up to Rs. 100,000 or imprisonment of up to five years, or both.

There are provisions with respect to certain compliances by persons handling hazardous substances, furnishing of information to the authorities in certain cases, establishment of environment laboratories and appointment of Government analysts.

The Environment Impact Assessment Notification S.O. 1533(E), 2006 (the “EIA Notification”)

The EIA Notification issued under the EPA and the Environment (Protection) Rules, 1986, as amended, provides that the prior approval of the MoEF or State Environment Impact Assessment Authority, as the case may be, is required for the establishment of any new project and for the expansion or modernisation of existing projects specified in the EIA Notification. The EIA Notification states that obtaining of prior environmental clearance includes a maximum of four stages, i.e., screening, scoping, public consultation and appraisal.

An application for environmental clearance is made after the identification of prospective site(s) for the project and/or activities to which the application relates but before commencing any construction activity, or preparation of land, at the site by the applicant. Certain projects which require approval from the State Environment Impact Assessment Authority may not require an Environment Impact Assessment Report. For projects that require preparation of an Environment Impact Assessment Report public consultation involving both public hearing and written response is conducted by the SPSB. The appropriate authority makes an appraisal of the project only after a Final EIA Report is submitted addressing the questions raised in the public consultation process.

The prior environmental clearance granted for a project or activity is valid for a period of ten years in the case of river valley projects, project life as estimated by Expert Appraisal Committee or State Level Expert Appraisal Committee subject to a maximum of 30 years for mining projects and five years in the case of all other projects and activities. This period of validity may be extended by the regulatory authority concerned by a maximum period of five years.

The mining of minerals in a leased area of 50 hectares or more; coal or lignite based thermal power plants with a capacity of 500 MW or more; and hydro-electric power plants with a capacity of 50 MW or more, requires clearance from the MoEF. The mining of minerals in a leased area of five hectares or more, but less than 50 hectares; coal or lignite based thermal power plants with a capacity of more

than 50 MW, but less than 500 MW; and hydro-electric power plants with a capacity of 25 MW or more, but less than 50 MW requires clearance from State Environment Impact Assessment Authority.

The Hazardous Wastes (Management and Handling) Rules, 1989 (the “Hazardous Wastes Rules”)

The Hazardous Wastes Rules aim to regulate the proper collection, reception, treatment, storage and disposal of hazardous waste by imposing an obligation on every occupier and operator of a facility generating hazardous waste to dispose such waste without adverse effect on the environment, including through the proper collection, treatment, storage and disposal of such waste. Every occupier and operator of a facility generating hazardous waste must obtain an approval from the Pollution Control Board. The occupier, the transporter and the operator are liable for damages caused to the environment resulting from the improper handling and disposal of hazardous waste. The operator and the occupier of a facility are liable for any fine that may be levied by the respective SPSB. Penalty for the contravention of the provisions of the Hazardous Waste Rules includes imprisonment up to five years and imposition of fines as may be specified in the EPA or both.

The Water (Prevention and Control of Pollution) Act, 1974 (the “Water Act”)

The Water Act aims to prevent and control water pollution as well as restore water quality by establishing and empowering the CPCB and the State Pollution Control Boards. Under the Water Act, any person establishing any industry, operation or process, any treatment or disposal system, use of any new or altered outlet for the discharge of sewage or new discharge of sewage, must obtain the consent of the relevant State Pollution Control Board, which is empowered to establish standards and conditions that are required to be complied with. In certain cases the State Pollution Control Board may cause the local Magistrates to restrain the activities of such person who is likely to cause pollution. Penalty for the contravention of the provisions of the Water Act include imposition of fines or imprisonment or both.

The CPCB has powers, inter alia, to specify and modify standards for streams and wells, while the State Pollution Control Boards have powers, inter alia, to inspect any sewage or trade effluents, and to review plans, specifications or other data relating to plants set up for treatment of water, to evolve efficient methods of disposal of sewage and trade effluents on land, to advise the State Government with respect to the suitability of any premises or location for carrying on any industry likely to pollute a stream or a well, to specify standards for treatment of sewage and trade effluents, to specify effluent standards to be complied with by persons while causing discharge of sewage, to obtain information from any industry and to take emergency measures in case of pollution of any stream or well.

A central water laboratory and a state water laboratory have been established under the Water Act.

The Water (Prevention and Control of Pollution) Cess Act, 1977 (the “Water Cess Act”)

The Water Cess Act provides for levy and collection of a cess on water consumed by industries with a view to augment the resources of the Central and SPCB constituted under the Water Act. Under this statute, every person carrying on any industry is required to pay a cess calculated on the basis of the amount of water consumed for any of the purposes specified under the Water Cess Act at such rate not exceeding the rate specified under the Water Cess Act. A rebate of up to 25% on the cess payable is available to those persons who install any plant for the treatment of sewage or trade effluent, provided that they consume water within the quantity prescribed for that category of industries and also comply with the provision relating to restrictions on new outlets and discharges under the Water Act or any standards laid down under the EPA. For the purpose of recording the water consumption, every industry is required to affix meters as prescribed. Penalties for non-compliance with the obligation to furnish a return and evasion of cess include imprisonment of any person for a period up to six months or a fine of Rs. 1,000 or both and penalty for non payment of cess within a specified time includes an amount not exceeding the amount of cess which is in arrears.

The Air (Prevention and Control of Pollution) Act, 1981 (the “Air Act”)

Pursuant to the provisions of the Air Act, any person, establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant SPCB prior to establishing or operating such industrial plant. The SPCB is required to grant consent within a period of four months of receipt of an application, but may impose conditions relating to pollution control equipment to be installed at the facilities. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the SPCB. The penalties for the failure to comply with the provisions of the Air Act include imprisonment of up to six years and the payment of a fine as may be deemed appropriate. If an area is declared by the State Government to be an air pollution control area, then, no industrial plant may be operated in that area without the prior consent of the SPCB.

Under the Air Act, the CPCB has powers, inter alia, to specify standards for quality of air, while the SPCBs have powers, inter alia, to inspect any control equipment, industrial plant or manufacturing process, to advise the State Government with respect to the suitability of any premises or location for carrying on any industry and to obtain information from any industry.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated on November 7, 1975 under the Companies Act as a private limited company under the name “National Thermal Power Corporation Private Limited”, and the word “Private” was deleted on September 30, 1976 consequent upon the notification issued by the GoI exempting government companies from the use of word ‘private’ in their name. On September 30, 1985, our Company was converted from a private limited company into a public limited company. Subsequently, the name of our Company was changed to its present name ‘NTPC Limited’ and a fresh certificate of incorporation was issued on October 28, 2005. The name of our Company was changed to reflect the diversification of our business operations beyond thermal power generation to include, among others, generation of power from hydro, nuclear and renewable energy sources and undertaking coal mining and oil exploration activities.

For further information on our business including description of our activities, services, market of each segment, our growth, technology, market, managerial competence and capacity built-up, our standing with reference to our prominent competitors, see “*Our Business*” and “*Industry Overview*” on pages 55 and 44, respectively.

Our Company is not operating under any injunction or restraining order.

Changes in our Registered Office

In July 1976, the registered office of our Company was changed from Shram Shakti Bhawan, New Delhi to Kailash Building, Kasturba Gandhi Marg, New Delhi. Subsequently, in May 1979 the registered office of our Company was shifted to NTPC Square, 62-63, Nehru Place, New Delhi and thereafter in October 1988 to its present location for administrative and operational efficiency.

Major events

Year	Event
1975	Incorporation of our Company
1978	Takeover of management of the Badarpur project
1982	Commissioning of the first 200MW unit at Singrauli Center for education at Power Management Institute, Delhi established First direct foreign currency borrowing – a consortium of foreign banks led by Standard Chartered Merchant Bank extends a loan of GBP 298.41 million for the Rihand project
1984	The transmission line based on High Voltage Direct Current (“HVDC”) technology, commissioned for power transmission from Rihand to Delhi Singrauli project received World Bank loan of US\$ 150 million through GoI
1986	Synchronized first 500MW unit at Singrauli Our Company became one of the first PSUs to issue bonds in the debt market
1987	5,000 MW installed capacity mark crossed
1988	First syndicated Japanese loan of 30 billion JPY raised
1989	Consultancy division of our Company launched First unit (88 MW) of our Company’s first gas based combined cycle power plant at Anta, Rajasthan commissioned
1990	Total installed capacity of 10,000 MW reached
1992	First acquisition by our Company of Feroze Gandhi Unchahar Thermal Power Station (2x210MW) from Uttar Pradesh Rajya Vidyut Utpadan Nigam of Uttar Pradesh The transmission systems owned by our Company were transferred to Power Grid Corporation of India Limited (“PGCIL”) pursuant to legislation by the Parliament of India
1993	IBRD extended direct loan of US\$400 million to our Company under time slice concept for its projects
1994	15,000 MW of installed capacity achieved Maiden declaration of dividend of Rs. 650 million Jhanor-Gandhar (Gujarat) becomes our first thermal power station to have commissioned an integrated Liquid Waste Treatment Plant

Year	Event
1997	<p>‘Navratna’ status granted by the GoI</p> <p>100 billion units generation in one year achieved</p> <p>A consortium of foreign banks led by Sumitomo Bank, Hong Kong extends foreign currency loan of 5 billion Japanese Yen for the first time without GoI guarantee</p>
1998	Commissioned the first Naphtha based plant at Kayamkulam with a capacity of 350 MW
1999	<p>Our Company’s Dadri thermal power project, Uttar Pradesh adjudged the best in India with a PLF of 96.12%</p> <p>Dadri thermal power project, Uttar Pradesh certified with ISO 14001</p>
2002	<p>Three wholly owned subsidiaries, viz., NTPC Electric Supply Company Limited, NTPC Hydro Limited and NTPC Vidyut Vyapar Nigam Limited incorporated</p> <p>ESP (Electrostatic precipitators) set up at Talcher power plant</p> <p>20,000 MW installed capacity mark exceeded</p>
2003	<p>Our Company undertook debt re-structuring. Raised funds through bonds (Series XIII and XIV)</p> <p>Construction of first hydro-electric power project of 800 MW capacity in Himachal Pradesh commenced after the investment approval</p>
2004	<p>The award of contract for the first Super Critical Thermal Power Plant at Sipat</p> <p>Reached a total installed capacity of 22,249 MW with the Talcher Unit V getting synchronized on May 13, 2004</p> <p>Our Company’s Feroze Gandhi Unchahar Thermal station achieves a record PLF of 87.43% in current year up from 18.02% in February 92 when it was taken over by us</p> <p>LIC extends credit facility for Rs. 70 billion. Rs. 40 billion is in the form of unsecured loans and Rs. 30 billion is in the form of bonds</p> <p>Our Company makes its debut issue of euro bonds amounting to USD 200 million in the international market</p> <p>First coal mining block allotted</p> <p>Listing of our Equity Shares on the Stock Exchanges</p>
2005	<p>Our Company received the International Project Management Award 2005 for its Simhadri project at the International Project Management Association World Congress.</p> <p>Oil block allocated under NELP V</p> <p>Our Company adopted core values ‘BCOMIT’ (Business Ethics, Customer Focus, Organisational Pride, Mutual Respect and Trust, Innovation and Speed and Total Quality for Excellence)</p> <p>Our Company ranked as the Third Great Place to work for in India for second time in succession by a survey conducted by Grow Talent and Business World 2005</p>
2006	Badarpur Thermal Power Station having an installed capacity of 705 MW transferred to our Company
2007	MoC, GoI granted in-principle approval for allocation of a new coal block, Chatti-Bariatu (South) to our Company subject to the conditions stipulated in the approval letter. The share of reserves is estimated to be 354 Million Tonnes
2008	<p>Our Company adjudged as the Star PSU – 2008</p> <p>Board expanded by appointment of five independent Directors</p>
2009	<p>India Power Award conferred on Centre for Power Efficiency and Environmental Protection</p> <p>Memorandum of understanding entered into with the Nuclear Power Corporation of India Limited (“NPCIL”) for development of nuclear power in India</p> <p>30,000 MW installed capacity mark crossed</p> <p>Long term fuel supply agreement signed with Coal India Limited for supply of coal to our power stations for a period of 20 years</p> <p>Our Company acquired 44.6% of presently paid-up capital of Kerala and Transformers and Electricals Kerala Limited from Government of Kerala at a total consideration of Rs. 313.4 million, subject to final price to be based on the valuation of the assets of Kerala and Transformers and Electricals Kerala Limited. Kerala and Transformers and Electricals Kerala Limited is engaged in manufacturing and repair of heavy duty transformers</p> <p>International Gold Star Quality Award conferred on Centre for Power Efficiency and Environmental Protection</p>

For details in relation to our capital raising activities through equity and debt, see “*Capital Structure*”, “*Financial Indebtedness*” and “*Other Regulatory and Statutory Disclosures*” on pages 27, 181 and 283, respectively.

Our Main Objects

Our main objects, as contained in our Memorandum of Association are:

1. To plan, promote and organize an integrated and efficient development of thermal, hydel, nuclear power and power through non-conventional/renewable energy sources in India and abroad including planning, investigation, research, design and preparation of preliminary, feasibility and definite project reports, construction, generation, operation & maintenance, renovation and modernization of power stations and projects, transmission, distribution, sale of power generated at Stations in India and abroad in accordance with the national economic policies and objectives laid down by the Central Government from time to time, the management of front and back-end of nuclear fuel cycle and ensure safe and efficient disposal of waste.
2. To coordinate the activities of its subsidiaries, to determine their economic and financial objective/targets and to review, control, guide and direct their performance with a view to secure optimum utilization of all resources placed at their disposal.
3. To act as an agent of Government/Public Sector Financial Institutions, to exercise, all the rights and powers exercisable at any meeting of any company engaged in the planning, investigation, research, design and preparations of preliminary, feasibility and definite project reports, construction, generation, operation and maintenance, renovation and modernisation of power stations and projects, transmission, distribution and sale of power generated in respect of any share held by the Government, public financial institutions, nationalized banks, nationalized insurance companies with a view to secure the most effective utilization of the financial investments and loans in such companies and the most efficient development of the concerned industries.
- 4(a) To carry on the business of purchasing, selling, importing, exporting, producing, trading, manufacturing or otherwise dealing in all aspects of planning, investigation, research, design and preparation of preliminary, feasibility and project reports, construction, generation, operation and maintenance, renovation and modernization of power stations and projects, transmission, distribution, sale of thermal, hydro, nuclear power and power generated through non-conventional renewable energy sources, power development and also to undertake the business of other allied/ancillary industries including those for utilization of steam generated at power stations, and other by-products and install operate and manage all necessary plants, establishments and works.
- 4(b) To carry on the business of prospecting, exploring, developing, drilling, refining, de-stilling, purifying, converting, blending, purchasing, receiving, importing, storing, manufacturing, producing, processing, crushing, screening, marketing, selling, exporting, distributing, trading, supplying, organising, exploiting, liquefaction, re-gasification, compression, beneficiation, fractionation, transporting by rail/road, surface, sea, and proving, and estimating the reserves of petroleum/hydrocarbons, gaseous and coal and other mineral resources and implementing programmes for the efficient development of and deal in all kinds of petroleum products/services, hydrocarbons by whatever name called, oil and other related liquid and gaseous substances and all other kinds/natures of fuels including but not limited to naphtha, natural gas (NG), compressed natural gas (CNG), liquefied natural gas (LNG), associated gaseous substances, syngas, orimulsion, coal-bed methane, lignite, coal, coke etc. in all its aspects and in all their respective branches for supply of fuels to NTPC stations and to other users/buyers and also to undertake the business of other allied/ancillary industries including those for utilisation of coal

ash and other by-products/co-products from any of the products, which the company is authorised to deal in and to own, acquire by purchase, lease, licence, grant or otherwise, to set up, participate in setting up, install, operate and manage all necessary plants/facilities equipment, wells, platforms, derricks, rigs, warehouse, depots, ports, wharves, jetties, terminals, compressors, stations, coal and other mines, washeries, vessels, ships, railway lines, tankers, trucks, wagons, pipelines, storage and infrastructure facilities, establishments and works in India and abroad including from the sea or ocean bed in national or international waters in relation to any or all of the above areas of business and to acquire and maintain drilling and mine rights, exploration and production rights, rights of ways and other rights/interests of all descriptions.

For details relating to our business and operations, see “*Our Business*” and “*Financial Statements*” on pages 55 and F1, respectively.

Changes in our Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association:

Date of Amendment	Details
May 14, 1979	The share capital of the Company was altered to Rs. 3,000,000,000 divided into 3,000,000 Equity Shares of Rs. 1,000 each
June 5, 1980	The share capital of the Company was increased to Rs. 8,000,000,000 divided into 8,000,000 Equity Shares of Rs. 1,000 each
September 28, 1981	The share capital of the Company was increased to Rs. 15,000,000,000 divided into 15,000,000 Equity Shares of Rs. 1,000 each
September 30, 1983	The share capital of the Company was increased to Rs. 25,000,000,000 divided into 25,000,000 Equity Shares of Rs. 1,000 each
September 28, 1984	The share capital of the Company was increased to Rs. 40,000,000,000 divided into 40,000,000 Equity Shares of Rs. 1,000 each
July 31, 1987	The share capital of the Company was increased to Rs. 60,000,000,000 divided into 60,000,000 Equity Shares of Rs. 1,000 each
September 28, 1990	The share capital of the Company was increased to Rs. 80,000,000,000 divided into 80,000,000 Equity Shares of Rs. 1,000 each
May 29, 1998	<p><i>Clause 1 was changed to read as follows:</i></p> <p>“To plan, promote and organise an integrated and efficient development of Thermal/Hydel power and power through Non-Conventional/Renewable Energy Sources in India and abroad including planning, investigation, research, design and preparation of preliminary, feasibility and definite Project reports, construction, generation, operation and maintenance, Renovation and Modernisation of power stations and projects, transmission, distribution, sale of power generation at Stations in India and abroad in accordance with the national economic policies and objectives laid down by the Central Government from time to time.”</p> <p><i>Clauses 3 and 4 were changed to read as follows:</i></p> <p>“3.To act as an agent of Government/Public Sector/Financial Institutions, to exercise, all the rights and powers exercisable at any meeting of any company engaged in the planning, investigation, research, design and preparations of preliminary, feasibility and definite Project reports, construction, generation, operation and maintenance, Renovation and Modernisation of power stations and projects, transmission, distribution and sale of power generated in respect of any share held by the Government, public financial institutions, nationalised banks, nationalised insurance companies with a view to secure the most effective utilisation of the financial investments and loans in such companies and the most efficient development of the concerned industries.</p> <p>4.To carry on the business of purchasing, selling, importing, exporting, producing, trading, manufacturing or otherwise dealing in all aspects of planning, investigation,</p>

Date of Amendment	Details
	<p>research, design and preparation of preliminary, feasibility and definite project reports, construction, generation, operation and maintenance, renovation and modernisation of power stations and projects, transmission, distribution, sale of Thermal/ Hydro power and power generated through Non Conventional Renewable Energy Sources, power development including backward integration and to develop and deal in fuels (e.g. coal, LNG, syngas, orimulsion, lignite, coal-bed methane etc.) in all its aspects and for that purpose to set up, promote, operate and carry on the business of coal mining, coal washeries, liquefied natural gas for supply of fuel to NTPC stations and also to undertake the business of other allied/ancillary industries including those for utilisation of steam generated at power stations, coal ash and other by-products and instal, operate and manage all necessary plants, establishments and works.”</p> <p><i>Existing clauses 12 (a) and 12 (b) changed to read as follows:</i></p> <p>“12(a): To undertake research and development To undertake Research & development and for that purpose to establish, provide, maintain and conduct or otherwise subsidise research laboratories and experimental workshops and to undertake and carry on directly or in collaboration with other agencies scientific and technical research experiments and tests of all kinds and to process, improve and invent new products and their techniques of manufacture and to promote, encourage, reward in every manner studies and research, scientific and technical investigations and inventions of any kind that may be considered likely to assist, encourage and promote rapid advances in technology, economies, import substitution or any business which the Company is authorised to carry on.”</p> <p>12(b): To undertake Training and Education “To impart training and/or education and for that purpose to establish, maintain and operate Training/Educational Institutions and Hostels for Engineers of all types, all other technical staff, Artisans and Mechanics of all types, Accountants, Managers, Executives and other persons in India or in any part of the world; to make such other arrangements as may be expedient for imparting training and/or education including conferring of degrees/diplomas either by itself or in association/affiliation/Collaboration with other recognised/accredited Educational/Training Institutions from India/ or any part of the world to an successful candidates.”</p>
January 27, 1999	<p><i>Clause 24 amended so as to read as follows:</i></p> <p>“To promote, organise or carry on the business of consultancy services either independently or through suitable tie-ups both in India and abroad in any field of activity in which the company is engaged in or connected therewith as also in such other field of activities where the company has developed expertise by virtue of its dealing in such areas and rendering consultancy and advisory services to clients and any such other services.”</p> <p>Clause 26A inserted after existing clause No.26 to read as under: “To donate, make contribution, give grant-in-aid, provide assistance financial or otherwise in aid of any National, Public, Benevolent or Charitable cause, purpose or object, and to give donations, contribute monies, make grants, provide aid pecuniary or otherwise to any person(s), association of persons, society, fund, trust, local or municipal bodies, organisation or institution for rural uplift or development including for purposes like providing or improving drainage and water supply system, environmental protection, afforestation etc., educational or research institutions, health and medicare centres, which in the opinion of the company and its absolute discretion deserve to be assisted, helped or supported by reason of location of Company’s business establishments and/or nature of its business activities or otherwise, and which may promote the goodwill of the company and directly or indirectly further the interest of the company and of its members.”</p>
September 23, 2002	<p>The share capital of the Company is Rs. 100,000,000,000 divided into 10,000,000,000 Equity Shares of Rs. 10 each.</p>

Date of Amendment	Details
May 26, 2005	<p>Sub-clause A(4) of Clause III of the Memorandum of Association of the Company was substituted with the following sub-clauses 4(a) and 4 (b):</p> <p>4(a) To carry on the business of purchasing, selling, importing, exporting, producing, trading, manufacturing or otherwise dealing in all aspects of planning, investigation, research, design and preparation of preliminary, feasibility and project reports, construction, generation, Operation & Maintenance, Renovation & Modernisation of Power Stations and Projects, transmission, distribution, sale of Thermal, Hydro power and power generated through Non-conventional Renewable Energy sources, power development and also to undertake the business of other allied/ancillary industries including those for utilisation of steam generated at power stations, and other by-products and install operate and manage all necessary plants, establishments and works.</p> <p>4(b) To carry on the business of prospecting, exploring, developing, drilling, refining, distilling, purifying, converting, blending, purchasing, receiving, importing, storing, manufacturing, producing, processing, crushing, screening, marketing, selling, exporting, distributing, trading, supplying, organising, exploiting, liquefaction, re-gasification, compression, beneficiation, fractionation, transporting by rail/road, surface, sea, and proving and estimating the reserves of petroleum/hydrocarbons, gaseous and coal and other mineral resources and implementing programme for the efficient development of and deal in all kinds of petroleum products/services, hydrocarbons by whatever name called, oil and other related liquid and gaseous substances and all other kinds/natures of fuels including, but not limited to, naphtha, natural gas (NG), compressed natural gas (CNG), liquefied natural gas (LNG), associated gaseous substances, syngas, orimulsion, coal-bed methane, lignite, coal, coke etc. in all its aspects and in all their respective branches for supply of fuels to NTPC stations and to other users/buyers and also to undertake the business of other allied/ancillary industries including those for utilisation of coal ash and other by-products/co-products from any of the products, which the company is authorised to deal in and to own, acquire by purchase, lease, licence, grant or otherwise, to set up, participate in setting up, install, operate and manage all necessary plants/facilities equipment, wells, platforms, derricks, rigs, warehouse, depots, ports, wharves, jetties, terminals, compressors, stations, coal and other mines, washeries, vessels, ships, railway lines, tankers, trucks, wagons, pipelines, storage and infrastructure facilities, establishments and works in India and abroad including from the sea or ocean bed in national or international waters in relation to any or all of the above areas of business and to acquire and maintain drilling and mine rights, exploration and production rights, rights of ways and other rights/interests of all descriptions.</p>
September 23, 2005	<p>Clause I of Memorandum of Association of the Company was substituted with the following:</p> <p>The name of the Company is NTPC Limited.</p>
May 15, 2007	<p>The word 'Nuclear' was added in the Sub-Clause (1) and Sub-Clause (4) (a) of the Clause III (A) of the Memorandum of Association of the Company so as to read as under:</p> <p>1. To plan, promote and organize an integrated and efficient development of Thermal, Hydel, Nuclear power and power through Non-Conventional/Renewable Energy Sources in India and abroad including planning, investigation, research, design and preparation of preliminary, feasibility and definite Project reports, construction, generation, operation & maintenance, Renovation & Modernisation of power stations and projects, transmission, distribution, sale of power generated at Stations in India and abroad in accordance with the national economic policies and objectives laid down by the Central Government from time to time, the management of front and back-end of nuclear fuel cycle and ensure safe and efficient disposal of waste.</p>

Date of Amendment	Details
	4(a) To carry on the business of purchasing, selling, importing, exporting, producing, trading, manufacturing or otherwise dealing in all aspects of planning, investigation, research, design and preparation of preliminary, feasibility and project reports, construction, generation, Operation & Maintenance, Renovation & Modernisation of Power Stations and Projects, Transmission, distribution, sale of Thermal, Hydro, Nuclear power and power generated through Non-conventional Renewable Energy sources, power development — and also to undertake the business of other allied/ancillary industries including those for utilisation of steam generated at power stations, and other by-products and install operate and manage all necessary plants, establishments and works.

Listing

The Equity Shares of our Company were listed on the Stock Exchanges on November 5, 2004 pursuant to our IPO.

The total number of shareholders of our Company as on January 8, 2010 was 825,217.

Holding Company

We do not have a holding company.

Subsidiaries

Our Company has six Subsidiaries, details of which are provided below. Except Pipavav Power Development Company Limited (“PPDCL”) which is under the process of winding up, none of our Subsidiaries have been declared a sick company under the Sick Industrial Companies (Special Provisions) Act, 1985, as amended, and no winding up proceeding has been initiated against them. Further, no application has been made in respect of our Subsidiaries to the registrar of companies for striking off its name.

1. *Pipavav Power Development Company Limited (“PPDCL”)*

Our subsidiary, PPDCL was incorporated on December 20, 2001 under the Companies Act. PPDCL is authorised to engage in the business of promotion, construction, establishment, development and other allied activities in relation to power stations and generation of power. The authorised share capital of PPDCL is Rs. 100 million divided into 10 million equity shares of Rs. 10 each and the paid up capital of PPDCL is Rs. 3,750,000 (divided into 375,000 equity shares of Rs. 10 each). Our Company, including through its nominees, holds 375,000 equity shares in PPDCL, i.e. 100% of the issued and paid up capital of PPDCL. MoP has issued a Presidential Directive dated July 3, 2009 to our Company conveying the approval of GoI for permitting our Company to institute winding up proceedings of PPDCL pending settlement of claims with Gujarat Power Corporation Limited (GPCL)/Government of Gujarat.

2. *NTPC Electric Supply Company Limited (“NESCL”)*

Our subsidiary, NESCL was incorporated on August 21, 2002 under the Companies Act. NESCL is authorised to engage in the business of acquiring, establishing and operating electrical lines for distribution and/or supply of electrical energy. The authorised share capital of NESCL is Rs. 100 million divided into 10 million equity shares of Rs. 10 each and the paid up capital of NESCL is Rs. 809,100 (divided into 80,910 equity shares of Rs. 10 each). Our Company, including its nominees, holds 80,910 equity shares in NESCL, i.e. 100% of the issued and paid up capital of NESCL.

3. *NTPC Vidyut Vyapar Nigam Limited (“NVVN”)*

Our subsidiary, NVVN was incorporated on November 1, 2002 under the Companies Act. NVVN is authorised to engage in the business of undertaking purchase and sale of all forms of electrical power. It comes under category I as per CERC guidelines. It was further authorized from May 24, 2005 to engage in the business of ash/ash based products. The authorised share capital of NVVN is Rs. 200 million divided into 20 million equity shares of Rs. 10 each and the paid up capital of NVVN is Rs. 200 million (divided into 20 million equity shares of Rs. 10 each). Our Company, including its nominees, holds 20 million equity shares in NVVN, i.e. 100% of the issued and paid up capital of NVVN.

4. *NTPC Hydro Limited (“NHL”)*

Our subsidiary, NTPC Hydro was incorporated on December 12, 2002 under the Companies Act. NHL is authorised to engage in the business of efficient development of hydro-electric power in all its aspects, and to undertake activities in furtherance of the same, including construction, generation, manufacturing and trading activities. The authorised share capital of NHL is Rs. 5,000 million divided into 500 million equity shares of Rs. 10 each and the paid up capital of NHL is Rs. 924,262,000 (divided into 92,426,200 equity shares of Rs. 10 each). Our Company, including through its nominees, holds 92,426,200 equity shares in NHL, i.e. 100% of the issued and paid up capital of NTPC Hydro.

5. *Kanti Bijlee Utpadan Nigam Limited (“KBUNL”)*

Our subsidiary, KBUNL was incorporated on September 6, 2006 under the Companies Act. The main object of KBUNL was to take over the assets and business of Muzaffarpur Thermal Power Station, Kanti, Muzaffarpur. KBUNL is engaged in the business of acquiring, establishing, maintaining, operating and carrying on all or any of the business of generation, supply, distribution, transmission and any or all functions in relation with electrical power generation stations. The authorised share capital of KBUNL is Rs. 1,000 million divided into 100 million equity shares of Rs. 10 each and the paid up capital of KBUNL is Rs. 1 million (divided into 0.1 million equity shares of Rs. 10 each). Our Company, including through its nominees, holds 51,000 equity shares in KBUNL, i.e. 51% of the issued and paid up capital of KBUNL.

6. *Bhartiya Rail Bijlee Company Limited (“BRBCL”)*

Our Company entered into a memorandum of understanding with the Ministry of Railways, acting for the President of India on February 18, 2002 to set up coal-based power projects, subject to techno-commercial feasibility. Pursuant to the memorandum of understanding, our Company entered into a joint venture agreement with the President of India acting through the Ministry of Railways/Railway Board (“**Railways**”) dated November 6, 2007 to establish BRBCL. BRBCL shall undertake various activities related to setting up a 1,000 MW (250X4MW) coal based thermal power project at Nabinagar, Bihar and operations and maintenance of the plant for supplying power generated to railways and others.

The key terms of the agreement are set forth below.

- *Share capital and subscription:* BRBCL shall have an initial authorized share capital of Rs. 100 million and the initial paid-up and subscribed capital shall be 0.1 million equity shares of Rs. 10 each. Our Company and Railways shall subscribe to the share capital of BRBCL in the proportion of 74:26.

BRBCL shall meet its financial requirements through its own means, without recourse to the parties, and shall maintain a debt-equity ratio of 70:30.

- Evacuation and sale of power: Upon commissioning of the project, the entire power generated by BRBCL shall be made available by BRBCL at the bus bars of the project. 90% of the power will be evacuated to the load centres of Railways and the remaining 10% of the power will be given to other users for availing Mega Power Project status. Excess power, if any, over and above the requirement of the Railways and sale to other users, will be sold by our Company.

Railways shall sign a PPA with BRBCL for purchase of their share of power from the project, which shall be for a period of 25 years. Similarly, BRBCL shall sign PPAs with other users for the power to be supplied to them.

- Board of directors: The board of directors of BRBCL shall constitute a maximum of 15 and a minimum of four directors; including any director nominated by any financial institution as a condition for lending; nominated by the parties in accordance with their shareholding. Initially, the board of directors of BRBCL shall comprise four directors, three of whom shall be nominated by our Company and one nominated by the Railways.

The chairman of BRBCL shall always be a director nominated by our Company, with casting vote.

- Affirmative vote: The board of directors of BRBCL shall not take any decision on the following matters unless at least one nominee director of each of our Company and Railways cast their affirmative vote on the same:
 - i) Winding up of the company;
 - ii) Any matter relating to the sale, lease, exchange, mortgage and/or disposal otherwise of the whole or substantially the whole of the undertaking of the company or part thereof;
 - iii) The promotion of company/companies, including any subsidiary;
 - iv) Entering into partnership and/or arrangement of sharing profits;
 - v) Taking or otherwise acquiring and holding shares in any other company;
 - vi) The arrangements involving foreign collaboration;
 - vii) Expansion of the power project beyond 1,000 MW;
 - viii) Any change in the capital structure to ensure captive status of the project;
 - ix) Formulation of any policy or change(s) thereof for evacuation of power from the power project and fall back arrangements in case of shortfall in power generation from the project; and
 - x) PPA containing tariff principles.

- Transfer and encumbrance of shares: None of the parties shall transfer, sell, assign, mortgage or otherwise encumber its shareholdings/voting rights in BRBCL for five years from the date of commercial operation of the last unit of the power project or till further date as shall be mutually agreed to by the parties.

Either party shall not sell or otherwise transfer all or any part of the shares owned by it in BRBCL to any third party not being affiliates/associates of such party unless such shares have first been offered to the other party at the book value or fair value as certified by an independent and reputed valuation agency as mutually agreed between the parties whichever higher. If the other party does not accept the offer within eight weeks, the selling party shall be entitled to transfer such shares to any third party on terms no more favourable compared to the offer made to the other party.

- Termination: The agreement may be terminated:
 - (i) By mutual consent;
 - (ii) If any party becomes insolvent or liquidated; and

- (iii) If any party commits a material breach and such breach is not cured within 90 days of a notice served for such purpose.

In the event of breach by one party, the other party shall have a right to purchase the shares of such party in BRBCL at 80% of the fair value of such shares to be determined by an independent valuation agency appointed by mutual consent.

Our subsidiary, BRBCL, was incorporated on November 22, 2007 under the Companies Act. BRBCL is authorised to engage in the business of planning, promotion and organization of integrated and efficient development of electric power. The authorised share capital of BRBCL is Rs. 16,060 million divided into 1,606 million equity shares of Rs. 10 each and the paid up capital of BRBCL is Rs. 4,000 million (divided into 400 million equity shares of Rs. 10 each). Our Company, including through its nominees, holds 296 million equity shares in BRBCL, i.e. 74% of the issued and paid up capital of BRBCL.

Joint Ventures

Our Company has entered into 16 joint ventures, details of which are provided below.

1. *Utility Powertech Limited (“UPL”)*

Our Company has entered into a memorandum of understanding with BSES Limited (“BSES”) on March 29, 1995 to form a joint venture company. Pursuant to this, our Company entered into a promoters’ agreement with BSES on March 28, 1996 to form a joint venture company in the name of UPL.

The key terms of the promoters’ agreement are set forth below.

- Share capital and subscription: UPL shall have an initial authorized share capital of Rs. 5 million divided into 0.5 million equity shares of Rs. 10 each. BSES and its affiliates shall subscribe to 51% of the initial issued and paid up capital of UPL and our Company and our affiliates shall subscribe to the balance 49%. If UPL proposes to increase its issued and subscribed share capital, it shall first offer such shares to its existing shareholders in proportion to their existing shareholding. Subject to the approval of the shareholders of BSES, when the paid up share capital is increased (before a public issue), the proportion of the total enlarged paid up capital shall be made up of not more than 50% by BSES and the balance by the affiliates of BSES, totalling to 51%. If either party fails to subscribe to its entitlements, such shares shall be offered to the other members of UPL. If the parties decide to issue shares of UPL to financial institutions, public or others, such issue shall not at any time exceed 49% of the total issued equity capital of UPL. The balance shall be held by BSES and our Company in the proportion of 51:49. The parties may arrange for subscription to the equity shares by their affiliates upon entering into agreements with such affiliates, up to the specified limits, keeping with them at least 50% of such individual limits.
- Board of directors: The board of directors of UPL shall comprise of not less than three directors and not more than 12 directors. Not more than one-third of the directors shall be non-retiring directors. Both the parties shall be entitled to nominate equal number of directors in UPL. At all times, at least one director nominated by each of the parties will be in the non-retiring category.

Both parties shall be entitled to appoint alternate directors. The chairman of UPL shall be appointed by either party on rotation for a period of two years and he shall have no executive powers. He shall have a casting vote in case of an equality of votes at any meeting of the board of directors.

- Reserved matters: In respect of the following matters, no resolution shall be passed at any meeting of the board of directors of UPL or any committee thereof unless it has the affirmative vote of at least one director nominated by each of the parties:
 - (a) Adoption of UPL's annual capital and revenue budgets, strategic plan and business plan;
 - (b) Any disbursement of funds not authorised by the budget referred to above;
 - (c) Selection of technology and process know-how;
 - (d) Award of any contract exceeding Rs. 150 million;
 - (e) Undertaking any contract where the value/share of the scope of work of UPL exceeds Rs. 250 million;
 - (f) Sale of immovable property exceeding in any case Rs. 50 million;
 - (g) Obtaining any long-term loan;
 - (h) The acquisition, grant or disposal of any intellectual property rights;
 - (i) Grant of any loans in excess of Rs. 15 million except as set out in budgets referred to in (a) above;
 - (j) Entering into of any agreement or undertaking to assign, license or provide in any manner to a third party any rights or information, other than public information, embodied in any patents, trade secrets, know-how, technical or engineering information or other intellectual property owned by or licensed to UPL and any agreement to receive any of the foregoing owned or possessed by or licensed to a third party;
 - (k) Except as set forth in the annual operating and capital budgets or as required in the ordinary course of business including the procurement of working capital needs, or as may be required by any government authorities for procurement of licenses for the conduct of the business of UPL or for any tax or levy purposes, the pledging or encumbering of any assets of UPL and the issuance of corporate guarantees (other than trade warranties) or incurring any contingent or unusual liability;
 - (l) Raising of additional funds and/or any long term financial arrangement; and
 - (m) Approval of foreign collaboration and contracts with any of the parties.
- The following shall be placed before the board of directors of UPL after the acceptance of the proposal(s) in writing by both the parties:
 - (a) Any capital scheme of UPL exceeding Rs. 100 million;
 - (b) Any proposal for creation of any subsidiary, acquisition or control either directly or indirectly, of any other company;
 - (c) Any proposal to merge UPL with another economic organisation or to form a joint venture company or partnership between UPL and any organisation; and
 - (d) Any proposal for providing loan or guarantee or extension of credit to any person, firm or company except in the ordinary course of business of UPL and beyond the limits of authority of the board of directors.
- Competition: UPL and the parties will be free to compete with each other in any tender or bidding except in case of joint bidding or as may be mutually agreed.
- Restriction on transfer of shares: No party including its affiliates, is permitted to transfer its shares to a third party or inter-se for a period of five years commencing from the date of incorporation of UPL. Subject to the above, if any party intends to transfer any shares to a third party, the selling party is required to first offer such shares to the remaining parties in proportion to their shareholding, at a price so desired. In case the non-selling parties do not accept the prescribed offer, the selling party shall be entitled to transfer the offered shares to the proposed transferee on terms no more favourable and at no higher price than those offered to the non-selling party.

- **Termination:** If either party withdraws its shareholding in UPL, the agreement shall stand terminated. In the event any party's shareholding falls below 20% of the issued and outstanding equity, it shall cease to have the right to appoint a non-retiring director and further the number of directors to be appointed by such party shall be restricted to the extent and in proportion to its such reduced shareholding. In the event any party's shareholding falls below 10%, all rights of such party under this agreement shall cease and the other party shall have a right to terminate this agreement.

Each party shall have a right to terminate if the other party is (i) wound up or any effective resolution or order for winding up has been passed and (ii) the party has failed or neglected to comply with all or any of its obligations hereunder after notice of such breach has been given and such party fails to cure such breach within 60 days thereafter.

Thereafter, our Company entered into a supplementary agreement with BSES and UPL dated March 20, 2002 whereby the equity stake of our Company in UPL was increased to 50% of its issued and paid-up share capital. Subsequently, another supplementary agreement dated March 10, 2004 was entered into between our Company, Reliance Energy Limited (earlier known as BSES Limited, now known as Reliance Infrastructure Limited) and UPL amending the definition of the term 'affiliate' in the promoter's agreement.

Pursuant to the memorandum of understanding dated March 29, 1995, UPL was incorporated on November 23, 1995 under the Companies Act. UPL is authorised to engage in the business of designing, construction, establishment, operation, renovation, modernization, management of power stations, and providing engineering services in relation with the same. The authorised share capital of UPL is Rs. 100 million divided into 10 million equity shares of Rs. 10 each and the paid up capital of UPL is Rs. 40 million (divided into 4 million equity shares of Rs. 10 each). Our Company, including through its nominees, holds 2 million equity shares in UPL, i.e. 50% of the issued and paid up capital of UPL.

2. ***NTPC-SAIL Power Company Private Limited ("NTPC-SAIL")***

Our Company entered into a share acquisition and shareholders' agreement dated March 16, 2001 with the Steel Authority of India Limited ("**SAIL**") and SAIL Power Supply Company Limited for the purpose of participation in the equity share capital of NTPC-SAIL whereby NTPC-SAIL shall be a joint venture company of SAIL and our Company on acquisition of such shares by our Company. NTPC-SAIL is engaged in the business of maintaining generating stations and tie-lines, substations and main transmission lines connected therewith and supplying power to the steel plants of SAIL.

The key terms of the agreement are as follows:

- **Share capital and subscription:** The authorized share capital of NTPC-SAIL shall be Rs. 1,300 million divided into 130 million equity shares of Rs. 10 each. NTPC and SAIL shall participate at all times in the paid-up equity share capital of the NTPC-SAIL to the extent of 50% each.

In the event that NTPC-SAIL issues any further shares, NTPC-SAIL shall first offer such shares to the existing shareholders on a pro rata basis.

- **Acquisition of shares:** NTPC shall purchase and acquire 58,650,050 equity shares in NTPC-SAIL from SAIL for a consideration of Rs. 586,500,500.
- **Transfer and sale of shares:** The shares of NTPC-SAIL held by NTPC and SAIL shall be locked in for a period of three years. After the lock-in period ceases, neither party will be entitled to transfer its shareholding to any third party unless the shares are first offered to the other party.

- Board of directors: NTPC-SAIL shall have a minimum of six and a maximum of 12 directors, appointed in the ratio of the shareholdings of the parties in NTPC-SAIL, provided that neither party shall be entitled to nominate a director if its shareholding is reduced below 10%. Our Company shall nominate the chairman, who shall have a second vote in the event of a tie.
- Reserved matters: No decision shall be taken by the board, committees or chief executive officer on the matters in relation to any reconstruction, reorganization, merger, amalgamation or consolidation, sale of substantial assets other than in the ordinary course of business, any amendment to the memorandum and articles of association, human resources management issues, capital investment beyond Rs. 100 million of NTPC-SAIL unless at least one nominee director each of NTPC and SAIL are present and voting in favour thereof.
- Management deadlock: In the event of a deadlock in a board meeting of NTPC-SAIL due to non-availability of affirmative vote from SAIL, or special resolution not carried through in a general meeting of NTPC-SAIL due to SAIL not voting in favour of the resolution or a continuing *force majeure*, and if SAIL and our Company are unable to find a workable solution, beyond 180 days, our Company shall have a right to exit from NTPC-SAIL by disposing of its shareholding to SAIL.
- Termination: The agreement may be terminated by the mutual consent of SAIL and our Company. If either our Company or SAIL goes into insolvency, liquidation and/or if a receiver is appointed to take possession of its undertaking, or if either party commits breach of any of the covenants or conditions of the agreement, then the other party may terminate this agreement by giving ninety days' written notice to such party. If SAIL defaults, SAIL shall buy our Company's shareholding in NTPC-SAIL at 120% of the fair value. If NTPC defaults, our Company shall offer its shares in NTPC-SAIL to SAIL at 80% of the fair value.

NTPC-SAIL was incorporated on February 8, 1999 under the Companies Act. NTPC-SAIL is engaged in the business of establishing and operating generating stations and supplying power to the steel plants of SAIL. The authorised share capital of NTPC-SAIL is Rs. 20,000 million divided into 2,000 million equity shares of Rs. 10 each and the paid up capital of NTPC-SAIL is Rs. 9,505,001,000 (divided into 950,500,100 equity shares of Rs. 10 each). Our Company holds 475,250,050 equity shares in NTPC-SAIL, i.e. 50% of the issued and paid up capital of NTPC-SAIL.

3. ***NTPC-Alstom Power Services Private Limited ("NTPC Alstom")***

Our Company entered into a promoters' agreement on August 24, 1999 with ABB Kraftwerke AG, Mannheim, Germany ("**ABBK**") to form a joint venture company, NTPC-Alstom Power Services Private Limited, for undertaking renovation and modernisation of power stations in India and SAARC countries and on a project by project basis elsewhere abroad.

The key terms of the agreement are as follows:

- Share capital and subscription: ABBK and our Company have agreed to contribute towards the equity of the joint venture company in the ratio of 50:50 respectively. The authorized share capital of the NTPC Alstom shall be Rs. 500 million. The initial paid-up share capital shall be Rs. 120 million divided into 12 million equity shares of the face value of Rs. 10 each.

If NTPC Alstom increases its issued and subscribed share capital by issue of additional shares, NTPC Alstom shall offer such shares to its existing members in proportion to their existing shareholding unless otherwise mutually agreed. The parties agree and undertake to subscribe to the additional shares offered where such are issued for funding NTPC Alstom. If either party fails to subscribe to its above entitlement, its entitlement shall be offered to the other party.

- **Board of directors:** The board of directors of NTPC Alstom shall comprise a minimum of four and a maximum of 12 directors. Initially, the board of directors shall constitute six directors, where equal number of directors shall be nominated by each party. If the shareholding of NTPC Alstom changes, the number of directors that the parties may nominate shall be varied on a pro rata basis.

For the first five years starting from the date of incorporation of NTPC Alstom, NTPC shall nominate the chairman of the board of director and the whole-time director out of its three nominees on the board. The managing director shall be appointed by the board of directors of NTPC Alstom from among the three nominees of ABBK on the board of directors of NTPC Alstom. The position shall be reversed for the subsequent 5 years. After ten years from the date of incorporation of NTPC Alstom, the decision regarding the appointment of managing director, the chairman and the whole time directors from the respective parties or otherwise shall be taken by the board of directors of NTPC Alstom.

- **Reserve matters:** The following matters shall be decided by the board of directors only where at least two nominee directors of each party shall be present and voting in favour thereof:
 - (i) All annual business or operating plans;
 - (ii) Human resources principles;
 - (iii) Conclusion, specification or termination of employment contracts;
 - (iv) Procurement of fixed assets (including capitalised leases) in excess of Rs. 5 million;
 - (v) Acquisition and sale of shares in any other enterprises;
 - (vi) Recommendation of dividends;
 - (vii) Providing of guarantees, securities and collateral guarantees except guarantees and securities given in the normal course of business;
 - (viii) Management contracts with any other company;
 - (ix) Appointment of auditors for the first time;
 - (x) Remuneration of directors;
 - (xi) Taking of legal action in a claim involving more than Rs. 1 million; and
 - (xii) The issue and subscription of the unsubscribed portion of the authorised capital.
- The parties may provide inter-corporate loans to NTPC Alstom on mutually agreeable terms and conditions.
- **Transfer of shares:** The shares held by both parties in NTPC Alstom shall be locked-in for a period of five years starting from the date of allotment, during which, transfer of shares between a party and its affiliates shall be permissible by mutual consent at any time. After the expiry of this term, transfer of shares by any party to a third party will be subject to a right of first refusal.
- **Termination:** In the event either party's shareholding in NTPC Alstom is below 30% but more than 25%, such party shall cease to be entitled to appoint the non-retiring director and chairman, and if such shareholding falls below 25%, all rights of such party under this agreement shall cease, and the agreement automatically terminated.

In the event a party is wound up, or commits a material breach of the agreement, or is declared bankrupt or insolvent, or any competent authority directly or indirectly requires the alteration or modification of the agreement or the memorandum and articles of association of NTPC Alstom, in a manner detrimental to rights of a party, or a deadlock arises between the chief executive officers of the parties concerning powers exercisable by board of directors, then the agreement may be terminated by the affected party.

Pursuant to the agreement, our joint venture company, NTPC Alstom was incorporated on September 27, 1999 under the Companies Act. NTPC Alstom is authorised to engage in the business of renovation, modernization, operations, maintenance and management of power stations and related equipment. The authorised share capital of NTPC Alstom is Rs. 500 million divided into 50 million equity shares of Rs. 10 each and the paid-up capital of NTPC Alstom is Rs. 60 million (divided into 6 million equity shares of Rs. 10 each). Our Company holds 3 million equity shares in NTPC Alstom, i.e. 50% of the issued and paid-up capital of NTPC Alstom.

4. NTPC Tamil Nadu Energy Company Limited (“NTECL”)

Our Company entered into a memorandum of understanding with Tamil Nadu Electricity Board (“TNEB”) on July 12, 2002 to implement a 1,000 MW coal based power plant at Ennore, Tamil Nadu on joint venture basis and consequently a joint venture company, NTECL, was incorporated. Pursuant to the memorandum of understanding, our Company and TNEB entered into a joint venture agreement on January 23, 2006.

The key terms of the joint venture agreement is set forth below.

- Capital structure: The authorised share capital of the joint venture company is Rs. 50 million divided into 5 million equity shares of Rs. 10 each. The paid-up share capital of the joint venture company is Rs. 10 million divided into 1 million equity shares of Rs. 10 each. The authorised and paid-up capital of the joint venture company shall be increased as and when necessary. The shareholding of our Company and TNEB in the joint venture company shall be in the ratio of 50:50. In the event the joint venture company issues any further shares, it shall offer such shares first to the existing shareholders, i.e., our Company and TNEB in proportion to their respective equity shareholding.
- Management: The number of directors of the joint venture company shall not be less than 4 and not more than 12 with equal nomination from our Company and TNEB. However, the chairman of the board of directors shall be a director nominated by our Company. In addition, the chief executive officer, with whom the management of the day-to-day activities shall vest, shall be nominated by our Company.
- Consent for certain matters: As per the terms of the joint venture agreement, the following matters cannot be carried out by the joint venture company except with the affirmative vote of the majority of directors (which shall include at least one director appointed by our Company and one director appointed by TNEB):
 - (i) Annual revenue budget of NTECL;
 - (ii) Five year annual plans of development, the capital budget of NTECL and processing of any modernisation, expansion schemes including programme of capital expenditure or purchase of capital equipment which exceed Rs. 50 million. Any capital expenditure in cases of variations in approved estimates beyond 10% for any particular component parts thereof;
 - (iii) Winding up of NTECL;
 - (iv) Any matter relating to the transfer, sale, lease, exchange, mortgage and/or disposal otherwise of the whole or substantially the whole of the undertaking of NTECL or part thereof;
 - (v) Any matter relating to (a) the promotion of company(ies); (b) entering into partnership and/or arrangement of sharing profits; (c) formation of subsidiary company(ies); (d) taking or otherwise acquiring and holding shares in any other company; and (e) division of capital into different classes of shares; and
 - (vi) Arrangements involving foreign collaboration proposed to be entered into by NTECL.
- Transfer and encumbrance of shares: Our Company and TNEB shall not transfer, sell, assign, mortgage, or encumber its shareholding or voting rights in NTECL for an initial period of five

years from the date of incorporation of the joint venture company or commercial operation date (“CoD”) of the proposed project of NTECL, whichever is later.

However, our Company and TNEB may transfer their shareholding to any other person, post the initial lock-in period of five years, in the following manner:

- (i) TNEB shall not sell or transfer the shares held by it in NTECL to any third party unless they have first been offered to our Company at the net worth based on the certificate by an independent chartered accountant. If our Company declines or is unable to accept the offer, it shall request TNEB to sell the shares to persons designated by our Company which are legally authorised and willing to acquire the said shares. However, in the event our Company neither accepts the offer nor designates any person, TNEB shall be entitled to offer the said shares to any other third party provided that the price and terms and conditions on which such offer is made to such third party shall not be more favorable compared to the offer made to our Company. Our Company shall follow the same procedure before selling or transferring shares to any third party.
 - (ii) In the event any state government, government company or corporation owned or controlled by the central government or any state government desires to subscribe to the shares of NTECL, then by mutual consent such entity may be accommodated as a shareholder. This may be done either by issue of new shares to such party or by reducing our Company’s shareholding. However, as long as our Company has the right to appoint the chairman and the chief executive officer of NTECL the equity holding of our Company shall not be reduced below 26%.
 - (iii) However, if the shareholding of our Company is reduced below 26% the decision regarding the appointment of chairman and chief executive officer from the nominees of our Company or otherwise shall be taken by the board of directors of NTECL and the decision shall be taken by affirmative vote of at least one director of each party.
- **Termination:** The joint venture agreement may be terminated, inter alia, by way of (i) mutual written consent of the parties; (ii) either party becoming insolvent or liquidated or on appointment of a receiver by giving 90 days’ written notice; and (iii) material breach of the covenants and conditions of the joint venture agreement and failure of the defaulting party to remedy the breach or pay reasonable compensation within a period of ninety days.

In the event of termination of the joint venture agreement on account of breach of our Company, TNEB shall have the right to purchase the shares held by our Company in the joint venture agreement at 80% of the fair value of such shares to be determined by independent valuer appointed by mutual consent. Further, in the event of the termination of the joint venture agreement on account of breach by TNEB, our Company shall have the same rights to purchase the shares held by TNEB at 80% of the fair value of such shares as determined by an independent valuer appointed by mutual consent.

Pursuant to the memorandum of understanding dated July 12, 2002, NTECL was incorporated on May 23, 2003 under the Companies Act. NTECL is authorised to engage in the business of development of electric power stations, including planning, promotion and organisation of integrated and efficient development of electric power and to undertake wherever necessary to achieve the same, construction of transmission lines and ancillary works and to carry on manufacturing, trading and other business dealing with all aspects of electric power. The authorised share capital of NTECL is Rs. 20,000 million divided into 2,000 million equity shares of Rs. 10 each and the paid up capital of NTECL is Rs. 3,800 million (divided into 380 million equity shares of Rs. 10 each). Our Company, including through its nominees, holds 190 million equity shares in NTECL, i.e. 50% of the issued and paid up capital of NTECL.

5. *Ratnagiri Gas and Power Private Limited (“RGPPL”)*

Our Company entered into a shareholder’s agreement dated February 28, 2007 with GAIL (India) Limited (“**GAIL**”), MESB Holding Company Limited (“**MESB**”), Industrial Development Bank of India Limited, ICICI Bank Limited, Canara Bank, State Bank of India (together, “**Institutional Shareholders**”) and RGPPL to jointly undertake the business of Ratnagiri project. The key terms of the agreement are as follows:

- *Capital structure:* The authorised share capital of the RGPPL company shall be Rs. 20,000 million divided into 2,000 million equity shares of Rs. 10 each. Pursuant to the terms of the agreement, our Company, GAIL and the Institutional Shareholders shall subscribe for 500 million shares each and RGPPL is required to issue 265 million fully paid up shares to MESB for consideration other than cash as the designate nominated beneficiary of the Government of Maharashtra for agreeing to give concessions and support to RGPPL. The shareholding of our Company, GAIL, the Institutional Shareholders and MESB shall be in the ratio of $28^{1/3}:28^{1/3}:15$, respectively. In the event RGPPL offers further shares it shall first offer such shares to the shareholders in proportion to their shareholdings and if any shareholder fails or declines to purchase such shares or renounce the shares within the specified exercise period, the shares shall be offered to other shareholders. If certain shares remain unaccepted, a committee comprising the chairman/chief executive officers of each of the parties, or their designates, shall recommend a course of action for the disposal of the shares in the best interests of RGPPL.
- *Management:* The number of directors of the RGPPL company shall not be less than 6 and not more than 18 unless otherwise determined by RGPPL in its general meeting. Our Company and GAIL shall have the right to appoint three directors each, the lead institutional shareholder shall have the right to appoint one director (the Institutional Shareholders shall have the right to appoint two additional nominee directors if they have extended any loans to RGPPL to represent them), MESB and the Government of Maharashtra shall have the right to appoint one director each on the board of RGPPL. Our Company and GAIL have the right to appoint any one of the directors nominated by them as the chairman of RGPPL for alternate periods of two years with the right to appoint the first chairman vesting with our Company. Our Company shall also have the right to nominate the managing director of RGPPL.
- *Reserve matters:* Pursuant to the terms of the joint venture agreement, the board cannot take any action on the following matters without the affirmative vote of at least one director of each of our Company and GAIL and the director nominated by MESB:
 - i. Any decision to change the scope of business (any cessation of the business) or any decision to enter into any business other than the business of RGPPL is authorised to do by virtue of its memorandum of association;
 - ii. Policy for making investment of funds of RGPPL whether by way of debt or equity or otherwise;
 - iii. Any amendment, modification or waiver of any provisions of the memorandum and articles of association of RGPPL;
 - iv. Merger, consolidation, amalgamation, spin off, demerger, reconstruction involving or relating to RGPPL or any action for dissolution or liquidation of RGPPL;
 - v. Any investment in or acquisition of another company or business, participation in any joint venture or partnership with any person, incorporation of or investment in any subsidiary or other kind of investment other than deployment of surplus funds;
 - vi. To approve, alter or modify any of the annual plans of RGPPL and adoption of strategic plans and policies relating to manpower, technology, resourcing, pricing, marketing etc. or any changes thereto;

- vii. Reorganising of existing share capital structure in any manner including change in the rights of the holders in any class or classes of shares or instruments convertible into shares other than set forth in the approved business plan or annual budget of RGPPL;
 - viii. To cause or permit any change in the authorised or issued share capital other than through rights issue including any preferential issue, and conversion, consolidation, sub-division or reduction of paid-up share capital of RGPPL except for any increase in the authorised or issued share capital of RGPPL for the purposes of undertaking any new project or expansion of project to the extent of 10% of the capital cost of the project;
 - ix. To cause RGPPL to, other than in the normal course to (a) commence any case, proceeding or other action (i) under any bankruptcy, insolvency or similar law seeking to have an order or to adjudicate RGPPL as bankrupt or insolvent, or seeking reorganisation or arrangement, adjustment, winding up, liquidation, dissolution, composition or other relief with respect to RGPPL or its debts; (b) seeking appointment of a receiver, trustee, custodian or other similar official for RGPPL or all or substantial parts of its property; (b) make a general assignment for the benefit of RGPPL or its creditors; or (c) admit in writing RGPPL's inability to pay its debts when they become due;
 - x. Sell, lease or dispose of any of the assets of RGPPL having value not less than Rs. 1,000 million; and
 - xi. Contribution to a charitable and other funds not directly relating to the business of RGPPL or the welfare of its employees, any amounts the aggregate of which will in a financial year exceed such limits as prescribed under section 293(1)(e) of the Companies Act.
- Transfer of shares: Our Company, GAIL, the Institutional Shareholders and MESB shall not transfer their shareholding in RGPPL to any person including its affiliates for a lock-in period of five years from the CoD or till such time as mutually agreed between the parties. However, if the shareholder receives an offer to transfer the shares and such shareholder proposes to accept such offer, the selling shareholder shall send written notice, i.e. the transfer notice, to the continuing shareholders with details including that of third party transferee and transfer price. The continuing shareholders shall have a right to either purchase or renounce such shares. If the continuing shareholders fail or refuse to exercise or renounce their rights within the prescribed period, such selling shareholder has the right to transfer such declined or refused shares to any third party transferee identified in the transfer notice if (i) such sale is bonafide; (ii) the price, terms and conditions are not more favorable than offered in the transfer notice to the continuing shareholders; (iii) the third party transferee agrees to abide by the terms of the agreement and the articles of association of RGPPL and execute a deed of adherence; (iv) the third party transferee is neither a competitor nor a person whose principal business interests are in conflict with that of our Company, GAIL, MESB or RGPPL.

However, after the expiry of the five year lock-in period, each shareholder has the right to transfer their shares in RGPPL to their affiliates provided that (i) 30 business days' written notice of such intention is provided to the remaining shareholders; (ii) if the affiliate ceases to be an affiliate of the transferring shareholder, such shareholder shall buy back the shares from such affiliates and if it fails to acquire the shares from such affiliate then the affiliate would be deemed to have offered the shares to the other shareholders of RGPPL in accordance with the procedure prescribed for transfer of shares; (iii) such affiliate is not in receivership, bankruptcy, insolvency, dissolution, liquidation or any similar proceeding; (iv) the transferring shareholder shall remain responsible for the compliance by the affiliate of its duties and obligations under the agreement and articles of association of RGPPL; and (v) execution of deed of adherence by the affiliate.

The affiliates of our Company, GAIL, the Institutional Shareholders and MESB are entitled to transfer the shares only to entities who are affiliates of each such party.

- Termination: The joint venture agreement may be terminated, inter alia, by way of (i) mutual written consent of the parties; and (ii) material breach of the covenants and conditions of the

joint venture agreement and failure of the defaulting party to remedy the breach or pay reasonable compensation within a period of 90 days.

In the event of termination by mutual consent of the parties, each party shall have the right to sell to a buyer all the shares and any financial interest that such party may have in RGPPL at a fair value as determined by an independent valuation agency as mutually agreed between the parties and such right shall be exercised by giving a notice in writing within 30 days from the date of termination of the agreement. In the event of termination on account of material breach of agreement, the non-defaulting party shall have the right to buy shares of the defaulting party at 60% of the fair value of such shares.

RGPPL was incorporated on July 8, 2005 under the Companies Act. RGPPL is authorised to engage in the business of production, supply, generation, distribution, transformation, transmission and conversion of electricity, and prospecting, exploring, developing, drilling, producing, acquiring, storing and undertaking other activities in relation of natural gas liquefied natural gas and compressed natural gas. The authorised share capital of RGPPL is Rs. 35,000 million divided into 3,500 million equity shares of Rs. 10 each and the paid-up capital of RGPPL is Rs. 20,000 million (divided into 2,000 million equity shares of Rs. 10 each). Our Company holds 592,900,000 equity shares in RGPPL, i.e. 29.65% of the issued and paid-up capital of RGPPL.

6. Aravali Power Company Private Limited (“Aravali Power”)

Our Company entered into a memorandum of understanding with Indraprastha Power Generation Company Limited (“IPGCL”), acting on behalf of the government of Delhi and Haryana Power Generation Corporation Limited (“HPGCL”), acting on behalf of the government of Haryana on August 24, 2006 to establish a 1,500 MW coal-based power project at Haryana on a joint venture basis from which power allocation shall be in the ratio of 50:50 to each of these states. Pursuant to the memorandum of understanding, our Company, IPGCL and HPGCL entered into a joint venture agreement on December 14, 2006 and a supplementary agreement on March 7, 2008. The main object of the joint venture company was to undertake various activities for the identification of a suitable and techno-commercially feasible site in the state of Haryana and develop a 1,500 MW coal based power project at the identified site on a build-own-operate basis.

The key terms of the joint venture agreement are set forth below:

- **Capital structure:** The initial authorised share capital of the Aravali Power shall be Rs. 1 million divided into 0.1 million equity shares of Rs. 10 each. The initial paid-up share capital of Aravali Power shall be Rs. 1 million divided into 0.1 million equity shares of Rs. 10 each. The authorised and paid-up share capital of Aravali Power shall be increased as and when necessary. The shareholding of our Company, IPGCL and HPGCL in Aravali Power shall be in the ratio of 50:25:25. In the event Aravali Power issues any further shares, it shall offer such shares first to the existing shareholders, i.e., our Company, IPGCL and HPGCL in the proportion to their respective equity shareholding.
- **Management:** The number of directors of Aravali Power shall not be less than 4 and not more than 15 with nomination by each party in accordance with its equity shareholding. Initially, the board of directors shall comprise of four directors, two nominated by our Company and one each from IPGCL and HPGCL. However, the chairman of the board of directors shall always be a director nominated by our Company. The managing director or the chief executive officer shall be nominated by our Company. In addition, the management control of Aravali Power shall always remain with our Company irrespective of its equity shareholding in Aravali Power.
- **Consent for certain matters:** As per the terms of the joint venture agreement, the following matters cannot be carried out by Aravali Power except with the consent of the promoter shareholders, i.e., our Company, IPGCL and HPGCL:

- (i) Annual revenue budget of Aravali Power;
 - (ii) Five year annual plans of development, the capital budget of the joint venture company and processing of any modernisation, expansion schemes including programme of capital expenditure or purchase of capital equipment which exceed Rs. 500 million;
 - (iii) Any capital expenditure in cases of variations in approved estimates beyond 10% for any particular component parts thereof;
 - (iv) Winding up of Aravali Power;
 - (v) Any matter relating to the sale, lease, exchange, mortgage and/or disposal otherwise of the whole or substantially the whole of the undertaking of Aravali Power or part thereof; and
 - (vi) Any matter relating to (a) the promotion of company(ies); (b) entering into partnership and/or arrangement of sharing profits; (c) formation of subsidiary company(ies); (d) taking or otherwise acquiring and holding shares in any other company; (e) division of capital into different classes of shares; and (f) arrangements involving foreign collaboration proposed to be entered into by the Aravali Power.
- Transfer and encumbrance of shares: Our Company, IPGCL and HPGCL shall not transfer, sell, assign, mortgage, or encumber its shareholding or voting rights in Aravali Power for an initial period of five years from the date of the joint venture agreement or CoD of the proposed project of Aravali Power, whichever is later.

However, our Company, IPGCL and HPGCL may transfer their shareholding to any other person, post the initial lock-in period of five years, in the following manner:

- (i) IPGCL and/or HPGCL shall not sell or otherwise transfer the shares held by it in the joint venture company to any third party not being its affiliates or associates unless they have first been offered to our Company at the book value or fair value as certified by independent chartered accountant as mutually agreed between parties, whichever is higher. If our Company declines or is unable to accept the offer, it shall request IPGCL and/or HPGCL to sell the shares to persons designated by our Company which are legally authorised and willing to acquire the said shares. However, in the event our Company neither accepts the offer nor designates any person, IPGCL and/or HPGCL shall offer the said shares to HPGCL or IPGCL, as the case may be. In case HPGCL or IPGCL does not accept the offer within eight weeks, IPGCL and/or HPGCL, as the case may be, shall be entitled to offer the said shares to any other third party provided that the price and terms and conditions on which such offer is made to such third party shall not be more favorable compared to the offer made to our Company. Our Company shall follow the same procedure before selling or transferring shares to any third party except that it shall first offer such shares to IPGCL and HPGCL in equal proportion.
 - (ii) The transfer of shares aforementioned shall be subject to the following conditions: (a) Our Company, IPGCL or HPGCL reduce its equity shareholding in such a manner that less than 10% of equity holding is disinvested to a single party; (b) as long as our Company is a party to this agreement, it shall continue to have the management control of the joint venture company and shall have the right to nominate the chairman, managing director or chief executive officer.
 - (iii) In the event a party's shareholding falls below 25% of the issued and subscribed capital of the joint venture company such party shall, subject to provisions of clause (ii)(b) hereinabove, cease to have a right to nominate directors and the same shall be restricted to the extent and in proportion to such reduced shareholding.
 - (iv) Subject to the provisions of clause (ii)(b) hereinabove, if any party's shareholding voluntarily falls below 10%, all rights of such party shall cease and the other parties shall have the option to terminate this agreement at any time.
- Termination: The joint venture agreement may be terminated, inter alia, by way of (i) mutual written consent of the parties; (ii) either party becoming insolvent or liquidated or on appointment of a receiver to take possession of its undertaking, by 90 days' written notice from the party not

affected; and (iii) material breach of the covenants and conditions of the joint venture agreement and failure of the defaulting party to remedy the breach or pay reasonable compensation within a period of 90 days.

In the event of termination of the joint venture agreement on account of breach of our Company, IPGCL and HPGCL shall have the right to purchase the shares held by our Company in the joint venture agreement at 80% of the fair value of such shares to be determined by independent valuer appointed by mutual consent. Further, in the event of the termination of the joint venture agreement on account of breach by IPGCL or HPGCL, our Company shall have the same rights to purchase the shares held by IPGCL or HPGCL at 80% of the fair value of such shares as determined by an independent valuer appointed by mutual consent.

Pursuant to the aforementioned agreement, Aravali Power was incorporated on December 21, 2006 under the Companies Act. Aravali Power is authorised to engage in the business of developing electrical power in all aspects, constructing transmission lines and ancillary works and manufacturing, trading or other business in relation to electrical power. The authorised share capital of Aravali Power is Rs. 20,000 million divided into 2,000 million equity shares of Rs. 10 each and the paid-up capital of Aravali Power is Rs. 9,170,484,000 (divided into 917,048,400 equity shares of Rs. 10 each). Our Company holds 458,524,200 equity shares in Aravali Power, i.e. 50% of the issued and paid-up capital of Aravali Power.

7. *NTPC-SCCL Global Ventures Private Limited (“NTPC-SCCL”)*

Our Company entered into a memorandum of understanding with Singareni Collieries Company Limited (“SCCL”) on August 23, 2006 to promote one or more joint venture companies for (i) acquisition of coal/lignite mining block(s), its exploration, development, mining beneficiation, processing, operation & maintenance and selling the coal/lignite produced thereof; (ii) development, operation & maintenance of integrated coal based power plants and sale of electricity so generated; and (iii) providing consultancy services related to these activities. Pursuant to the memorandum of understanding, our Company and SCCL entered into a joint venture agreement on May 11, 2007.

The key terms of the joint venture agreement are set forth below:

- Capital structure: The initial authorised share capital of the NTPCL-SCCL shall be Rs. 1 million divided into 0.1 million equity shares of Rs. 10 each. Both parties have agreed to subscribe to 50,000 equity shares each at par. The authorised capital of NTPCL-SCCL shall be increased as and when necessary. The shareholding of our Company and SCCL in the joint venture company shall be in the ratio of 50:50. In the event the NTPCL-SCCL issues any further shares, it shall offer such shares first to the existing shareholders, i.e., our Company and SCCL in the proportion to their respective equity shareholding.
- Management: The number of directors of the NTPCL-SCCL shall not be less than 6 and not more than 15. Initially, the board of directors shall comprise of six directors, three nominated by each party. However, both parties shall have the right to nominate any one of the directors nominated by them as the chairman of the board for alternate periods of three years. Our Company shall have the right to appoint the first chairman.
- Consent for certain matters: As per the terms of the joint venture agreement, the following matters cannot be carried out by the NTPCL-SCCL except with the affirmative vote of at least one nominee director of each promoter shareholder:
 - (i) Annual revenue budget of NTPCL-SCCL;
 - (ii) Five year/annual plans of development, the capital budget of NTPCL-SCCL; and processing of any modernisation, expansion schemes including programme of capital expenditure or purchase of capital equipment which exceed Rs. 500 million;

- (iii) Any capital expenditure in cases of variations in approved estimates beyond 10% for any particular component parts thereof;
 - (iv) Winding up of NTPCL-SCCL;
 - (v) Any matter relating to the sale, lease, exchange, mortgage and/or disposal otherwise of the whole or substantially the whole of the undertaking of the NTPCL-SCCL or part thereof;
 - (vi) Any matter relating to (a) the promotion of company(ies); (b) entering into partnership and/or arrangement of sharing profits; (c) formation of subsidiary company(ies); (d) taking or otherwise acquiring and holding shares in any other company; (e) division of capital into different classes of shares; and (f) arrangements involving foreign collaboration proposed to be entered into by the joint venture company; and
 - (vii) Delegation of powers by the board to any committee/chief executive officer/other body/person.
- Transfer and encumbrance of shares: Our Company and SCCL shall not transfer its shareholdings/voting rights in NTPCL-SCCL for an initial period of five years from the incorporation of NTPCL-SCCL or CoD of the proposed project of the joint venture company, whichever is later.

However, our Company and SCCL may transfer their shareholding to any other person or party, post the initial lock-in period of five years, in the following manner:

- (i) SCCL shall not sell or otherwise transfer either all or any part of the shares held by it in NTPCL-SCCL to any third party not being its affiliates/associates unless the said shares have first been offered to our Company at the book value or fair value as certified by an independent and reputed chartered accountant as mutually agreed between parties, whichever is higher. If our Company declines or is unable to accept the offer, it shall request SCCL to sell the shares to persons designated by our Company which are legally authorised and willing to acquire the said shares. However, in the event our Company neither accepts the offer nor designates any person, SCCL shall offer the said shares to any other third party provided that the price and terms and conditions on which such offer is made to such third party shall not be more favorable compared to the offer made to our Company. Our Company shall follow the same procedure before selling or transferring shares to any third party.
 - (ii) In the event any state government, government company or corporation owned or controlled by the central government or any state government desires to subscribe to the equity capital of NTPCL-SCCL, then by mutual consent such entity may be accommodated as a shareholder. This may be done either by issue of new shares or by reducing shareholding of the parties.
- Termination: The joint venture agreement may be terminated, *inter alia*, by way of (i) mutual written consent of the parties; (ii) either party becoming insolvent or liquidated or on appointment of a receiver to take possession of its undertaking by giving 90 days' notice; and (iii) material breach of any of the covenants or conditions of the joint venture agreement and failure of the defaulting party to remedy the breach or pay reasonable compensation within a period of 90 days.

In the event of termination of the joint venture agreement on account of breach of our Company, SCCL shall have the right to purchase the shares held by our Company in the NTPCL-SCCL at 80% of the fair value of such shares to be determined by an independent and reputed valuer appointed by mutual consent. Further, in the event of the termination of the joint venture agreement on account of breach of the joint venture agreement by SCCL, our Company shall have the right to purchase the shares held by SCCL in the joint venture company at 80% of the fair value of such shares as determined by an independent and reputed valuer appointed by mutual consent.

If any party's shareholding voluntarily falls below 10% of the paid-up capital of the joint venture company, all rights of such party under the joint venture agreement shall cease.

Pursuant to the aforementioned agreement, NTPC-SCCL was incorporated on July 31, 2007 under the Companies Act. NTPC-SCCL is engaged in the business of mining activities of all forms for supply of fuels to our Company and other purchasers. The authorised share capital of NTPC-SCCL is Rs. 5 million divided into 0.5 million equity shares of Rs. 10 each) and the paid up capital of NTPC-SCCL is Rs. 1 million (divided into 0.1 million equity shares of Rs. 10 each). Our Company holds 50,000 equity shares in NTPC-SCCL, i.e. 50% of the issued and paid-up capital of NTPC-SCCL.

8. *Meja Urja Nigam Private Limited (“Meja Urja”)*

Our Company entered into a memorandum of understanding with the Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (“UPRVUNL”) on November 22, 2007 to promote a Meja Urja for undertaking the establishment, operation and maintenance of a 2x660 MW (1,320 MW) coal based thermal power project at Meja Tehsil or any other suitable site in Allahabad District in Uttar Pradesh. Pursuant to the memorandum of understanding, our Company entered into a joint venture agreement with UPRVUNL on February 28, 2008 for the formation, operation and management of the Meja Urja and to govern their mutual rights and obligations towards Meja Urja and the 2x660 MW coal-based thermal power project. The Meja Urja shall implement the project at the identified site in a built-own-operate basis. Pursuant to the terms of the joint venture agreement, 75% of the power generated from the proposed project is required to be allocated to the state of Uttar Pradesh. The Meja Urja shall allocate the surplus power subsequently.

The key terms of the joint venture agreement are set forth below:

- Capital structure: The authorised share capital of the joint venture company shall be Rs. 100 million divided into 10 million equity shares of Rs. 10 each. The initial paid-up share capital of the Meja Urja shall be Rs. 2 million, to be subscribed equally by both parties. The authorised and paid-up capital of the Meja Urja shall be increased as and when necessary. The shareholding of our Company and UPRVUNL in the Meja Urja shall be in the ratio of 50:50. In the event the Meja Urja issues any further shares, it shall offer such shares first to the existing shareholders, i.e., our Company and UPRVUNL in proportion to their respective equity shareholdings.
- Management: The number of directors of Meja Urja shall not be less than 4 and not more than 12 unless otherwise determined by the Meja Urja in its general meeting. Each of the parties shall nominate equal number of directors on the board of the Meja Urja. The board shall initially comprise of six directors with three directors nominated by each party. The chairman of the board and the chief executive officer shall be nominated by our Company. In addition, the management control of the Meja Urja shall vest with our Company.
- Consent for certain matters: Pursuant to the terms of the joint venture agreement, for conducting any of the following matters by the Meja Urja, the affirmative vote of at least one nominee director of each promoter shareholder shall be required:
 - (i) Annual revenue budget of the Meja Urja;
 - (ii) Five year annual plans of development, the capital budget of the Meja Urja and processing of any modernisation, expansion schemes including programme of capital expenditure or purchase of capital equipment which exceed Rs. 500 million;
 - (iii) Any capital expenditure in cases of variations in approved estimates beyond 10%;
 - (iv) Winding up of the Meja Urja;
 - (v) Recommendation of dividend;
 - (vi) Entering into a PPA for the sale of balance 25% of power;
 - (vii) Any matter relating to the transfer, sale, lease, exchange, mortgage and/or disposal otherwise of the whole or substantially the whole of the undertaking of the Meja Urja or part thereof;

- (viii) Any matter relating to (a) the promotion of company(ies) including formation of subsidiary company(ies); (b) entering into partnership and/or arrangement of sharing profits; (c) taking or otherwise acquiring and holding shares in any other company; and (d) division of capital into different classes of shares; and (e) arrangements involving foreign collaboration proposed to be entered into by the Meja Urja; and
 - (ix) Delegation of powers by the board to any committee/chief executive officer/other body or person.
- Transfer and encumbrance of shares: Our Company and UPRVUNL shall not transfer its shareholding or voting rights in the joint venture company for an initial period of five years from the date of incorporation of the Meja Urja or the CoD of the proposed project of the Meja Urja, whichever is later.

Our Company and UPRVUNL may however transfer their shareholding to any other person, post the initial lock-in period of five years, only in the following manner:

- (i) UPRVUNL shall not sell or otherwise transfer the shares held by it in the Meja Urja to any third party not being its affiliates/associates unless they have first been offered to our Company at the book value or fair value as certified by independent chartered accountant, whichever is higher. If our Company declines or is unable to accept the offer, it shall request UPRVUNL to sell the shares to persons designated by our Company which are legally authorised and willing to acquire the said shares. However, in the event our Company neither accepts the offer nor designates any such person, UPRVUNL shall be entitled to offer the said shares to any other third party provided that the price, terms and conditions on which such offer is made to such third party is not more favorable compared to the offer made to our Company. Our Company is required to follow the same procedure before selling or transferring shares to any third party.
 - (ii) In the event any central government company or any state government, government company or corporation owned or controlled by the central government or any state government desires to subscribe to the shares of the Meja Urja, then by mutual consent such entity may be accommodated as a shareholder. This may be done either by issue of new shares to such party or by reducing the shareholding of our Company and/or UPRVUNL.
- Termination: The joint venture agreement may be terminated, inter alia, by way of (i) mutual written consent of the parties; (ii) either party becoming insolvent or liquidated or on appointment of a receiver to take possession of its undertaking by giving 90 days' written notice; and (iii) material breach of the covenants and conditions of the joint venture agreement and failure of the defaulting party to remedy the breach or pay reasonable compensation within a period of 90 days.

In the event of termination of the joint venture agreement on account of breach of our Company, UPRVUNL shall have the right to purchase the shares held by our Company in the Meja Urja at 80% of the fair value of such shares to be determined by independent valuer appointed by mutual consent. In the alternative, if the termination of the joint venture agreement is on account of breach by UPRVUNL, our Company shall have the same right to purchase the shares held by UPRVUNL at 80% of the fair value of such shares.

If the shareholding of either our Company or UPRVUNL voluntarily falls below 10% of the paid-up capital of the joint venture company, all rights of such party under the joint venture agreement shall cease.

Pursuant to the aforementioned agreement, Meja Urja was incorporated on April 2, 2008 under the Companies Act. Meja Urja is engaged in the business of development of electric power stations, including planning, promotion and organization of integrated development of electric power, and to

undertake, wherever necessary to achieve the same, construction of transmission lines and ancillary works. The authorised share capital of Meja Urja is Rs. 10,000 million divided into 1,000 million equity shares of Rs. 10 each and the paid-up capital of Meja Urja is Rs. 603,596,000 (divided into 60,359,600 equity shares of Rs. 10 each). Our Company holds 30,179,800 equity shares in Meja Urja, i.e. 50% of the issued and paid up capital of Meja Urja.

9. NTPC BHEL Power Projects Private Limited (“NTPC BHEL”)

Our Company had entered into a memorandum of understanding with BHEL on September 7, 2007 to form a joint venture company to explore, secure and execute EPC contracts for power plants and other infrastructure projects in India and abroad including plant engineering, project management, quality assurance, quality control, procurement, logistics, site management, erection and commissioning services. Pursuant to this, our Company entered into a joint venture agreement with BHEL on December 17, 2007 to form NTPC BHEL. Subsequently, a supplementary agreement dated January 11, 2008 was entered into between our Company and BHEL for manufacture and supply of equipments for power plants and other infrastructure projects in India or abroad.

The key terms of the agreement are set forth below.

- **Share capital and subscription:** NTPC BHEL shall have an initial authorized share capital of Rs. 50 million divided into 5 million equity shares of Rs. 10 each. Unless otherwise mutually agreed, BHEL and our Company shall subscribe to 50% each in the paid up capital of NTPC BHEL and shall arrange for the subscription to the equity capital and confirm and maintain the same.

In the event NTPC BHEL issues further shares, such issue shall be made in such a way that the equity shareholding of BHEL and our Company (reduced equally), put together is reduced to 50% of the post issue paid-up capital of the NTPC BHEL. Further, any further issue or/ and reduction by the parties in NTPC BHEL will be through an appropriate mechanism, subject to approval of the respective boards and whenever required with approval of the competent authority.

- **Transfer and encumbrance of shares:** Neither party shall transfer, sell, assign, mortgage or otherwise encumber its shareholding or voting rights for an initial period of three years from the date of completion of the first EPC contract of value not less than Rs. 5,000 million or as agreed mutually by the parties.

Neither party shall sell its shareholding to any third party, unless such shares have been offered to the other party, valued by an independent chartered accountant. If the other party does not accept such shares, the selling party shall be free to transfer such shares to a third party provided the price at which they are offered shall not be more favourable than the price at which they were offered to the other party.

- **Board of directors:** The board of directors of NTPC BHEL shall comprise of not less than five directors and not more than 16 directors. BHEL and our Company have the power to nominate and replace one whole time director each and one part-time director each, apart from the chairman and managing director, who shall be elected by a search committee. The search committee shall comprise the Secretary to the GoI in the MoP, Secretary to the GoI in the Ministry of Heavy Industries, Chairman and Managing Directors of both our Company and BHEL. The board meeting shall be held at least once a month and two nominee directors of each of BHEL and our Company shall constitute the quorum.

- **Reserved matters:** The board of directors, committees or chief executive officer of NTPC BHEL cannot take any action on the following matters unless at least two directors each appointed by our Company and BHEL cast their affirmative vote on the same:
 - (a) The long term corporate business plan;
 - (b) The five year annual plans of development, the capital budget of NTPC BHEL or purchase of capital equipment which exceeds Rs. 50 million. Any capital expenditure in cases of variations in approved estimates beyond 10%;
 - (c) Winding up of NTPC BHEL;
 - (d) Any matter relating to the transfer, sale, lease, exchange, mortgage and/or disposal otherwise of the whole or substantially the whole of the undertaking of NTPC BHEL or part thereof;
 - (e) Any amendments to the memorandum and/or articles of association of NTPC BHEL; and
 - (f) Any matters relating to:
 - i) The promotion of company/companies, including formation of subsidiary company, joint venture company, formation of foreign collaboration;
 - ii) Entering into partnership and/or arrangement of sharing profits;
 - iii) Taking or otherwise acquiring and holding shares in any other company; and
 - iv) Division of capital into different classes of shares.
- **Termination:** Our Company and BHEL can mutually terminate this agreement. In conditions of compulsory or voluntary liquidation and insolvency or when a receiver is appointed to take the possession of the undertaking of either party, the other party shall have the right to terminate the agreement on a prior notice of 90 days. Also, the agreement may be terminated on breach of material terms and conditions of the agreement. In such cases the party not in default will have the right to purchase the shares held by the other at fair value of such shares determined by an independent chartered accountant.

Pursuant to the agreement, NTPC BHEL was incorporated on April 28, 2008 under the Companies Act. NTPC BHEL is authorised to engage in the business of engineering, procurement, manufacture of equipment and construction for power plants. The authorised share capital of NTPC BHEL is Rs. 3,000 million divided into 300 million equity shares of Rs. 10 each and the paid-up capital of NTPC BHEL is Rs. 1 million (divided into 0.1 million equity shares of Rs. 10 each). Our Company holds 50,000 equity shares in NTPC BHEL, i.e. 50% of the issued and paid-up capital of NTPC BHEL.

10. BF- NTPC Energy Systems Limited (“BF- NTPC”)

Our Company entered into a memorandum of understanding with Bharat Forge Limited (“BFL”) on February 8, 2008 to consider setting out a company in joint venture to initially take up manufacture of castings, forgings, fittings and high pressure pipings required for power and other industries, BoP equipment for the power sector etc. Including, technological tie ups, tie up strategic partners etc.

The key terms of the memorandum of understanding are set forth below.

- The BF-NTPC shall be initially formed with equity participation of 49:51 by our Company and BFL respectively.
- The parties at a later date, may consider co-opting other strategic partner(s) as shareholders to bring in value to the BF-NTPC either by way of dilution of existing equity stake or by way of infusion of fresh equity in the NTPC BHEL in such a manner that BFL shall at all times continue to retain 51% equity stake in the venture.
- The board of directors of the BF-NTPC shall consist a minimum of four and maximum 12 directors, with nomination of directors from our Company and BFL in proportion to their

respective equity shareholding. BFL and our Company shall have the right to replace/remove any such director or directors they nominate, and nominate other to fill any vacancy on the board of directors of the BF-NTPC.

The chairman of the board of directors (non-executive) shall always be a director nominated by BFL.

- After signing of the memorandum of understanding, a BF-NTPC will be incorporated as a limited company under the name to be mutually decided between the parties and approval by the registrar of the companies with an authorized share capital of Rs. 1 million. The BF-NTPC shall commence business only after establishment of the techno commercial viability of the manufacturing facility.
- On establishment of techno-commercial viability of the manufacturing facility and after obtaining investment approvals by the parties, a shareholders' agreement on mutually agreed terms shall be signed by the parties and the paid-up capital of the BF-NTPC will be further enhanced as per the investment required.

Pursuant to the memorandum of understanding, our BF-NTPC, BF-NTPC was incorporated on June 19, 2008 under the Companies Act. BF-NTPC is authorised to engage in the business of manufacturing buying, selling, etc. of parts, components and equipments relating to power and associated sectors. The authorised share capital of BF-NTPC is Rs. 50 million divided into 5 million equity shares of Rs. 10 each and the paid-up capital of BF-NTPC is Rs. 1 million (divided into 0.1 million equity shares of Rs. 10 each). Our Company, including our nominees, hold 49,000 equity shares of Rs. 10 each in BF-NTPC, i.e. 49% of the issued and paid-up capital of BF-NTPC.

11. Nabinagar Power Generating Company Private Limited ("Nabinagar Power")

Our Company entered into a joint venture agreement dated February 14, 2008 with the Bihar SEB for the establishment of the joint venture company for the object of undertaking the establishment and operation and maintenance of a 3x660 MW coal based Thermal Power Project at Nabinagar, in Aurangabad District, Bihar.

The key terms of the agreement are set forth below.

- **Power allocation:** The power allocation to BSEB shall be 75% from the Nabinagar Power project, and the remnant 25% shall be for supply to other States.
- **Share capital:** Initial authorized share capital of Nabinagar Power shall be Rs. 1 million divided into 0.1 million equity shares, to be increased as and when necessary. Initial paid-up capital shall be Rs. 1 million to be equally subscribed to by the parties. The share capital may be increased by sanction in general meeting by ordinary resolution, but the percentage of shareholding shall remain 50% each for the parties. If and when Nabinagar Power issues any further Shares, such shall be offered to the existing shareholders on a pro rata basis, and each shareholder shall arrange for subscription to the equity capital of Nabinagar Power so as to conform and maintain the percentages of the paid-up share capital specified.
- **Board of directors:** The number of directors shall not be less than four and not more than twelve. Nabinagar Power may increase or reduce the number of directors through special resolution. Each party shall initially nominate three directors of Nabinagar Power each. Further change in the number of directors of Nabinagar Power shall be in proportion to the equity shareholding of the parties. The parties may appoint alternate director to act for absentee directors, for a period of absence not less than three months from the state in which the meetings of the board are ordinarily held. The board may further appoint additional directors or to fill in casual vacancies

on the board in so that the total number of directors shall not at any time exceed the maximum strength of the board, to hold office only up to the date of the next annual general meeting. The chairman of the board shall always be a director nominated by our Company, and shall have a casting vote in all resolutions. Unless a resolution is specifically required to be passed in the meeting under the agreement or the Companies Act such resolution may be passed without the meeting provided it has been circulated in draft together with necessary papers, if any to all the directors of the board or all the members of the committee and has been approved accordingly. The board may further constitute committees of the directors from time to time, consisting of one director from each party.

- **Reserved matters:** The affirmative vote of at least one nominee director from each party shall be required for matters including:
 - (a) The annual revenue budget of Nabinagar Power;
 - (b) The five year/annual plans of development, the capital budget of Nabinagar Power and processing of any modernization, expansion schemes including programme of capital expenditure or purchase of capital equipment which exceed Rs. 500 million;
 - (c) Any capital expenditure in cases of variations in approved estimates beyond 10% for any particular component parts thereof;
 - (d) Winding up of Nabinagar Power;
 - (e) Any matter relating to the sale, transfer, lease, exchange, mortgage and/or disposal otherwise of the whole or substantially the whole of the undertaking of Nabinagar Power or part thereof;
 - (f) Any matter relating to the promotion of Nabinagar Power/companies including formation of subsidiary company/companies, entering into partnership and/or arrangement of sharing profits, taking or otherwise acquiring and holding shares in any other company, division of capital into different classes of shares and the arrangements involving foreign collaboration proposed to be entered into by Nabinagar Power and delegation of powers by the board to an committee/chief executive officer/other body/person.
- **Transfer and encumbrance of shares:** There is a lock-in period of five years from the date of incorporation of Nabinagar Power or CoD. Following the expiry of such period, neither party shall transfer all or any part of its shareholding to any third party not being affiliates/associates of itself unless the shares have first been offered to the other party at the book value or fair value of the shares, and the other party does not accept such offer and does not request the transferring party to sell the shares to a designated person within a period of eight weeks. After such period of eight weeks, either party may at its sole discretion offer the said shares to any third party, provided that the price and terms and conditions on which such offer is made to such third party shall not be more favourable compared to the offer made to the other party, and further provided that the transferee third party signs an undertaking addressed to the non-transferring party and to Nabinagar Power, thereby confirming to comply with all the terms and conditions of the agreement as if it had been a party thereto. If any State Government, Government Company or Corporation owned or controlled by the Central or any State Government desires to subscribe to the equity capital of Nabinagar Power, then by mutual consent, such entity may be accommodated as shareholder either by issue of new shares or by reducing shareholding of the promoters.
- **Termination:** The agreement may be terminated by mutual written consent of either party, or if either party goes into insolvency, liquidation, whether voluntary or compulsory, and/or if a receiver is appointed to take possession of its undertaking, and the other party gives and delivers ninety days written notice to the party so affected and on the expiry of such notice period. The agreement may further be terminated by either party in the case of material breach of any of the covenants or conditions contained herein by the other party. In the event of termination by mutual consent, either party shall within 30 days from the date of termination of agreement, offer

all its shares including shares held by its affiliates to the other party who shall have a first right to purchase or designate a purchaser for such shares at fair value thereof. If such right is refused, then the shares may be sold to a third person at terms not more favourable than the ones offered to such other party. If termination is on account of breach, the defaulting party shall offer shares to the non-defaulting party at 80% of their fair value. Further, in the event of either party reducing its shareholding voluntarily below 10%, all rights of such party under this agreement shall cease.

- **Non-competition:** Nabinagar Power shall not compete with either of the promoters without the prior written consent of the promoters, as the case may be, in their respective areas of business activities. Such consent shall be granted at the sole discretion of the respective promoter, whose decision shall be final.

Nabinagar Power was incorporated on September 9, 2008 under the Companies Act. It is authorized to undertake the establishment, operation and maintenance of 3x660 MW coal-based thermal power project at Nabinagar in Aurangabad District, Bihar. The authorized share capital of Nabinagar Power is Rs. 100 million divided into 10 million equity shares of Rs. 10 each and the paid up capital of Nabinagar Power is Rs. 1 million (divided into 0.1 million equity shares of Rs. 10 each). Our Company holds 50,000 equity shares in Nabinagar Power, i.e. 50% of the issued and paid-up capital of Nabinagar Power.

12. National Power Exchange Limited (“NPEX”)

Our Company has entered into a joint venture agreement dated September 3, 2008 with NHPC, Power Finance Corporation Limited (“PFC”), and Tata Consultancy Services Limited (“TCS”) to incorporate a public limited company for carrying on the business of a power exchange to facilitate, promote, assist, regulate and manage, dealings in power and establish, operate and manage specialised automated electronic platform with modern facilities to facilitate nationwide trading in all types of contracts for buying and selling all forms of electrical energy, ancillary services, transmission rights etc., including derivatives thereof, and clearing and settlement of trades.

The key terms of the joint venture agreement are set forth below.

- **Share capital and subscription:** The NPEX would have an authorised share capital of Rs. 500 million. The NPEX’s initial paid-up share capital would be Rs. 50 million divided into 5 million equity shares of Rs. 10 each, subscribed by our Company (16.67%), NHPC (16.67%), PFC (16.66%) and TCS (50%). The parties agreed that after receiving the certificate of commencement of business issued by the RoC, the NPEX shareholding shall be restructured in such a way that TCS’ 50% equity shareholding is brought down to 16.66% by issue of further share capital to our Company, NHPC, PFC and new investors. The equity shareholding in the NPEX would always be such that 50% of the NPEX’s paid-up share capital shall be held by government entities including our Company, NHPC and PFC, and 50% shall be held by non-government or private entities including TCS. The parties are entitled to nominate one director each on the NPEX board, irrespective of the quantum of their shareholding, provided that the shareholding of each party does not fall below 10% of the NPEX’s equity paid-up share capital.
- The parties have agreed that NPEX would meet its financial requirements without recourse to the parties. The financial liability of the parties to this agreement shall be limited to any unpaid amount of the equity share capital agreed to be subscribed to by the parties in the agreed proportion.
- **Affirmative vote:** Certain matters require affirmative vote of the majority of directors, which majority includes at least one nominee director each of our Company, NHPC, PFC and TCS. The matters requiring affirmative votes include:

- (a) The annual revenue budget of the NPEX;
 - (b) The five year annual plans of development, the capital budget of NPEX and processing of any modernization, expansion schemes including programme of capital expenditure or purchase of capital equipment which exceeds Rs. 100 million;.
 - (c) Winding up of the NPEX;
 - (d) Any matter relating to the transfer, sale, lease, exchange, mortgage and/or disposal otherwise of the whole or substantially the whole of the undertaking of the NPEX or part thereof;
 - (e) Increase or otherwise alter the authorized or the issued share capital of the NPEX;
 - (f) Taking of any loan or other borrowing or issue of any debt or other instrument or security carrying the right or option to convert the whole or part thereof or any such instrument or security as the case may be, or any accrued interest thereon into the shares of the NPEX;
 - (g) Grant any option over any shares in the share capital of the NPEX;
 - (h) Any matter relating to:
 - i. the promotion of company/companies including the formation of a subsidiary company/companies;
 - ii. entering into partnership and/or arrangement of sharing profits;
 - iii. taking or otherwise acquiring and holding shares in any other company;
 - iv. division of capital into different classes of shares;
 - v. induction of new investor(s);
 - vi. pledging or encumbering of any assets of NPEX and the issuance of corporate guarantee (other than trade warranties) or incurring of usual liability, except as set forth in the annual operating and capital budgets or as required for the procurement of working capital needs, or as may be required by any government authorities or for any tax purposes;
 - vii. recommendations of dividend by NPEX;
 - viii. arrangement involving foreign collaboration proposed to be entered into by NPEX;
 - (i) Change in the name of the joint venture company; and
 - (j) Entering into any profit sharing, or any share option or other similar schemes for the benefit of the officers and other employees of NPEX.
- Non-compete: No party, either directly or through its affiliates/associates would compete with the business activities of NPEX without the prior written consent of all the remaining parties. In case the affiliates/associates of any party take up shareholding with board seat or management control in any other power exchange, such party would relinquish its rights to nominate a director on NPEX board of directors.
 - Transfer and encumbrance of shares: Unless otherwise mutually agreed among the parties, none of the parties would transfer, sell, assign, mortgage or otherwise encumber its shareholding/voting rights in NPEX for an initial lock-in period of five years from the date of commencement of business (i.e. trading operation on power exchange) or the date when NPEX issues shares to public, whichever is earlier. After the lock-in period, no party would sell or otherwise transfer all or any part of the shares owned by it in NPEX to any person not being their affiliate/associate unless such shares have first been offered to remaining parties in proportion to their shareholding.
- If any person purports to acquire any of the shares or any interest therein from a party or its associate in a manner not specifically permitted by this agreement, the remaining parties or any person nominated by the remaining parties would have the right but not the obligation to purchase any or all of the default shares purported to have been thus acquired.
- Termination: The agreement may be terminated by way of, the parties' mutual written consent, or any party going into liquidation or insolvency, or any party committing or knowingly permitting a material breach of any conditions of the agreement which is not cured within 90 days or for which reasonable compensation is not paid.

Pursuant to the aforementioned agreement, NPEX was incorporated on December 11, 2008 under the Companies Act. NPEX is engaged in the business of power exchange and to facilitate, promote, assist, regulate and manage in the public interest, dealings in electrical power of all kinds. The authorised share capital of NPEX is Rs. 500 million divided into 50 million equity shares of Rs. 10 each and the paid up capital of NPEX is Rs. 50 million (divided into 5 million equity shares of Rs. 10 each). Our Company, including its nominees, holds 833,500 equity shares in NPEX, i.e. 16.67% of the issued and paid-up capital of NPEX.

13. *Transformers and Electricals Kerala Limited (“TELK”)*

Our Company entered into a business collaboration and shareholders’ agreement with the Governor of Kerala (GOK) and TELK dated June 23, 2007 to contribute towards the equity of TELK so as to create a working relationship whereby our Company can associate with an entity having facility of manufacturing and repair of high voltage power transformers and associated equipment.

The key terms of the agreement are set forth below.

- **Share capital:** The paid up equity share capital of TELK as on date of the agreement was Rs. 429,673,000 divided into 42,967,300 equity shares of Rs. 10 each. The equity capital was to be acquired such that GOK and its undertakings hold 219,133,00 equity shares of TELK, i.e. 51% of the paid up equity capital and our Company holds 19,167,000 equity shares, i.e. 44.6% of the paid up equity capital, while others hold the remaining 1,887,000 equity shares of TELK. The rights of the parties shall subsist so long as it holds not less than 25% of the voting capital. If the shareholding falls below 25% but is higher than 10% of the voting share capital of TELK, then such party shall only have the right to appoint directors in proportion with its shareholding. In case the shareholding of the parties falls below 10%, the other party shall have the right but not the obligation to terminate this agreement.
- **Board of directors:** TELK shall continue to be a board managed company and there will be a maximum of 15 directors. The number of directors on the board will be proportionate to the respective shareholdings of each party. The chairman of the board shall be the nominee of the GOK, and the managing director shall be a nominee of our Company. Until the equity holding of our Company and GOK becomes equal, our Company shall have right to nominate one extra director as a technical director besides our entitlement of nomination of directors in proportion of shareholding.
- **Reserve matters:** Affirmative vote of at least one nominee Director of each Party is necessary to take any action in respect of any of the following matters:
 - (a) The annual revenue budget of TELK;
 - (b) The five year annual plans of development, the capital budget of the Company and processing of any modernization, expansion schemes including programme of capital expenditure or purchase of capital equipment which exceeds Rs. 50 million;
 - (c) Any capital expenditure in cases of variations in approved estimates beyond 10% for any particular component parts thereof;
 - (d) Winding up of the TELK;
 - (e) Any matter relating to the sale, lease, exchange, mortgage and/or disposal otherwise of the whole or substantially the whole of the undertaking of the Company or part thereof;
 - (f) Any reconstruction, reorganization, merger, amalgamation or consolidation of TELK with another entity;
 - (g) Sale of substantial assets of TELK other than in the ordinary course of business;
 - (h) Any amendment to memorandum or articles of association of TELK;
 - (i) Issues relating to human resource management having major impact on employees; and

- (j) Any matter relating to entering into partnership and/or arrangement of sharing profits, promotion or formation of subsidiary company/companies, taking or otherwise acquiring and holding shares in any other company, and division of capital into different classes of shares, arrangements involving foreign collaboration proposed to be entered into by the Company, guarantee/exposure by TELK.
- *Restriction on transfer of shares:* There is a lock-in period of three years with regards to the shareholdings/voting rights under the agreement, whereby the parties shall not split or otherwise transfer all or part of their shares owned in TELK to any third party, not being their respective affiliates/associates, unless the said shares have first been offered to the other party at the book value or fair value, as certified by an independent and reputed chartered accountant as mutually agreed between parties, whichever is higher, and such other party shall either accept such offer or request the transferring party to offer the same to a designated party. If the offer is not accepted by the other party, and no designated party has been suggested within eight weeks, the transferring party shall be free to offer the said shares to any other person, provided that the price and terms and conditions on which such offer is made shall not be more favorable compared to the offer made to the other party.
- *Termination:* The agreement may be terminated by any of the following ways:
 - (a) if either party commits a material breach of the agreement by the party not in breach through a notice in writing specifying the material breach to the defaulting party; or
 - (b) if either party is wound up or an effective resolution is passed for the same, by the other party; or if either party enters into any composition or arrangement with its creditors or if there is a change in the control of such party, by the other party and, the party entering into composition, or being wound up or undergoing change in control shall sell the shares held by it to the other party at 80% of the value of such shares as determined by a firm of chartered accountants appointed expressly for the purpose at that time by Comptroller and Auditor General of India; or
 - (c) by mutual consent, and either party may have the right to sell to a buyer acceptable to the other party, all the shares and any financial interest in TELK at the fair value thereof to be determined by an independent and reputed firm of chartered accountants to be mutually agreed upon within 30 days from the date of such termination. If a party having the right to buy the shares from the other party fails to buy such shares within 90 days from the date of termination of this agreement, the other party may sell such shares to any other person within 180 days of the expiry of such 90 days.

TELK was incorporated on December 19, 1963 under the Companies Act. TELK is authorized to engage in the manufacture of heavy electrical equipment, such as transformers, turbines and other electrical and allied activities. The authorized share capital of TELK is Rs. 1,250 million divided into 125 million equity shares of Rs. 10 each and the paid up capital of TELK is Rs. 429,673,500 (divided into 42,967,350 equity shares of Rs. 10 each). Our Company holds 1,916,348 equity shares in TELK, i.e. 44.6% of the issued and paid up capital of TELK.

14. *International Coal Ventures Private Limited (“ICVL”)*

Our Company entered into a memorandum of understanding with SAIL, Coal India Limited (“**CIL**”), Rashtriya Ispat Nigam Limited (“**RINL**”) and NMDC Limited (“**NMDC**”) on August 3, 2007 for jointly promoting a special purpose vehicle for securing metallurgical coking coal and thermal coal supplies from overseas. Pursuant to the memorandum of understanding, the parties entered into a joint venture agreement dated January 14, 2009 to form ICVL.

The key terms of the agreement are set forth below.

- Share capital and subscription: The initial authorized share capital of ICVL shall be Rs. 10 million. The parties shall initially subscribe to shares in ICVL in the following manner: SAIL: 0.2 million equity shares of Rs. 10 each; CIL: 0.2 million equity shares of Rs. 10 each; RINL: 0.1 million equity shares of Rs. 10 each; NDMC: 0.1 million equity shares of Rs. 10 each; and our Company: 0.1 million equity shares of Rs. 10 each.
- Board of directors: The board of directors of ICVL shall have a minimum of three and a maximum of 12 directors, including any director nominated by a financial institution pursuant to the terms of any financing arrangement.

The board of directors of ICVL shall consist of seven directors initially, two directors each nominated by SAIL and CIL, and one director each nominated by RINL, NMDC and our Company. If the shareholding of the parties is diluted, the parties shall be entitled to appoint directors on a pro-rata basis. If dilution of shareholding of the parties jointly falls below 50% due to infusion of capital by any third party(ies), each party shall be entitled to nominate at least one director. Further dilution of shareholding of the parties shall result in amendments in the terms and conditions of the agreement for protecting the right of all parties to nominate at least one director on the board.

Each party holding 10% or more shareholding in ICVL, shall be entitled to nominate the chairman by rotation. The term of the chairman nominated by a party holding 25% or more, shall be two years, and for any party holding share capital between 10%-25%, such period shall be one year. The first chairman shall be appointed by SAIL and subsequently by CIL, RINL, NMDC and our Company, in such order.

- Affirmative vote: The board of directors of ICVL shall not take any decision on the following matters unless at least one director nominated by all parties holding 10% of the fully paid up share capital of ICVL is present and voting in favour thereof:
 - (a) Any reconstruction, re-organization, merger, amalgamation or consolidation of ICVL with any other party;
 - (b) Any amendments to the memorandum and/or articles of association of ICVL;
 - (c) A material deviation or change in the objects or activities of ICVL and substantial expansion of such activities;
 - (d) Approval or refusal to transfer shares or debentures, except for transfers to an affiliate and/or subsidiary;
 - (e) Selling, leasing, charging or dealing with the whole or a substantial part of ICVL's undertaking, property or assets otherwise than in the ordinary course of business;
 - (f) Any issue of share capital, or debentures, whether or not convertible or altering the capital structure of ICVL;
 - (g) Entering into or amending any agreement or transaction with any of the parties;
 - (h) Abandonment, waiver or settlement of any legal action, suits claims and other legal proceedings except for minor debt collection matters not exceeding Rs. 100 million;
 - (i) Availing long term loans for an amount exceeding Rs. 1,000 million and altering any material term of such loan;
 - (j) Filling vacancies on the board of directors other than those of directors nominated or appointed by either party;
 - (k) Capital investment in any scheme, purchasing, leasing or otherwise acquiring machinery, equipment or other assets beyond Rs. 1,000 million;
 - (l) Forming or dissolving a subsidiary of ICVL or subscribing to the shares or debentures or investing the funds of ICVL in any other company;
 - (m) Creating any mortgage, charge or other encumbrance in respect of the properties and assets except with respect to loans from banks against current assets;

- (n) Granting loans to third parties or guaranteeing the obligations of third parties except giving advances to third parties in the ordinary course of business; and
 - (o) Appointing or removal of ICVL's auditors or any other external agency appointed for conducting audits.
- Transfer and encumbrance of shares: The shareholding of the parties shall be locked in for an initial period of five years from the date of incorporation till such time any undertaking for non-disposal of shares is given by such party to any financial institution, banks or any other party for assistance for their assistance to then joint venture company remains subsisting. The other parties shall have a right of first refusal for any transfer of shares by any party subsequent to the initial lock-in period.
 - Management deadlock: In the event three consecutive meetings of the board are unable to be held due to want of quorum and/or any resolution on the matters requiring affirmative votes not passed in two consecutive board meetings due to any director of any party not casting an affirmative vote upon the remaining members insisting on passing of such resolution, the chief executive officer or chairman of each of the five parties shall constitute a committee to resolve the deadlock. If no solution is reached within 30 days, such dissenting party shall be given 60 days to either consent, or to sell its shares in ICVL.
 - Termination: The agreement shall be terminated either by mutual consent or in the event a resolution for winding up of ICVL has been passed.

Pursuant to the agreement, ICVL was incorporated on May 20, 2009 under the Companies Act. ICVL is authorised to engage in the business of carrying on the business of coal mining in India and abroad for overseas acquisition and/or operation of coal mines or blocks of assets or properties by way of purchasing, taking on lease, license, grant, amalgamation or otherwise acquiring stake in mines/blocks/companies having coal mines over seas, and to undertake all development activities related thereto. The authorised share capital of ICVL is Rs. 100 million divided into 10 million equity shares of Rs. 10 each and the paid up capital of ICVL is Rs. 7 million (divided into 0.7 million equity shares of Rs. 10 each). Our Company holds 0.1 million equity shares in ICVL, i.e. 14.28% of the issued and paid up capital of ICVL.

15. National High Power Test Laboratory Private Limited (“NHPTL”)

The MoP in its meeting dated September 1, 2008 had proposed the setting up of a joint venture to be co-promoted by our Company, NHPC, PGCIL and Damodar Valley Corporation (“DVC”), for setting up a short circuit testing facility and other facilities as may be required.

In furtherance of the same, our Company entered into a joint venture agreement dated April 8, 2009 with NHPC, PGCIL and DVC to jointly incorporate a private limited company to set up a laboratory for short circuit testing and other facilities as may be required for the same and to pursue its objects as elaborated in the memorandum of association of the NHPTL.

The key terms of the joint venture agreement are set forth below.

- Capital structure: NHPTL's initial authorised share capital shall be Rs. 100 million divided into 10 million equity shares of Rs. 10 each, subscribed to by our Company (25%), NHPC (25%), PGCIL (25%) and DVC (25%). Authorised share capital of NHPTL may be increased to Rs. 830 million and subsequently enhanced to meet the equity requirements for completion of research as and when necessary, in accordance with the provisions of the articles of association of NHPTL and the Companies Act.

- **Board of directors:** The board of directors shall comprise not less than four and not more than 15 directors. The parties are entitled to nominate one director each on NHPTL's board, irrespective of the quantum of their shareholding, provided the shareholding of each party does not fall below 10% of the NHPTL's equity paid-up share capital.
- **Affirmative vote:** Certain matters requiring affirmative vote of the majority of directors, which majority shall include at least one nominee director each of our Company, NHPC, PGCIL and DVC include NHPTL's winding up, any matter relating to the transfer, sale, lease, exchange, mortgage or disposal otherwise of the whole or substantially the whole of the undertaking of NHPTL or a part thereof, increase or alteration in NHPTL's authorised or issued share capital, induction of new investors, entering into partnership or arrangement of sharing profits, formation of subsidiary companies, grant of options over any shares in NHPTL's share capital, taking a loan or issue of debt or other instrument carrying right or option to convert the whole or part thereof or any accrued interest thereon into NHPTL's shares.
- The parties have agreed that NHPTL shall meet its own financial requirements without recourse to the parties. The parties' financial liability to this agreement shall be limited to any unpaid amount of the share capital agreed to be subscribed to by the parties in the agreed proportion.
- No party, directly or through its affiliates or associates shall compete with the business activities of NHPTL without the prior written consent of all the remaining parties.
- **Transfer and encumbrance of shares:** Unless otherwise mutually agreed among the parties, none of the parties shall transfer, sell, assign, mortgage or otherwise encumber its shareholding or voting rights in NHPTL for an initial lock-in period of five years from the date of incorporation of the NHPTL or establishment of laboratory whichever is later. After the lock-in period, no party shall sell or otherwise transfer all or any part of the shares owned by it in NHPTL to any person not being an affiliate or associate unless such shares have first been offered to the remaining parties in proportion of their respective shareholding.
- **Termination:** The agreement may be terminated by way of, the parties' mutual written consent, any party going into liquidation or insolvency, or any party committing or knowingly permitting a material breach of any conditions of the agreement which is not cured within the stipulated period.

Pursuant to the aforementioned agreement, NHPTL was incorporated on May 22, 2009 under the Companies Act. NHPTL is authorised to engage in the business of planning, promoting, organising, establishing, constructing, integrating, and developing on-line high power test laboratory facility in India and/or abroad for testing and certification of short circuit and other testing of electrical equipments. The authorised share capital of NHPTL is Rs. 100 million divided into 10 million equity shares of Rs. 10 each and the paid up capital of NHPTL is Rs. 10 million (divided into 1 million equity shares of Rs. 10 each). Our Company holds 250,000 equity shares in NHPTL, i.e. 25% of the issued and paid-up capital of NHPTL.

16. *Energy Efficiency Services Limited ("EESL")*

Our Company has entered into an agreement with PFC, PGCIL and REC on November 19, 2009 to form a joint venture company, EESL.

The key terms of the agreement are set forth below.

- **Share capital and subscription:** The initial authorised share capital of the joint venture company shall be Rs. 100 million divided into 10 million equity shares of Rs. 10 each. Each of the parties is required to subscribe to 25% of the issued shares.

- Board of directors: Initially, the board of directors shall comprise six directors. The total strength of the board of directors shall be between four and fifteen directors. Our Company and the other parties to the agreement have agreed that so long as the parties each hold at least 10% of the paid-up share capital of EESL, we shall each be entitled to nominate one director to the board of directors of EESL and shall also determine the period for which their respective nominees shall hold office. Apart from directors nominated by the parties, MoP shall have the power to nominate two part-time directors. The non-executive chairman of the board of directors of EESL shall be appointed for a period of two years on a rotation basis amongst the parties. The first Chairman shall be appointed by our Company and subsequently by PFC, REC and PGCIL, in that order.
- Reserved matters: Neither the board of directors of EESL nor a committee thereof, nor its chief executive officer, nor any other person acting on behalf of EESL shall take any action with respect to the following matters unless such resolutions or transactions have been approved by (a) majority of directors; and (b) which majority shall include at least affirmative vote of one director each nominated by all of the parties to the agreement:
 - (a) The annual revenue budget of EESL;
 - (b) The 'five year annual plans' of development, the capital budget of the EESL and processing of any modernization, expansion schemes including programme of capital expenditure or purchase of capital equipment which exceeds Rs. 100 million;
 - (c) Winding up of EESL;
 - (d) Any matter relating to the transfer, sale, lease, exchange, mortgage and/or disposal otherwise of the whole or substantially the whole, of the undertaking of ESSL or part thereof;
 - (e) Increase or otherwise alteration in the authorized or issued share capital of ESSL;
 - (f) Induction of new investors;
 - (g) Taking of any loan or other borrowing or issue of any debt or other instrument or security carrying the right or option to convert the whole or part thereof or any such instrument or security, as the case may be, or any accrued interest thereon into the shares of EESL;
 - (h) Change in the name of EESL;
 - (i) Entering into any profit sharing, or any share option or other similar schemes for the benefit of the officers and other employees of EESL; and
 - (j) Any matter relating to:
 - The promotion of new company/company(ies) including formation of subsidiary company(ies);
 - Entering into partnership and/or arrangement of sharing profits;
 - Taking or otherwise acquiring and holding shares in any other company; and
 - Pledging or encumbering of any assets of EESL and the issuance of corporate guarantee (other than trade warranties) or incurring of usual liability, except as set forth in the annual operating and capital budgets or as required for the procurement of working capital needs or as may be required by any government authorities or for any tax purposes.
- Restriction on transfer of shares: No party is permitted to transfer its shares to a third party for a lock-in period of five years commencing from the date of incorporation of EESL, except a transfer of shares to a party's affiliates/associates after expiry of the lock-in period specified. Subject to the above, if any party intends to transfer any shares to a third party, the selling party is required to first offer such shares to the remaining parties in proportion to their shareholding, at the book or fair value, whichever is higher. In case the non-selling parties do not accept the prescribed offer, the selling party shall be entitled to transfer the offered shares to the proposed transferee on terms no more favourable and at no higher price than those offered to the non-selling party. If the selling party fails to transfer the offered shares to the proposed transferee within 90 days of it becoming entitled to sell the same to any person, such selling party shall again be required to first offer the shares to a party to the agreement.

- In the event any party ceases to hold at least 10% of the paid-up share capital of EESL, all rights of such party under the agreement shall cease.

Pursuant to the aforementioned agreement, EESL was incorporated on December 10, 2009 under the Companies Act. EESL is authorised to engage in the business of carrying on and promoting business of energy efficiency and climate change, including manufacture and supply of energy efficiency services and products and providing consultancy services in relation to the same. The authorised share capital of EESL is Rs. 100 million divided into 10 million equity shares of Rs. 10 each and the paid-up capital of EESL is Rs. 25 million (divided into 2.5 million equity shares of Rs. 10 each). Our Company, including through its nominees, holds 625,000 equity shares in EESL, i.e. 25% of the issued and paid-up capital of EESL.

Other entities in which our Company has equity investment

PTC India Limited (“PTC”)

Our Company holds an equity investment in, and is one of the promoters of, PTC pursuant to a promoters’ agreement dated April 8, 1999. The promoters’ agreement was then supplemented on November 29, 2002, wherein NHPC was added as a promoter. PTC was incorporated under the Companies Act on April 16, 1999. PTC is engaged in the business of purchasing, procuring, selling, importing, exporting and trading all forms of electric power and ancillary services. Under the promoters’ agreement, our Company has the right to nominate one part-time director of PTC and our consent is necessary for the appointment of the chairman, managing director and whole-time directors of PTC.

As on September 30, 2009, the authorised share capital of PTC is Rs. 7,500 million divided into 750 million equity shares of Rs. 10 each and the paid up capital of PTC is Rs. 2940.85 million (divided into 294,084,600 equity shares of Rs. 10 each). Our Company, including our nominees, holds 12 million equity shares in PTC, i.e. 4.08% of the issued and paid-up capital of PTC.

The shares of PTC are listed on the NSE and the BSE.

Capital issues in the preceding three years

PTC had made a qualified institutions placement of 77,419,000 equity shares in 2008. The issue closed in January, 2008 and the delivery of equity share certificate/share credit was completed within stipulated time. The object of the issue was to use the net proceeds of the above issue primarily for enhancing its capital adequacy, capitalisation of subsidiary companies, investment in fuel intermediation, investments in entities in the energy sector, meeting working capital requirements, business related capital expenditure and any other permissible purpose as may be approved by its board of directors.

PTC had made a qualified institutions placement of 66,665,600 equity shares in 2009. The issue closed in May 2009 and the delivery of equity share certificate/share credit was completed within stipulated time. The object of the issue was to use the net proceeds of this issue for investments in one or more businesses in the energy sector or the related energy infrastructure sector, directly or indirectly, through various investment structures/vehicles that PTC may consider appropriate. Further, PTC seeks to pursue opportunities at various stages of the business growth cycle including providing seed capital to businesses and may invest in businesses with which PTC has entered into or may in the future enter into, PPAs.

Rate of dividend

PTC paid a dividend of 10%, 10% and 12% for Fiscals 2007, 2008 and 2009, respectively.

Promise v. Performance

PTC made an IPO in March 2004. The objects of the issue were to augment long term capital base for their business, as mentioned in the prospectus of PTC. The issue proceeds have been utilised for the said purpose.

PTC had allotted 77,419,000 equity shares of Rs. 10 each at the issue price of Rs. 155 per equity share aggregating an issue size of Rs. 11,999.90 million in favour of QIBs on January 15, 2008. PTC intended to use the net proceeds for the purposes mentioned above.

PTC had further allotted 66,665,600 equity shares of Rs. 10 each at the issue price of Rs. 75 per equity share aggregating an issue size of Rs. 4,999.90 million in favour of QIBs on May 27, 2009. PTC intended to use the net proceeds for the purposes mentioned above.

Shareholder Agreements

Except for the agreements disclosed under “-*Subsidiaries*”, “-*Joint Ventures*” and “-*Other entities in which our Company has equity investment*” above, our Company has entered into the following joint venture agreement.

Joint venture agreement between our Company and Coal India Limited

The MoC in its letter dated January 25, 2006 have mentioned that in a meeting dated December 8, 2005 by the Principal Secretary with the Prime Minister, it was decided that Brahmini (1,900 MT) and Chichro-Patsimal (356 MT) coal blocks will be operated by a 50:50 joint venture between our Company and CIL. It was further decided that the proposed joint venture may first meet the requirement of the Farakka and Kahalgaon expansion projects of our Company and thereafter, if found feasible, also consider power production along with mining of coal.

Our Company and CIL have entered into a memorandum of understanding on March 15, 2007 to co-operate and promote one or more joint venture companies with the aim of jointly undertaking the development, operation and maintenance of coal blocks and integrated coal based power plants.

Pursuant to the memorandum of understanding, our Company entered into a joint venture agreement with CIL on October 12, 2009, the key terms of which are as follows:

- Share capital, subscription and allotment of shares: The initial authorised share capital of the joint venture company shall be Rs. 100 million divided into 10 million equity shares of Rs. 10 each. The joint venture company shall be incorporated with a paid-up capital of Rs. 0.5 million to be shared equally between the parties. Unless otherwise mutually agreed, the percentage shareholding of our Company and CIL shall be in the ratio of 50:50.

If and when the joint venture company shall issue any further shares, it shall offer such shares to the existing shareholders in proportion to the equity shares owned by each of them subject to the provisions of applicable laws.

- Board of directors: Until otherwise determined by the joint venture company in a general meeting, the number of directors shall not be less than two and more than 15. The parties shall appoint the directors of the joint venture company and also determine the period for which their respective appointee shall hold office. Initially, the board of the joint venture company shall comprise of four directors, two of which shall be nominated by our Company and two by CIL.

If CIL or our Company opts to reduce its shareholding below 26% of the paid-up equity share capital of the joint venture company, its right to nominate directors shall be in proportion to its reduced shareholding. Further, in case of reduction of equity holding below 26% by CIL, the decision regarding the appointment of the chairman and the chief executive officer shall be taken by the board of directors of the joint venture company. The decision of this issue shall be taken by affirmative vote of at least one director of each party.

In the event a party's shareholding in the joint venture company falls below 10% of the paid-up equity shares of the joint venture company, all rights of such party under this agreement shall cease and the other parties shall have the option, exercisable at any time, to terminate this agreement in respect of the party where shareholding falls below 10%.

- **Reserved matters:** The board of directors of the joint venture company shall not take any decision in the following matters unless such item in respect of the joint venture company receives the affirmative vote of at least one nominee director of each promoter:
 - (a) The annual revenue budget;
 - (b) The five year/annual plans of development and the capital budget;
 - (c) Any modernization/expansion schemes, expenditure on which exceeds Rs. 500 million;
 - (d) Any variation in expenditure beyond 10% or the approved estimates;
 - (e) Recommendation/approval of dividend;
 - (f) Restructuring of equity capital;
 - (g) Any matter relating to:
 - i) The promotion of a new joint venture company/companies including subsidiary company/companies;
 - ii) Entering into partnership and/or arrangement of sharing of profits;
 - iii) Taking or otherwise acquiring and holding shares in any other joint venture company;
 - iv) Division of capital into different classes of shares; and
 - v) The arrangements involving foreign collaboration proposed to be entered into by the joint venture company.
 - (h) Delegation of power by the board of directors to any committee/chief executive officer/other body/person; and
 - (i) Any matter relating to lease, exchange, mortgage of the whole or substantially the whole of the undertaking of the joint venture company or part thereof.
- **Transfer and encumbrance of shares:** Neither our Company nor CIL shall transfer its shareholdings/voting rights in the joint venture company for an initial period of five years from the date of incorporation of the joint venture company or CoD of the proposed project of the joint venture company, whichever is later.

After the initial lock-in period, neither party shall sell or otherwise transfer all or any part of the shares owned by it in the joint venture company to any third party not being affiliates/associates such party such shares have first been offered to the other party at the book value or fair value as certified by an independent chartered accountant as mutually agreed between the parties, whichever may be higher. The party offered shares shall have eight weeks after receipt of notice of offer to accept such offer. If the party offered such shares does not accept such offer, the selling party shall be entitled to sell such shares to any third party(ies) provided that the price on which such offer is made to such third party(ies) shall not be less than the offer made.

- **Termination:** The agreement may be terminated:
 - (a) By mutual consent of the parties;

- (b) If either party goes into insolvency, liquidation, whether voluntary or compulsory and/or if a receiver is appointed to take possession of its undertaking, then and in any of the aforesaid events, the party not so affected may terminate the agreement; or
- (c) If either party shall have committed or knowingly permitted a material breach of any of the covenants or conditions of the agreement the party not in default has the right to terminate the agreement if such breach is not made good within 90 days of a notice served to the defaulting party.

Material Agreements

Memorandum of Understanding for renewable power generation

Our Company entered into an MoU with GE Energy Financial Services, Kyushu Electric Power Co. Inc., Brookfield Renewable Power Inc. and Asian Development Bank on August 4, 2008 to form a joint venture company. The proposed joint venture company shall develop and hold a portfolio of about 500 MW of renewable generation subject to obtaining funding, off-take of power and necessary clearances/approvals over the next three years. Initially, the business shall primarily concentrate on wind power, mini and micro hydroelectric power projects, and the company may also consider other renewable power generation resources such as industrial cogeneration, waste-to-energy, solar, geothermal, biomass and biofuel projects. However, pursuant to letters dated February 23, 2009 and May 15, 2009, Brookfield Renewable Power Inc. and GE Energy Financial Services have withdrawn their respective participation from the proposed joint venture initiative.

Memorandum of Understanding for the development of nuclear power

Our Company entered into an MoU with Nuclear Power Corporation of India Limited dated February 14, 2009 to form a joint venture company to enhance power generation capacity from nuclear energy. The proposed joint venture company shall initially set up two nuclear power generating units at a mutually agreed location which may be extended for setting up additional nuclear power plants at the same location or elsewhere, as may be mutually agreed, subject to establishment of techno-commercial viability.

Collaborations

Our Company has not entered into any collaboration with any third party as per regulation (VIII)(B) (1)(c) of Part A, Schedule VIII of the SEBI Regulations.

Strategic Partners

Our Company has not entered into any arrangements with any strategic partners within the meaning of the SEBI Regulations.

Financial Partners

Apart from our various arrangements with our lenders and bankers, which we undertake in the ordinary course of our business, our Company does not have any other financial partners within the meaning of the SEBI Regulations.

OUR MANAGEMENT

Our Articles of Association require us to have not less than four and not more than 20 Directors. We currently have 17 Directors, of which six are whole-time Directors, two are Government nominee Directors and nine are independent Directors.

Name, Designation, Occupation and DIN	Age (Years)	Address	Other Directorships
Mr. R. S. Sharma Designation: Chairman and Managing Director Occupation: Service DIN: 00012452	59	Flat No. 58 Block B, Millennium Apartments Sector 61 Noida 201 301 Uttar Pradesh, India	<ul style="list-style-type: none"> ▪ NTPC Electric Supply Company Limited; ▪ NTPC Hydro Limited; ▪ NTPC Tamil Nadu Energy Company Limited; ▪ Kanti Bijlee Utpadan Nigam Limited; ▪ Pipavav Power Development Company Limited; ▪ Nabinagar Power Generating Company Private Limited; ▪ NTPC Vidyut Vyapar Nigam Limited; ▪ International Coal Ventures Private Limited; and ▪ Energy Efficiency Services Limited
Mr. Chandan Roy Designation: Director (Operations) Occupation: Service DIN: 00015157	59	170, Madan Lal Block Asian Games Village New Delhi 110 049, India	<ul style="list-style-type: none"> ▪ Bhartiya Rail Bijlee Company Limited; ▪ Ratnagiri Gas and Power Private Limited; ▪ NTPC Vidyut Vyapar Nigam Limited; ▪ Damodar Valley Corporation; ▪ West Bengal Power Development Corporation Limited; ▪ Nabinagar Power Generating Company Private Limited; and ▪ Nuclear Power Corporation of India Limited
Mr. A.K. Singhal Designation: Director (Finance) Occupation: Service DIN: 00011085	55	Hari Kunj, House No. 900 Sector 37, Faridabad 121 003, Haryana, India	<ul style="list-style-type: none"> ▪ Meja Urja Nigam Private Limited; ▪ Kinesco Power and Utilities Private Limited; ▪ Utility Powertech Limited; ▪ NTPC Tamil Nadu Energy Company Limited; ▪ NTPC Electric Supply Company Limited; ▪ NTPC Vidyut Vyapar Nigam Limited; ▪ NTPC Hydro Limited; ▪ Kanti Bijlee Utpadan Nigam Limited; ▪ Bhartiya Rail Bijlee Company Limited; ▪ NTPC Alstom Power Services Private Limited; ▪ Ratnagiri Gas and Power Private

Name, Designation, Occupation and DIN	Age (Years)	Address	Other Directorships
Mr. R.C. Shrivastav Designation: Director (Human Resources) Occupation: Service DIN: 00561514	59	P 326, Jalvayu Vihar Sector 21, Noida 201 301 Uttar Pradesh, India	Limited; and ▪ Nabinagar Power Generating Company Private Limited. ▪ NTPC SAIL Power Company Private Limited; ▪ Kanti Bijlee Utpadan Nigam Limited; ▪ NTPC Hydro Limited; ▪ NTPC Vidyut Vyapar Nigam Limited; ▪ NTPC Electric Supply Company Limited; and ▪ Transformers and Electricals Kerala Limited
Mr. I.J. Kapoor Designation: Director (Commercial) Occupation: Service DIN: 02051043	53	F-93, Bali Nagar New Delhi 110 015, India	▪ PTC (India) Limited; ▪ Meja Urja Nigam Private Limited; and ▪ NTPC BHEL Power Projects Private Limited.
Mr. B.P. Singh Designation: Director (Projects) Occupation: Service DIN: 01507784	56	117 'C', B/W Block Shalimar Bagh New Delhi 110 088, India	▪ NTPC SCCL Global Ventures Private Limited; and ▪ NTPC Hydro Limited.
Mr. I.C.P. Keshari Designation: Government Nominee Director Occupation: Service DIN: 00042289	47	R-51, Nivedita Kunj Sector X, R.K. Puram New Delhi 110 022, India	Nil
Mr. Rakesh Jain Designation: Government Nominee Occupation: Service DIN: 02682574	52	D-2/62, Kaka Nagar New Delhi 110 003, India	▪ Power Grid Corporation of India Limited; ▪ Power Finance Corporation Limited; ▪ NHPC Limited; and ▪ Energy Efficiency Services Limited
Mr. M.N. Buch Designation: Independent Director Occupation: Retired DIN: 00283737	68	B-1/403, Power Welfare Organisation, Housing Complex, Sector No. 43, Gurgaon 122 002, Haryana India	▪ Western Coalfields Limited
Mr. Shanti Narain Designation: Independent	68	202, Vasant Enclave, Rao Tula Ram Marg, New Delhi 110 057, India	▪ Kalindee Rail Nirman (Engineers) Limited; and ▪ Visa Steel Private Limited.

Name, Designation, Occupation and DIN	Age (Years)	Address	Other Directorships
Director			
Occupation: Retired			
DIN: 00615370			
Mr. P.K. Sengupta	69	Flat No. B-204 Koyala Vihar Vasundhara V.I.P. Road Kolkata, 700 052, West Bengal, India	Nil
Designation: Independent Director			
Occupation: Retired			
DIN: 00096198			
Mr. K. Dharmarajan	66	A-3, Sarvodya Enclave, Sri Aurobindo Marg New Delhi 110 017, India	▪ NHPC Limited; and ▪ Infrastructure Professionals Enterprise Private Limited.
Designation: Independent Director			
Occupation: Service			
DIN: 02322767			
Dr. M. Govinda Rao	62	Flat No. 1, NIPFP Staff Quarters 18/2, Satsang Vihar Marg New Delhi 110 067, India	▪ Rural Electrification Corporation Limited
Designation: Independent Director			
Occupation: Retired			
DIN: 01982343			
Mr. Kanwal Nath	62	7210, DLF City Phase IV Gurgaon 122 009, Haryana, India	Nil
Designation: Independent Director			
Occupation: Retired			
DIN: 02520307			
Mr. Adesh C. Jain	64	C-47, Sector 56, Noida 201 301, Uttar Pradesh, India	▪ COMTECH International Software Manufacture (Private) Limited
Designation: Independent Director			
Occupation: Professional			
DIN: 01301382			
Mr. A. K. Sanwalka	62	J-8/11, DLF City Phase II Gurgaon 122 002 Haryana, India	▪ RITES Limited
Designation: Independent Director			
Occupation: Retired			
DIN: 02125521			
Mr. Santosh Nautiyal	63	1454, ATS Green Village, Greater Noida Expressway Sector 93A, Noida 201 301, Uttar Pradesh, India	▪ ONGC Limited
Designation: Independent Director			

Name, Designation, Occupation and DIN	Age (Years)	Address	Other Directorships
Occupation: Retired			
DIN: 01127740			

All our Directors are Indian nationals. Except for Mr. Shanti Narain and Mr. Kanwal Nath, who are related, none of our Directors are related to each other.

Details of Directors

Mr. R. S. Sharma, 59 years, is our Chairman and Managing Director. He holds a bachelor's degree in mechanical engineering from the Government Engineering College, Rewa, Madhya Pradesh. Mr. Sharma began his career in 1971 as an engineer with the Madhya Pradesh Electricity Board where he acquired expertise in the area of operation and maintenance of power stations. He has over 38 years of experience in the power industry including 28 years of field experience. Mr. Sharma joined our Company in 1980 and worked in the areas of equipment erection and plant maintenance at our power stations at Korba and Vindhyachal and headed the operations and maintenance functions at Vindhyachal power station, and thereafter headed the Rihand and Sipat projects. He has also be the Executive Director of regions. Subsequently, as the Executive Director (Region), Executive Director (Corporate Planning) and Executive Director (Commercial), he was responsible for the strategic planning and commercial functions of our Company. He has been honoured with several awards and recognitions including an Honorary Fellowship Award from the International Project Management Association, Fellowship of the World Academy of Productivity Science and Leadership Award for Sectoral Excellence from the Amity School of Business. As Chairman and Managing Director, he has been instrumental in several strategic and business process changes in relation to fuel security, IT enabled facilitation and monitoring of projects and operations, technology development and climate change, fast tracking of project conception and development and employee engagement and innovation and stake holder involvement. He joined our Board as Director (Commercial) on October 8, 2004 and was elevated to the position of Chairman and Managing Director on May 1, 2008.

Mr. Chandan Roy, 59 years, is our Director (Operations). He holds a bachelor's degree in mechanical engineering from Nagpur University. He has more than 38 years in the areas of project planning, conceptualisation, design, engineering and operations and maintenance of power plants. Prior to joining our Company in 1977, he worked in Babcox and Wilcox, London. He has served as Executive Director (National Capital Region), Executive Director (Engineering) in our Company and the Chairman of Ratnagiri Gas and Power Private Limited. In recognition of his expertise in the area of power plant design, commissioning and generation he was awarded the 'Eminent Engineer Award' by the Institution of Engineers (India) in 2006. As Director (Operations), he is in charge of the operation services, coal mining and coal washeries, fuel management, ash utilisation and the environment management group and business excellence group. He is also in charge of the Centre for Power Efficiency and Environmental Protection. He joined our Board on January 1, 2004.

Mr. A.K. Singhal, 55 years, is our Director (Finance). He is a qualified Chartered Accountant registered with the ICAI. He has over 33 years of experience in corporate finance management. Prior to joining our Company in 2001, he was working as the Executive Director (Finance) in National Fertilizers Limited as the head of finance and accounts department. He has also worked with Krishk Bharti Co-operative Limited and Engineers Projects of India Limited. As Director (Finance), he is responsible for the entire gamut of financial management of our Company including financial resource mobilisation from domestic and international sources, optimum utilisation of funds, undertaking budgetary controls and advising the Board on investment decisions. He also provides support to the backward and forward integration of our business and is responsible for designing adequate internal control systems to enable us to adopt sound corporate governance practices. Under his guidance and leadership, our Company was awarded the 'Silver Shield' for excellence in financial reporting under 'Infrastructure and Construction Sector' category by the ICAI. He has also been adjudged as the 'Best

CFO in the Public Sector’ category by ICAI for the year 2008-2009 and ‘Best Performing CFO – Infrastructure Sector’ by CNBC TV18. He joined our Board on August 1, 2005.

Mr. R.C. Shrivastav, 59 years, is our Director (Human Resources). He is a graduate in electrical engineering from Jiwaji University, Gwalior. He started his career in power plant operations with Steel Authority of India Limited and has over 37 years of experience in the power sector. He joined our Company in 1981 and worked in various capacities in the areas of construction, commissioning, operation and maintenance of power stations as well as corporate operation services. He has also been in charge of various power stations at our Company and was elevated to the position of Executive Director (South Region) in 2002. He was also appointed as chief executive officer of NESCL prior to joining our Board. As Director (Human Resources), he is responsible for managing the entire human resource function of our Company. He is also responsible for ‘Power Management Institute’ of our Company and other corporate functions such as industrial safety, resettlement and rehabilitation, corporate communication and corporate social responsibility. He joined our Board on May 24, 2006.

Mr. I. J. Kapoor, 53 years, is our Director (Commercial). He holds a bachelor’s degree in mechanical engineering from Delhi College of Engineering and a master’s degree in business administration having specialised in marketing from Indira Gandhi National Open University. He is also a fellow of the Indian Institution of Engineers and a senior member of the Institute of Electrical and Electronics Engineers, USA. Mr. Kapoor joined our Company as an executive trainee in 1978 and has over 31 years of experience in the power industry. He has worked in various capacities in the areas of commercial, consultancy, contracts and materials, engineering, station performance and project coordination functions at our Company. He has been instrumental in implementation of various initiatives in commercial functions under Project Disha (corporate organisation restructuring). He has also served as Regional Executive Director (National Capital Region) responsible for project implementation and management of the generating capacity in our coal and gas based power stations in the National Capital Region. As Director (Commercial), he is responsible for formulation and implementation of policies and strategies to ensure marketing of our Company’s entire electric output, appropriate pricing from regulatory authorities and timely realisation from customers. He joined our Board on December 26, 2008.

Mr. B.P. Singh, 56 years, is our Director (Projects). He holds a bachelor’s degree in mining engineering from Indian School of Mines, Dhanbad. He started his career in 1974 in the coal mining sector with the Indian Iron and Steel Company and subsequently joined Bharat Coking Coal Limited. He has over 35 years of experience both in the coal sector as well as the power sector. He joined our Company in 1981 and worked in various capacities at the corporate centre and in our power projects, in the areas of fuel management, coal mining and coal washery. He was elevated as Executive Director (Coal Mining and Washeries) in 2004. He has represented our Company in various GoI committees such as the committees examining issues in relation to the integrated coal policy, fuel for power, pricing of coal, techno-economics of washed coal and has also been a part of the U.K. Trade Mission and the Indo-Australian Joint Working Group on Energy and Minerals. He is also a senate member of the Dr. B.R. Ambedkar Institute of Technology, Jalandhar and an Expert Member on the Research Council of the Central Institute of Mining and Fuel Research. As Director (Projects), he is responsible for project execution and implementation. He joined our Board on August 1, 2009.

Mr. I.C.P. Keshari, 47 years, is a Government Nominee Director on our Board. He holds a master’s degree in history from the University of Delhi. He belongs to the Madhya Pradesh cadre of the Indian Administrative Services. He has approximately 20 years of experience in the field of public administration. He is presently the Joint Secretary in the MoP, GoI. He was previously in the Ministry of Commerce and Industry and has held various administrative posts in the State of Madhya Pradesh and Chhattisgarh including having served as Collector of three districts for nine years. He joined our Board on May 4, 2009.

Mr. Rakesh Jain, 52 years, is a Government Nominee Director on our Board. He holds a master’s degree in Physics from the University of Delhi. He belongs to the Indian Audit and Accounts Service

and has over 25 years of experience in auditing, accounting and finance. He has held various positions in the GoI, including Director General (Accounts, Entitlement Complaints Information System); Principal Director (Report States); Office of Comptroller and Auditor General of India; Accountant General (Audit), Rajasthan; Accountant General (AE-II), Madhya Pradesh; Principal Director (Commercial Audit), Ranchi; and Principal Director of Audit, Embassy of India, Washington, USA. He is currently the Joint Secretary and Financial Adviser in the MoP and also holds an additional charge of Joint Secretary and Financial Adviser in the Ministry of Labour and Employment. He joined our Board on June 9, 2009.

Mr. M. N. Buch, 68 years, is an Independent Director on our Board. He holds a master's degree in history from the University of Delhi, master's degree in philosophy having specialised in public administration from the Indian Institute of Public Administration, Punjab University. He also has a post graduate diploma in port management and administration from University College, London. He is an Indian Administrative Service Officer with the Gujarat cadre and has over 35 years of experience in both development and regulatory administration at the central, state and district levels. He has served as Joint Secretary, Department of Banking, Ministry of Finance; Additional Secretary, Ministry of Labour; and Director General, Sports Authority of India prior to becoming a member of the Public Enterprises Selection Board, GoI. He joined our Board on August 26, 2008.

Mr. Shanti Narain, 68 years, is an Independent Director on our Board. He holds a bachelor's degree in science and a master's degree in science having specialised in mathematics from the University of Delhi. He also holds a post graduate diploma on management development from the British Transport Staff College, UK. He has over 40 years of experience in strategic management of transport systems with special focus on railways and has been actively involved in planning, marketing, monitoring and control of operational and commercial activities in transport infrastructure. He has held various posts in the Department of Railways, prior to being inducted as a Member (Traffic) on the Railway Board. He joined our Board on August 26, 2008.

Mr. P. K. Sengupta, 69 years, is an Independent Director on our Board. He holds a bachelor's degree in commerce from Calcutta University and is a fellow member of Institute of Cost and Works Accountants of India. He has over 40 years of experience in the area of financial management and general administration. He has served as a director on boards of various public sector undertakings. He has served as Director (Finance) in Eastern Coalfields Limited and Director (Finance) of Coal India Limited. He has also served as the Chairman and Managing Director of Coal India Limited. He joined our Board on August 26, 2008.

Mr. K. Dharmarajan, 66 years, is an Independent Director on our Board. He holds a bachelor's degree in physics from St. Stephen's College, University of Delhi, a master's degree in physics from University of Delhi and master's of science degree in energy management and policy from the University of Pennsylvania, USA. He is a retired member of the Indian Administrative Service and has about 40 years of diverse experience with expertise in the fields of trade and commerce, urban governance and poverty, energy, finance and administration. He has held several posts in the central and state governments including those in the Ministry of Energy, GoI; Ministry of Urban Development, GoI; Tamil Nadu Electricity Board; Commercial Taxes Department; and Government of Tamil Nadu. He has also served as the Director General of the Indian Institute of Foreign Trade and Chairman of the Expert Committee for Property Tax Reforms, Delhi Government and Hardship and Anomaly Committee for Property Tax, Delhi. He has also undertaken several consultancy assignments for United Nations agencies, World Bank, Asia Pacific Development Centre and other multi-lateral, national level organizations. He joined our Board on August 26, 2008.

Dr. M. Govinda Rao, 62 years, is an Independent Director on our Board. He has a doctorate degree in economics from Sambalpur University, Orissa. He has over 30 years of experience as an economist. He is currently appointed as the Director, National Institute of Public Finance and Policy, New Delhi. He is also a member of Economic Advisory Council to the Prime Minister of India. Prior to joining our Board, he has served as the Director, Institute for Social and Economic Change, Bangalore during

the period 1998 to 2002; Fellow, Research School of Pacific and Asian Studies, Australian National University, Canberra, Australia for the period between 1995 and 1998. Dr. Rao has also served as the chairman and member of several committees at both central and state levels on various matters related to fiscal policy, tax policy and reforms and fiscal federalism. He is a member of board of governors of Institute of Economic Growth, New Delhi and Madras School of Economics. He has been a consultant to the World Bank, International Monetary Fund, Asian Development Bank, United Nations Development Programme and Financial and Fiscal Commission, Republic of South Africa. He has authored thirteen books and a number of articles in international journals. He is also a columnist in the newspaper daily Business Standard. He is also a member of the RBI's Southern Area Local Board. He joined our Board on August 26, 2008.

Mr. Kanwal Nath, 62 years, is an Independent Director on our Board. He holds a master's degree in science and a post graduate diploma in development finance from the University of Birmingham, UK. He has over 37 years of experience in the Indian Audit and Accounts Service. He retired as Deputy Comptroller and Auditor General of India in February 2007. He has also served as Joint Secretary and Financial Adviser to the Ministry of Water Resources and also held an additional charge of Joint Secretary and Financial Adviser to the MoP. He has wide experience in the audit of companies in the power, telecommunication and rail sector. He joined our Board on January 30, 2009.

Mr. Adesh C. Jain, 64 years, is an independent director on our Board. He holds a bachelor's degree in mathematics and a bachelor's degree in electrical engineering from the Institute of Science, Bangalore. He also holds a master's degree in science in control systems from Carleton University, Ottawa. He has over 40 years of experience in project oriented work beginning with two state-of-the-art projects in early 1970's in the USA. In 1973, he returned to India to Bokara Steel Limited to help the country embark upon major computerisation programme. He has served as the head of IT and Project Management Services at BHEL. In 1991, he was honoured by the President of India, Late Shri S.D. Sharma, with the prestigious honorary CSI Fellowship Award for bridging gap between management and IT. In 2005, he was elected as the first non-European President of International Project Management Association, Switzerland. He joined our Board on January 30, 2009.

Mr. A.K. Sanwalka, 62 years, is an independent Director on our Board. He holds a master's degree in engineering from Bath University, U.K. He is also an associate member of the Institution of Engineers, India. Mr. Sanwalka belonged to the Indian Railway Service of Mechanical Engineers. He has 38 years of experience in the fields of general management and administration including industrial relations, traffic planning and operations, project management and coordination, planning and management of large production and maintenance facilities. His core area of expertise is the design, construction, operation and management of rolling stock, particularly, diesel locomotives. He has served as chief mechanical engineer of Diesel Locomotive Works, Varanasi, where he was responsible for all Indian Railways' diesel locomotive manufacturing activities. He has also been responsible for planning and setting up of other major maintenance and overhaul facilities for diesel locomotives for the Indian Railways. He joined our Board on January 30, 2009.

Mr. Santosh Nautiyal, 63 years, is an independent director on our Board. He holds a master's degree in political science from Allahabad University and diploma in public administration from Indian Institute of Public Administration. He belonged to Indian Administrative Services in the Orissa cadre and has over 40 years of experience in public administration. He retired in July 2006 as Chairman (in the rank of Secretary to the GoI), National Highway Authority of India. He has served as Additional Secretary, Department of Consumer Affairs; Principal Secretary, Government of Orissa; Joint Secretary, Ministry of Steel; and Managing Director, Industrial Promotion and Investment Corporation of Orissa Limited. He has also been the Chairman of Food Corporation of India and Chairman of National Shipping Board. He joined our Board on January 30, 2009.

Borrowing Powers of our Board

Pursuant to a resolution passed by our shareholders during the Annual General Meeting held on September 17, 2008, our Board has been authorised to borrow money upon such terms and conditions as our Board deems fit, provided that the monies to be borrowed together with the monies already borrowed by our Company (apart from the temporary loans obtained from our bankers in the ordinary course of business) do not exceed Rs. 1,000,000 million.

Details of Appointment of our Directors

Name of Directors	Appointment Letter/MoP Order	Term
Mr. R. S. Sharma	Appointment through MoP Letter No. 8/3/2007-TH.1 dated April 30, 2008	Appointment as Chairman and Managing Director w.e.f. May 1, 2008 till the date of his superannuation (i.e. on August 31, 2010) or until further orders, whichever event occurs earlier
Mr. Chandan Roy	Appointment through MoP Letter No. 10/1/2003-PSU/Adm.1 dated January 5, 2004 and extension through MoP Letter No. 8/1/2004-Th-I dated January 21, 2009	Appointment for a period of five years w.e.f. January 1, 2004 or till date of his superannuation or until further orders, whichever event occurs earliest. The term was further extended beyond December 31, 2008 up to July 31, 2010 or until further orders, whichever event occurs earlier
Mr. A. K. Singhal	Appointment through MoP Letter No. 8/24/2004-Th.1 dated July 15, 2005	Appointment for a period of five years w.e.f. August 1, 2005 or till the date of his superannuation or until further orders, whichever is earlier
Mr. R. C. Shrivastav	Appointment through MoP Letter No. 8/7/2005-Th.1 dated May 24, 2006	Appointment for a period of five years w.e.f. May 24, 2006 or till the date of his superannuation or until further orders, whichever event occurs earliest
Mr. I. J. Kapoor	Appointment through MoP Letter F. No. 8/3/2008-TH.1 dated December 26, 2008	Appointment for a period of five years w.e.f. December 26, 2008 or till the date of his superannuation or until further orders, whichever event occurs earliest
Mr. B. P. Singh	Appointment through MoP Letter F. No. 8/3/2008-Th.I(Pt.) dated March 31, 2009	Appointment for a period of five years w.e.f. August 1, 2009 or till the date of his superannuation, or until further orders, whichever is the earliest
Mr. I. C. P. Keshari	Appointment through MoP Letter F. No. 8/6/2007-TH.I dated May 4, 2009	Appointment w.e.f. May 4, 2009 as a government nominee director
Mr. Rakesh Jain	Appointment through MoP Letter No. 8/6/2007-TH.I dated June 9, 2009	Appointment w.e.f. June 9, 2009 as a government nominee director
Mr. M. N. Buch	Appointment through MoP Letter No. 8/19/2005-Th.I (Vol-II) dated August 26, 2008	Appointment for a period of three years w.e.f. August 26, 2008 or until further orders, whichever occurs earlier
Mr. Shanti Narain	Appointment through MoP Letter. No. 8/19/2005-Th-I (Vol-II) dated August 26, 2008	Appointment for a period of three years w.e.f. August 26, 2008 or until further orders, whichever occurs earlier

Name of Directors	Appointment Letter/MoP Order	Term
Mr. P.K. Sengupta	Appointment through MoP Letter No. 8/19/2005-Th-I (Vol-II) dated August 26, 2008	Appointment for a period of three years w.e.f. August 26, 2008 or until further orders, whichever occurs earlier
Mr. K. Dharmarajan	Appointment through MoP Letter No. 8/19/2005-Th-I (Vol-II) dated August 26, 2008	Appointment for a period of three years w.e.f. August 26, 2008 or until further orders, whichever occurs earlier
Dr. M. Govinda Rao	Appointment through MoP Letter F. No. 8/19/2005-Th-I (Vol-II) dated August 26, 2008	Appointment for a period of three years w.e.f. August 26, 2008 or until further orders, whichever occurs earlier
Mr. Kanwal Nath	Appointment through MoP Letter F. No. 8/19/2005-TH.I(Pt.) dated December 22, 2008	Appointment for a period of three years w.e.f. January 30, 2009 or until further orders, whichever occurs earlier
Mr. Adesh C. Jain	Appointment through MoP Letter F. No. 8/19/2005-TH.I(Pt.) dated December 22, 2008	Appointment for a period of three years w.e.f. January 30, 2009 or until further orders, whichever occurs earlier
Mr. A. K. Sanwalka	Appointment through MoP Letter F. No. 8/19/2005-TH.I(Pt.) dated December 22, 2008	Appointment for a period of three years w.e.f. January 30, 2009 or until further orders, whichever occurs earlier
Mr. Santosh Nautiyal	Appointment through MoP Letter F. No. 8/19/2005-TH.I(Pt.) dated December 22, 2008	Appointment for a period of three years w.e.f. January 30, 2009 or until further orders, whichever occurs earlier

Except for our whole-time Directors who are entitled to statutory benefits upon termination of their employment with us along with certain post retirement medical benefits, none of our other Directors are entitled to any benefit upon termination of their employment with us.

Remuneration of our Directors

The following table sets forth the details of the gross remuneration for our whole-time Directors for the period between April 1, 2008 and March 31, 2009. Our Directors are also entitled to benefits/facilities such as official vehicle, medial reimbursements, leave travel concession, gratuity, reimbursements for maintenance of a residential office and official entertainment.

(In Rs.)					
S. No.	Name	Salary	Benefits	Performance Linked Incentives	Total
1.	Mr. R. S. Sharma	1,336,078	378,898	363,966	2,078,942
2.	Mr. Chandan Roy	977,417	413,878	361,001	1,752,296
3.	Mr. A. K. Singhal	1,310,207	208,205	359,721	1,878,133
4.	Mr. R. C. Shrivastav	1,506,225	4,06,881	3,67,792	2,280,898
5.	Mr. I. J. Kapoor	314,640	71,853	15,972	402,465

However, pursuant to memoranda issued by the DPE on November 26, 2008 and April 2, 2009, the GoI has empowered public sector undertakings, including our Company, to increase the pay scales of their respective board members and executives. Salary increases for all affected public sector

employees will be retrospectively effective from January 2007. Accordingly, the remuneration set forth above is subject to further revision.

Our Government Nominee Directors, Mr. Rakesh Jain and Mr. I. C. P. Keshari, are not entitled to any remuneration or fees from us as they have been nominated by the MoP. Our independent Directors are paid sitting fees of Rs. 15,000 for attending each meeting of our Board and its committees, as applicable, pursuant to a resolution of our Board dated October 10, 2008.

Details of terms and conditions of appointment of our whole-time Directors

Our whole-time Directors are appointed by the President of India through the MoP. The MoP also prescribes the terms and conditions of appointment of our whole-time Directors. Pursuant to memoranda issued by the DPE on November 26, 2008 and April 2, 2009, the GoI has empowered the public sector undertakings, including our Company, to increase the pay scales of their respective board members and executives. Salary increases for all affected government employees will be retrospectively effective from January 2007. In light of the above, the remuneration of our whole-time Directors is subject to revision.

Detailed terms and conditions of appointment of Mr. R. S. Sharma, Mr. I. J. Kapoor and Mr. B. P. Singh are yet to be notified by the GoI. The terms and conditions governing the appointment of Mr. Chandan Roy, Mr. A. K. Singhal and Mr. R.C. Shrivastav are set forth below.

1. Letter F. No. 8/1/2004-Th.I dated May 20, 2004 from the MoP to our Company regarding terms and conditions of appointment of Mr. Chandan Roy.

Mr. Chandan Roy was appointed as Director (Operations) of our Company by the President of India pursuant to MoP letter No. 10/1/2003-PSU/Adm.1 dated January 5, 2004 w.e.f. January 1, 2004. The terms and conditions of his appointment have been set out in the letter F. No. 8/1/2004-Th.1 dated May 20, 2004.

- (i) The terms and conditions governing the appointment of Mr. Chandan Roy as per the abovementioned order are as under:

Term	Appointment for a period of five years w.e.f. January 1, 2004 or till the date of superannuation, whichever event occurs earlier.
	The appointment may however be terminated during this period by either side on three months' notice or on payment of three months' salary in lieu thereof.
Basic salary	Rs. 29,000 per month in the existing scale of Rs. 25,750-650-30,950.
Dearness Allowance	In accordance with the New Industrial Dearness Allowance Scheme in the Department of Public Enterprise's Office Memorandum ("DPE's OM") dated June 25, 1999.
Housing and furnishing	Entitled to suitable residential accommodation from our Company including company leased accommodation. Accommodation can also be taken on self lease basis provided that a lease deed in favour of our Company is executed or on the basis of existing lease deeds. However, in the event our Company is not in a position to arrange residential accommodation from out of its residential quarters or on a lease basis or if the Director prefers to stay in a house taken by him on a rent basis, our Company shall pay house rent allowance at rates specified in DPE's OM dated June 25, 1999.
Contributory Provident Fund and Gratuity	Entitled to provident fund and gratuity as per the rules of our Company
City Compensatory Allowance	Entitled as per the existing rates approved for the executives of our Company, subject to an overall ceiling of Rs. 300 in A-1 class cities, Rs. 240 in A class cities, Rs. 180 and 120 in B-1 and B-2 class cities, respectively.
Other benefits and perquisites	Entitled to staff car for private use subject to a ceiling of 1,000 km per month. Also entitled to medical facilities, travelling allowance, leave travel concession

	etc. as per Company rules.
Productivity Linked Incentive Scheme	Entitled to benefits of the incentive payments under the existing productivity linked incentive scheme as per DPE's OM dated June 25, 1999.
Leave	Entitled to leave as per the leave rules of our Company.
Club Membership	Eligible to become a member of two clubs at the expense of our Company. However, the membership will be co-terminous with his tenure as Director (Operations).
Restriction on joining Private Commercial Undertakings after Retirement	Shall not accept any appointment or post, whether advisory or administrative, in any firm or company, Indian or foreign, with which our Company has or had business relations within two years from the date of his retirement, without the prior approval of the Government.
Conduct Discipline and Appeal	Subject to the Conduct, Discipline and Appeal Rules of our Company, with the Disciplinary Authority being the President.

The abovementioned terms and conditions are subject to revision in light of the memoranda issued by the DPE on November 26, 2008 and April 2, 2009.

2. Letter No. 8/24/2004-Th.1 dated December 26, 2005 from MoP to our Company regarding the terms and conditions of appointment of Mr. A. K. Singhal

Mr. A. K. Singhal was appointed as the Director (Finance) of our Company by the President of India pursuant to MoP letter F. No. 8/24/2004-Th.1 dated July 15, 2005. The terms and conditions of his appointment have been set out in the letter No. 8/24/2004-Th.1 dated December 26, 2005.

- (i) The terms and conditions governing the appointment of Mr. A.K. Singhal as per the aforementioned order are as under:

Term	Appointment for a period of five years w.e.f. August 1, 2005 or till the date of superannuation, whichever event occurs earlier.
	The appointment may however be terminated during this period by either side on three month's notice or on payment of three month's salary in lieu thereof.
Basic salary	Rs. 28,350 per month in the existing scale of Rs. 25,750-650-30,950.
Dearness Allowance	In accordance with the New Industrial Dearness Allowance Scheme in the DPE's OM dated June 25, 1999.
Housing and furnishing	Entitled to suitable residential accommodation from our Company including company leased accommodation. Accommodation can also be taken on self lease basis provided that a lease deed in favour of our Company is executed or on the basis of existing lease deeds. However, in the event our Company is not in a position to arrange residential accommodation from out of its residential quarters or on a lease basis or if the Director prefers to stay in a house taken by him on a rent basis, our Company shall pay house rent allowance at rates specified in DPE's OM dated June 25, 1999.
Contributory Fund and Gratuity	Entitled to provident fund and gratuity as per the rules of our Company
City Compensatory Allowance	As per existing rates approved for the executives of our Company, subject to an overall ceiling of Rs. 300 in A-1 class cities and Rs. 240 in A class cities, Rs. 180 and 120 in B-1 and B-2 class cities, respectively.
Other benefits and perquisites	Company to provide staff car for private use subject to a ceiling of 1,000 km per month. Also, entitled to medical facilities, travelling allowance, leave travel concession etc. as per Company rules.
Productivity Linked Incentive Scheme	Entitled to benefits of the incentive payments as per DPE's Office Memorandum dated June 25, 1999.
Leave	Entitled to leave as per Company rules.
Club Membership	Eligible to become a member of two clubs at the expense of our Company. However, the membership will be co-terminous with his tenure as Director (Finance).
Restriction on joining	Shall not accept any appointment or post, whether advisory or administrative, in

Private Undertakings Retirement	Commercial after	any firm or company, Indian or Foreign, with which our Company has or had business relations within two years from the date of his retirement without prior approval of the Government.
Conduct Appeal	Discipline and	Subject to the Conduct, Discipline and Appeal Rules of our Company, with the Disciplinary Authority being the President.

The abovementioned terms and conditions are subject to revision in light of the memoranda issued by the DPE on November 26, 2008 and April 2, 2009.

3. Letter No. 8/18/2006-Th.1 dated May 25, 2007 from MoP to our Company regarding the terms and conditions of appointment of Mr. R. C. Shrivastav

Mr. R. C. Shrivastav was appointed as the Director (HR) of our Company by the President of India pursuant to MoP letter F. No. 8/7/2005-Th.1 dated May 24, 2006. The terms and conditions of his appointment have been set out in the letter No. 8/18/2006-Th.1 dated May 25, 2007.

- (i) The terms and conditions governing the appointment of Mr. R.C. Shrivastav as per the aforementioned order are as under:

Term	Appointment for a period of five years w.e.f. May 24, 2006 till the date of superannuation or until further orders, whichever event occurs earlier.
	The appointment may however be terminated during this period by either side on three month's notice or on payment of three month's salary in lieu thereof.
Basic salary	Rs. 29,000 per month in the existing scale of Rs. 25,750-650-30,950
Dearness Allowance	In accordance with the New Industrial Dearness Allowance Scheme in the DPE's OM dated June 25, 1999.
Housing and furnishing	Entitled to suitable residential accommodation from our Company including company leased accommodation. Accommodation can also be taken on self lease basis provided that a lease deed in favour of our Company is executed or on the basis of existing lease deeds. However, in the event our Company is not in a position to arrange residential accommodation from out of its residential quarters or on a lease basis or if the Director prefers to stay in a house taken by him on a rent basis, our Company shall pay house rent allowance at rates specified in DPE's OM dated June 25, 1999.
Contributory Provident Fund and Gratuity	Entitled to provident fund and gratuity as per the rules of our Company
City Compensatory Allowance	As per existing rates approved for the executives of our Company, subject to an overall ceiling of Rs. 300 in A-1 class cities and Rs. 240 in A class cities, Rs. 180 and 120 in B-1 and B-2 class cities, respectively.
Other benefits and perquisites	Company to provide staff car for private use subject to a ceiling of 1,000 km per month. Also, entitled to medical facilities, travelling allowance, leave travel concession, etc. as per Company rules.
Productivity Linked Incentive Scheme	Entitled to benefits of the incentive payments as per DPE's Office Memorandum dated June 25, 1999.
Leave	Entitled to leave as per Company rules.
Club Membership	Eligible to become a member of two clubs at the expense of our Company. However, the membership will be co-terminous with his tenure as Director (HR).
Restriction on joining Private Commercial Undertakings after Retirement.	Shall not accept any appointment or post, whether advisory or administrative, in any firm or company, Indian or Foreign, with which our Company has or had business relations within two years from the date of his retirement without prior approval of the Government.
Conduct Discipline and Appeal	Subject to the Conduct, Discipline and Appeal Rules of our Company, with the Disciplinary Authority being the President.

The abovementioned terms and conditions are subject to revision in light of the memoranda issued by the DPE on November 26, 2008 and April 2, 2009.

Corporate Governance

Our Equity Shares are listed on the Stock Exchanges and our Company has adopted corporate governance practices in accordance with clause 49 of the Listing Agreement, entered into with the Stock Exchanges, in terms of broad basing our Board and constitution of various committees thereof. Our Company became compliant with the requirements of Clause 49 of the Listing Agreement w.e.f. August 26, 2008, consequent upon the appointment of five independent Directors on our Board by the GoI.

We have constituted an Audit Committee and a Shareholders'/Investors' Grievance Committee as per the requirements of clause 49 of the Listing Agreement. Whilst, the constitution of Remuneration Committee is not mandatory under the Listing Agreement, we have constituted a Remuneration Committee in accordance with the DPE Guidelines applicable to all central public sector enterprises.

Audit Committee

Our Audit Committee was constituted through Board resolution dated August 3, 1995 and last reconstituted on February 19, 2009. Currently, our Audit Committee comprises the following members:

- (i) Mr. K. Dharmarajan (Independent Director) – Chairman of the Audit Committee;
- (ii) Mr. P. K Sengupta (Independent Director);
- (iii) Mr. Shanti Narain (Independent Director);
- (iv) Mr. Kanwal Nath (Independent Director); and
- (v) Mr. Rakesh Jain (Government Nominee Director).

The terms of reference of the Audit Committee is in accordance with the Companies Act, Guidelines on Corporate Governance issued by the DPE and the Listing Agreement as amended from time to time and include, *inter alia*, the following:

- Overseeing our financial reporting process and the disclosure of our financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending to our Board regarding the fixation of audit fee;
- Approving of payment of statutory auditors for any other services rendered by them;
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems;
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- Discussing with internal auditors regarding any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Reviewing with the management, the statement of uses of funds raised through an issue, the statement of funds utilized for purposes other than those stated in the offer document and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review the follow up action taken on the recommendations of Committee on Public Undertakings of the Parliament;
- Review with the independent auditor the coordination of audit efforts to assure completeness of coverage reduction of redundant efforts, and the effective use of all audit resources; and
- Consider and review the following with the independent auditor and the management:
 - Adequacy of internal controls; and

- Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.

Shareholders'/Investors' Grievance Committee

Our Shareholders'/Investors' Grievance Committee was constituted through Board resolution dated June 11, 2004 and last reconstituted through Board resolution dated February 19, 2009. Currently, the Shareholders'/Investors' Grievance Committee comprises the following members:

- (i) Mr. Rakesh Jain (Government Nominee Director) – Chairman of the Shareholders' and Investors' Grievance Committee;
- (ii) Mr. A. K. Singhal (Director – Finance);
- (iii) Mr. R. C. Shrivastav (Director – Human Resources);
- (iv) Mr. A. K. Sanwalka (Independent Director).

The terms of reference of the Shareholders' and Investors' Grievance Committee include:

- Redressal of investors' complaints;
- Allotment of shares, approval of transfer or transmission of equity shares, debentures or any other securities;
- Issue of duplicate certificates and new certificates on split/consolidation/renewal; and
- Carrying out any other function contained in the Listing Agreement as and when amended from time to time.

Remuneration Committee

The constitution of a Remuneration Committee is a recommendatory clause under the Listing Agreement. Moreover, as per our Articles of Associations the remuneration payable to our Directors is fixed by the President of India.

However, our Company has constituted a remuneration committee through Board resolution dated April 16, 2009 for determining the annual bonus/variable pay and policy for distribution across the executives and non-unionized supervisors.

This Committee currently comprises of the following members:

- (i) Mr. M. N. Buch (Independent Director) – Chairman of the Remuneration Committee;
- (ii) I. C. P. Keshari (Government Nominee Director);
- (iii) Mr. P. K. Sengupta (Independent Director); and
- (iv) Mr. Kanwal Nath (Independent Director).

Shareholding of Directors in our Company

Our Articles do not require our Directors to hold any Equity Shares. The following table details the shareholding of our Directors in our Company as on the date of filing of this Red Herring Prospectus:

Name of Directors	Number of Equity Shares
Mr. R. S. Sharma	2,304
Mr. Chandan Roy	14,516
Mr. A. K. Singhal	10,329
Mr. R. C. Shrivastav	2,304
Mr. I. J. Kapoor	4,608

Name of Directors	Number of Equity Shares
Mr. B. P. Singh	2,765
Mr. Adesh C. Jain	700

Interest of our Directors

All of our Directors may be deemed to be interested to the extent of remuneration and fees payable to them for services rendered as Directors of our Company such as attending meetings of the Board or a committee thereof and to the extent of other reimbursement of expenses payable to them under our Articles of Association.

Certain of our Directors also hold Equity Shares in our Company and are interested to the extent of any dividend payable to them in respect of the same. For details, see “**Capital Structure**” on page 27. Our Directors may also be regarded as interested in the Equity Shares that may be subscribed by or Allotted to them or the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Offer.

Except as stated in this Red Herring Prospectus and in particular “**Financial Statements - Related Party Disclosures**” on page F 49, our Directors have no interest in any property acquired by us within two years of the date of filing of this Red Herring Prospectus.

Some of our Directors also hold directorships in our Subsidiaries/Joint Ventures which are also engaged in the power generation business. However, none of our Directors have been appointed on our Board pursuant to any arrangement with our customers, suppliers or others.

Except as stated in this Red Herring Prospectus and in particular “**Financial Statements - Related Party Disclosures**” on page F 49, our Directors do not have any other interest in our business.

Changes in our Board during the last three years

The changes in our Board in the last three years are as follows:

Name	Designation	Date of Joining/ Appointment	Date of Cessation	Reason
Mr. Mrityunjaya Sahoo	Government Nominee	July 11, 2002	June 29, 2007	Withdrawal pursuant to order of the MoP
Mr. R.K. Jain	Director (Technical)	May 5, 2005	December 31, 2009	Superannuation
Mr. Harish Chandra	Government Nominee	July 11, 2005	July 31, 2007	Superannuation
Mr. Thiagarajan Sankaralingam	Chairman and Managing Director	April 1, 2006	April 30, 2008	Superannuation
Mr. Ashok Rama Shankar Mishra	Independent Director	January 30, 2006	January 29, 2009	Superannuation
Mr. G. P. Gupta	Independent Director	January 30, 2006	January 29, 2009	Superannuation
Dr. R. K. Pachauri	Independent Director	January 30, 2006	January 29, 2009	Superannuation
Mr. M. I. Beg	Independent Director	January 30, 2006	January 29, 2009	Superannuation
Mr. K. B. Dubey	Director (Projects)	January 12, 2007	July 31, 2009	Superannuation
Mr. Rajesh Verma	Government Nominee	July 23, 2007	March 26, 2009	Withdrawal pursuant to order of the MoP
Mr. V. P. Joy	Government Nominee	August 30, 2007	May 4, 2009	Withdrawal pursuant to order of the MoP
Mr. R. S. Sharma	Chairman and	May 1, 2008	Continuing	Appointed as Chairman

Name	Designation	Date of Joining/ Appointment	Date of Cessation	Reason
	Managing Director			and Managing Director
Mr. M. N. Buch	Independent Director	August 26, 2008	Continuing	Appointment pursuant to order of the MoP
Mr. Shanti Narain	Independent Director	August 26, 2008	Continuing	Appointment pursuant to order of the MoP
Mr. K. Dharmarajan	Independent Director	August 26, 2008	Continuing	Appointment pursuant to notification of MoP
Mr. P. K. Sengupta	Independent Director	August 26, 2008	Continuing	Appointment pursuant to order of the MoP
Dr. M. Govinda Rao	Independent Director	August 26, 2008	Continuing	Appointment pursuant to order of the MoP
Mr. I. J. Kapoor	Director (Commercial)	December 26, 2008	Continuing	Appointment pursuant to order of the MoP
Mr. Kanwal Nath	Independent Director	January 30, 2009	Continuing	Appointment pursuant to order of the MoP
Mr. Adesh C. Jain	Independent Director	January 30, 2009	Continuing	Appointment pursuant to order of the MoP
Mr. A. K. Sanwalka	Independent Director	January 30, 2009	Continuing	Appointment pursuant to order of the MoP
Mr. Santosh Nautiyal	Independent Director	January 30, 2009	Continuing	Appointment pursuant to order of the MoP
Mr. I. C. P. Keshari	Government Nominee	May 4, 2009	Continuing	Appointment pursuant to order of the MoP
Mr. Rakesh Jain	Government Nominee	June 9, 2009	Continuing	Appointment pursuant to order of the MoP
Mr. B. P. Singh	Director (Projects)	August 1, 2009	Continuing	Appointment pursuant to order of the MoP

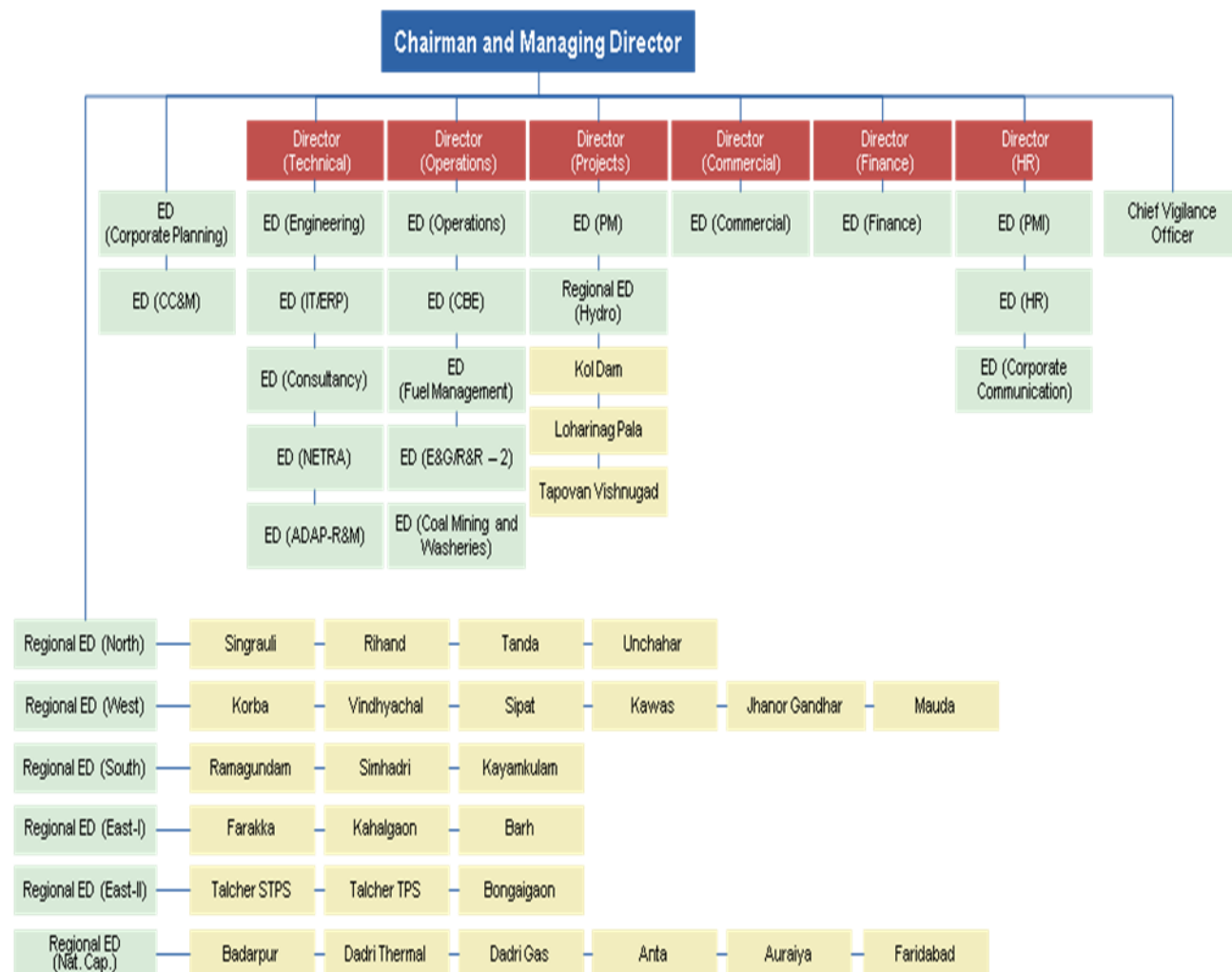
Employees

Our Company does not have any employee stock option scheme or employee stock purchase scheme.

Payment or benefits to officers of our Company

Except certain post retirement medical benefits and statutory benefits upon termination of their employment in our Company or upon superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

Organization Structure



OUR PROMOTER AND GROUP COMPANIES

Our Promoter is the President of India acting through the MoP. Our Promoter currently holds 89.50% of the pre-Offer paid-up equity share capital of our Company. As our Promoter is the President of India acting through the MoP, disclosure of our 'group companies' cannot be provided.

DIVIDEND POLICY

The declaration and payment of dividends on our Equity Shares will be recommended by our Board and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements, contractual obligations, restrictive covenants under our loan and financing arrangements and the overall financial condition of our Company. The dividend and dividend tax paid by our Company during the last three Fiscals is presented below.

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Face value of Equity Shares (in Rs. per Equity Share)	10	10	10
Dividend (in Rs. Million)	29,683	28,859	26,385
Dividend per Equity Share (Rs.)	3.60	3.50	3.20
Dividend Rate (%)	36	35	32
Dividend Tax (in Rs. Million)	5,017	4,905	3,896

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts payable, if any, in the future.

SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Auditors' Report on Unconsolidated Financial Statements

The Board of Directors
NTPC Limited
SCOPE Complex, Core 7
Lodhi Road
New Delhi 110003
India.

Dear Sirs,

1. We have examined the attached financial information of NTPC Ltd. (the “Company”) comprising Statements of Assets and Liabilities (Annexure I), Profit and Loss Account (Annexure II) and Cash Flows (Annexure III) for the years ended on March 31, 2008 and 2009 and for the half-year ended on September 30, 2009 & Profit and Loss Account for the half-year ended on September 30, 2008, and Accounting Policies (Annexure IV) & Notes on Accounts (Annexure V) for the year ended on March 31, 2009 as approved by the Committee of the Board of Directors of the Company formed for this purpose, which has been prepared in terms of the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended to date, (ICDR Regulations) applicable provisions of the Companies Act, 1956 (the Act) and in terms of our engagement agreed upon with you in accordance with our engagement letter dated January 2, 2010 in connection with the proposed “Further Public Offering” (FPO) of Equity Shares by the “Selling Shareholder” .

The preparation and presentation of these financial information is the responsibility of the Company’s Management.

2. These financial information have been extracted by the Management from the Company's audited financial statements for the years ended on March 31, 2008 and 2009 and for the half-year ended on September 30, 2009 and unaudited Profit and Loss Account for the half-year ended on September 30, 2008 subjected to limited review, after making such regroupings as considered appropriate. The financial statements of the Company for the year ended on March 31, 2008 and 2009 and for the half-year ended on September 30, 2009 were audited by us. The unaudited Profit and Loss Account for the half-year ended on September 30, 2008 was subjected to limited review carried out by us.
3. We have performed such tests and procedures, which, in our opinion, were necessary for the examination of these financial information. These procedures, mainly involved comparison of the attached financial information with the Company’s audited/unaudited financial statements for the respective years/periods.
4. Based on the above, we report that in our opinion and according to the information and explanations given to us, we have found the same to be correct and the same have been used in the financial information appropriately.
5. In accordance with the requirements of the ICDR Regulations, applicable provisions of the Act and the terms of our engagement agreed with you, we have also examined the other financial information set out in the Annexure prepared by the Management and approved by the committee of the Board of Directors of the Company for the purpose of inclusion in the Red Herring Prospectus and the Prospectus as mentioned below:
 - (i) Statement of changes in the accounting policies adopted for the year ended on March 31, 2008 and the half-year ended on September 30, 2009 as compared to that for the year ended on March 31, 2009 (Annexure – A).
 - (ii) Summary of accounting ratios (Annexure – B).
 - (iii) Capitalisation Statement as of September 30, 2009 (Annexure – C).
6. In our opinion, the attached financial information of the Company, as mentioned in paragraph 1 and 5 above have been extracted and prepared in accordance with the ICDR Regulations and the applicable provisions of the Act.

7. This report is intended solely for use of the Management and “Selling Shareholder” for inclusion in the Red Herring Prospectus and the Prospectus in connection with FPO of the Equity Shares of the Company by the “Selling Shareholder” and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Dass Gupta & Associates
Chartered Accountants

Ashok Kumar Jain
Partner
M. No. 090563

For Parakh & Co.
Chartered Accountants

V.D. Mantri
Partner
M. No. 074678

For S. K. Mittal & Co.
Chartered Accountants

Gaurav Mittal
Partner
M. No. 099387

For B.C. Jain & Co.
Chartered Accountants

Rishabh Jain
Partner
M. No. 400912

For Varma & Varma
Chartered Accountants

Cherian K. Baby
Partner
M. No. 016043

For S. K. Mehta & Co.
Chartered Accountants

Rohit Mehta
Partner
M. No. 091382

Place: New Delhi

Date: January 3, 2010

ANNEXURE - I

STATEMENT OF ASSETS & LIABILITIES

(Rs. in million)

	As at March 31,		As at September 30, 2009
	2008	2009	
Fixed Assets (A):			
Gross Block	533,680	623,530	626,180
Less: Depreciation	272,743	294,153	307,429
Net Block	260,937	329,377	318,751
Capital Work-in-Progress	184,389	212,211	250,617
Construction Stores and Advances	40,394	51,838	52,547
Sub-total (A)	485,720	593,426	621,915
Investments (B)	152,672	139,835	164,590
Deferred Foreign Currency Fluctuation Assets (C)	-	9,734	8,487
Current Assets, Loans & Advances (D):			
Inventories	26,757	32,434	27,047
Sundry Debtors	29,827	35,842	56,133
Cash and Bank Balances	149,332	162,716	163,868
Other Current Assets	9,218	9,792	10,221
Loans and Advances	40,354	68,469	35,267
Sub-total (D)	255,488	309,253	292,536
Liabilities & Provisions (E):			
Secured Loans	73,147	89,696	92,359
Unsecured Loans	198,759	255,982	254,620
Deferred Tax Liability (net)	1	1	1,615
Deferred Revenue on Account of Advance against Depreciation	13,734	19,360	16,185
Deferred Income from Foreign Currency Fluctuation	-	6,077	4,563
Deferred Foreign Currency Fluctuation Liability	2,554	545	623
Current Liabilities	55,483	74,391	81,300
Provisions	23,816	32,495	19,106
Sub-total (E)	367,494	478,547	470,371
NET WORTH (A+B+C+D-E)	526,386	573,701	617,157
Represented by:			
Share Capital (F)	82,455	82,455	82,455
Reserves and Surplus (G)	443,931	491,246	534,702
NET WORTH (F+G)	526,386	573,701	617,157

ANNEXURE - II
PROFIT & LOSS ACCOUNT
(Rs. in million)

	Fiscal Year ended March 31,		Half-Year ended September 30,	
	2008	2009	2008 (Unaudited Reviewed)	2009
Income:				
Sales (net of electricity duty)	370,501	419,238	192,009	227,855
Energy internally consumed	409	514	244	281
Provisions written back	64	170	3	55
Other income	29,203	32,806	14,374	14,837
Total Income	400,177	452,728	206,630	243,028
Expenditure:				
Fuel	220,202	271,107	120,944	143,495
Employees' remuneration and benefits	18,960	24,631	11,826	10,945
Generation, administration & other expenses	16,284	18,192	8,677	9,908
Depreciation	21,385	23,645	10,791	12,565
Provisions	71	246	-	2
Interest and finance charges	17,981	20,229	9,483	9,854
Total Expenditures	294,883	358,050	161,721	186,769
Profit before Tax, Prior Period Adjustments and Extraordinary Items	105,294	94,678	44,909	56,259
Prior period income/ expenditure (net)	2,745	1,083	868	(389)
Profit before Tax	102,549	93,595	44,041	56,648
Provision for:				
Current Tax				
Current year	24,637	25,337	11,019	11,680
Earlier years	3,680	(13,953)	(5,445)	(112)
Fringe Benefit Tax				
Current year	214	210	98	-
Earlier years	(45)	-	-	10
Deferred tax	1,411	(4,488)	(1,034)	1,614
Less:Deferred tax recoverable	1,411	(4,488)	(1,034)	-
Current/Fringe benefit tax transferred to expenditure during construction /development of coal mines	85	12	2	-
Provision for Taxation (net)	28,401	11,582	5,670	13,192
Profit after Tax	74,148	82,013	38,371	43,456

ANNEXURE - III
STATEMENT OF CASH FLOWS
(Rs. in million)

	Fiscal Year ended March 31,		Half-Year ended September 30, 2009
	2008	2009	
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax and Prior Period Adjustments	105,294	94,678	56,259
Adjustment for:			
Depreciation	21,385	23,645	12,565
Provisions	71	246	2
Deferred revenue on account of advance against depreciation	7,167	5,626	(3,175)
Deferred foreign currency fluctuation Assets/liability	2,554	(11,743)	1,325
Deferred Income from foreign currency fluctuation	-	6,470	(1,357)
Interest charges	16,598	24,921	13,286
Guarantee fee & other finance charges	375	349	407
Interest/income on bonds/investments	(12,573)	(11,330)	(4,951)
Prior period adjustments (Net)	(2,745)	(1,083)	389
Dividend income	(96)	(138)	(271)
Provisions written back	(64)	(170)	(55)
Bonds issue and servicing expenses	12	64	6
Profit on disposal of fixed assets	(21)	(127)	(1)
Loss on disposal of fixed assets	136	403	54
Operating Profit before Working Capital Changes	138,093	131,811	74,483
Adjustment for:			
Trade and other receivables	(17,305)	(6,014)	(20,291)
Inventories	(555)	(4,833)	5,952
Trade payables and other liabilities	5,297	16,577	(6,347)
Loans and advances	(1,877)	(14,428)	5,735
Other current assets	316	(1,288)	(832)
Cash generated from operations	123,969	121,825	58,700
Direct taxes paid/refund received	(26,109)	(24,944)	15,946
Net Cash from Operating Activities - A	97,860	96,881	74,646

		Fiscal Year ended March 31,		Half-Year ended September 30, 2009
		2008	2009	
B.	CASH FLOW FROM INVESTING ACTIVITIES			
	Purchase of fixed assets	(79,964)	(100,087)	(38,741)
	Disposal of fixed assets	89	248	16
	Purchase of investments	(3,854)	-	(50,615)
	Sale of investment	21,322	16,920	29,545
	Investment in subsidiaries/joint ventures	(9,218)	(4,093)	(3,685)
	Loans & advances to subsidiaries	(167)	(125)	(46)
	Interest/income on bonds/investment received	13,640	12,054	5,354
	Income tax on interest/income on bonds/investment	(131)	(59)	(11)
	Dividend received	96	138	271
	Net cash used in Investing activities - B	(58,187)	(75,004)	(57,912)
C.	CASH FLOW FROM FINANCING ACTIVITIES			
	Proceeds from long term borrowings	50,231	73,600	18,910
	Repayment of long term borrowings	(21,987)	(22,666)	(14,997)
	Interest paid	(17,580)	(24,298)	(11,373)
	Guarantee Fee & other Finance charges Paid	(375)	(347)	(417)
	Dividend paid	(28,859)	(29,683)	(6,596)
	Tax on dividend	(4,905)	(5,035)	(1,103)
	Bonds issue and servicing expenses	(12)	(64)	(6)
	Net cash flow from financing activities - C	(23,487)	(8,493)	(15,582)
	Net increase/decrease in cash and cash equivalents (A+B+C)	16,186	13,384	1,152
	Cash and cash equivalents (Opening balance)	133,146	149,332	162,716
	Cash and cash equivalents (Closing balance)	149,332	162,716	163,868

ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH 2009
1. BASIS OF PREPARATION

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.

2. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates & assumptions and such differences are recognized in the period in which the results are crystallized.

3. GRANTS-IN-AID

- 3.1 Grants-in-aid received from the Central Government or other authorities towards capital expenditure as well as consumers' contribution to capital works are treated initially as capital reserve and subsequently adjusted as income in the same proportion as the depreciation written off on the assets acquired out of the grants.
- 3.2 Where the ownership of the assets acquired out of the grants vests with the government, the grants are adjusted in the carrying cost of such assets.
- 3.3 Grants from Government and other agencies towards revenue expenditure are recognized over the period in which the related costs are incurred and are deducted from the related expenses.

4. FIXED ASSETS

- 4.1 Fixed Assets are carried at historical cost less accumulated depreciation.
- 4.2 Expenditure on renovation and modernisation of fixed assets resulting in increased life and/or efficiency of an existing asset is added to the cost of related assets.
- 4.3 Intangible assets are stated at their cost of acquisition less accumulated amortisation.
- 4.4 Capital expenditure on assets not owned by the Company is reflected as a distinct item in Capital Work-in-Progress till the period of completion and thereafter in the Fixed Assets.
- 4.5 Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relating to land in possession are treated as cost of land.
- 4.6 In the case of assets put to use, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.
- 4.7 Assets and systems common to more than one generating unit are capitalized on the basis of engineering estimates/assessments.

5. CAPITAL WORK-IN-PROGRESS

- 5.1 In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as Capital Work-in-Progress.
- 5.2 Administration and general overhead expenses attributable to construction of fixed assets incurred till they are ready for their intended use are identified and allocated on a systematic basis to the cost of related assets.
- 5.3 Deposit works/cost plus contracts are accounted for on the basis of statements of account received from the contractors.
- 5.4 Claims on the Company for price variation/exchange rate variation in case of contracts are accounted for on acceptance.

6. OIL AND GAS EXPLORATION COSTS

- 6.1 The Company follows 'Successful Efforts Method' for accounting of oil & gas exploration activities.
- 6.2 Cost of surveys and prospecting activities conducted in search of oil and gas are expensed off in the year in which these are incurred.
- 6.3 All acquisition costs are initially capitalized as 'Exploratory Wells-in-Progress' under Capital Work-in-Progress.

7. DEVELOPMENT OF COAL MINES

Expenditure on exploration of new coal deposits is capitalized as 'Development of coal mines' under Capital Work-in-Progress till the mines project is brought to revenue account.

8. FOREIGN CURRENCY TRANSACTIONS

- 8.1 Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.
- 8.2 At the balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.
- 8.3 Exchange differences (loss), arising from translation of foreign currency loans relating to fixed assets/capital work-in-progress to the extent regarded as an adjustment to interest cost are treated as borrowing cost.
- 8.4 Exchange differences arising from settlement / translation of foreign currency loans (other than regarded as borrowing cost), deposits / liabilities relating to fixed assets / capital work-in-progress in respect of transactions entered prior to 01.04.2004, are adjusted in the carrying cost of related assets. Such exchange differences arising from settlement / translation of long term foreign currency monetary items in respect of transactions entered on or after 01.04.2004 are adjusted in the carrying cost of related assets.
- 8.5 Other exchange differences are recognized as income or expense in the period in which they arise.

9. BORROWING COSTS

Borrowing costs attributable to the fixed assets during construction/renovation and modernisation are capitalized. Such borrowing costs are apportioned on the average balance of capital work-in-progress for the year. Other borrowing costs are recognised as an expense in the period in which they are incurred.

10. INVESTMENTS

- 10.1 Current Investments are valued at lower of cost and fair value determined on an individual investment basis.
- 10.2 Long term investments are carried at cost. Provision is made for diminution, other than temporary, in the value of such investments.
- 10.3 Premium paid on long term investments is amortised over the period remaining to maturity.

11. INVENTORIES

- 11.1 Inventories are valued at the lower of cost, determined on weighted average basis, and net realizable value.
- 11.2 The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.

12. PROFIT AND LOSS ACCOUNT

12.1 INCOME RECOGNITION

- 12.1.1 Sale of energy is accounted for based on tariff rates approved by the Central Electricity Regulatory Commission (CERC). In case of power stations where the tariff rates are yet to be approved/agreed, provisional rates are adopted.
- 12.1.2 The incentives/disincentives are accounted for based on the norms notified/approved by the CERC. In cases of power stations where the same have not been notified/ approved, incentives/ disincentives are accounted for on provisional basis.
- 12.1.3 Advance against depreciation, forming part of tariff to facilitate repayment of loans, is reduced from sales and considered as deferred revenue to be included in sales in subsequent years.
- 12.1.4 Exchange differences on account of translation of foreign currency borrowings recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are accounted as 'Deferred Foreign Currency Fluctuation Asset/Liability'. The increase or decrease in depreciation or interest and finance charges for the year due to the accounting of such exchange differences as per accounting policy no. 8 is adjusted in sales.
- 12.1.5 Exchange differences arising from translation/settlement of monetary items denominated in foreign currency to the extent recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are accounted as 'Deferred Foreign Currency Fluctuation Asset/Liability' during construction period and adjusted in the year in which the same becomes recoverable/payable.

- 12.1.6 The surcharge on late payment/overdue sundry debtors for sale of energy is recognized when no significant uncertainty as to measurability or collectability exists.
- 12.1.7 Interest/surcharge recoverable on advances to suppliers as well as warranty claims/liquidated damages are not treated as accrued due to uncertainty of realisation/acceptance and are therefore accounted for on receipt/acceptance.
- 12.1.8.1 Income from consultancy services is accounted for on the basis of actual progress/technical assessment of work executed, in line with the terms of respective consultancy contracts.
- 12.1.8.2 Claims for reimbursement of expenditure are recognized as other income, as per the terms of consultancy service contracts.
- 12.1.9 Scrap other than steel scrap is accounted for as and when sold.
- 12.1.10 Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realisation.

12.2 EXPENDITURE

- 12.2.1 Depreciation is charged on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 except for the following assets at the rates mentioned below:

a) Kutcha Roads	47.50 %
b) Enabling works	06.33 %
- residential buildings including their internal electrification.	
- non-residential buildings including their internal electrification, water supply, sewerage & drainage works, railway sidings, aerodromes, helipads and airstrips.	19.00 %
c) Personal computers and Laptops including peripherals	19.00 %
d) Photocopiers and Fax Machines	19.00 %
e) Air conditioners, Water coolers and Refrigerators	08.00 %

- 12.2.2 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.
- 12.2.3 Assets costing up to Rs.5000/- are fully depreciated in the year of acquisition.
- 12.2.4 Cost of software recognized as intangible asset, is amortised on straight line method over a period of legal right to use or 3 years, whichever is earlier.
- 12.2.5 Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortised balance of such asset is charged prospectively over the residual life determined on the basis of the rate of depreciation.
- 12.2.6 Where the life and/or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along-with its unamortized depreciable amount is charged prospectively over the revised useful life determined by technical assessment.
- 12.2.7 Machinery spares which can be used only in connection with an item of plant and machinery and their use is expected to be irregular, are capitalized and fully depreciated over the residual useful life of the related plant and machinery.
- 12.2.8 Capital expenditure on assets not owned by the company is amortised over a period of 4 years from the year in which the first unit of project concerned comes into commercial operation and thereafter from the year in which the relevant asset becomes available for use. However, such expenditure for community development in case of stations under operation is charged off to revenue.
- 12.2.9 Leasehold buildings are amortised over the lease period or 30 years, whichever is lower. Leasehold land and buildings, whose lease period is yet to be finalised, are amortised over a period of 30 years.
- 12.2.10 Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.
- 12.2.11 Preliminary expenses on account of new projects incurred prior to approval of feasibility report are charged to revenue.

- 12.2.12 Actuarial gains/losses in respect of 'Employee Benefit Plans' are recognised in the statement of Profit & Loss Account.
- 12.2.13 Net pre-commissioning income/expenditure is adjusted directly in the cost of related assets and systems.
- 12.2.14 Prepaid expenses and prior period expenses/income of items of Rs.100,000/- and below are charged to natural heads of accounts.
- 12.2.15 Carpet coal is charged off to coal consumption. However, during pre-commissioning period, carpet coal is retained in inventories and charged off to consumption in the first year of commercial operation. Windage and handling losses of coal as per norms are included in cost of coal.

13. FINANCE LEASES

- 13.1 Assets taken on lease are capitalized at fair value or net present value of the minimum lease payments, whichever is lower.
- 13.2 Depreciation on the assets taken on lease is charged at the rate applicable to similar type of fixed assets as per accounting policy no. 12.2.1. If the leased assets are returnable to the lessor on the expiry of the lease period, depreciation is charged over its useful life or lease period, whichever is shorter.
- 13.3 Lease payments are apportioned between the finance charges and outstanding liability in respect of assets taken on lease.

14. PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised when the company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

15. CASH FLOW STATEMENT

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statements'.

ANNEXURE - V

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009

1.	a)	The conveyancing of the title to 10,844 acres of freehold land of value Rs. 4,950 million (previous year 10,288 acres of value Rs.3,563 million) and buildings & structures valued at Rs.1,137 million (previous year Rs.782 million), as also execution of lease agreements for 8,820 acres of land of value Rs.2,720 million (previous year 7,403 acres, value Rs.820 million) in favour of the Company are awaiting completion of legal formalities.
	b)	Land does not include cost of 1,181 acres (previous year 1,181 acres) of land in possession of the Company. This will be accounted for on settlement of the price thereof by the State Government Authorities.
	c)	Land includes 1,223 acres of value Rs.110 million (previous year 1,334 acres of value Rs.113 million) not in possession of the Company. The Company is taking appropriate steps for repossession of the same.
	d)	Land includes an amount of Rs.1,243 million (previous year Rs.1,590 million) deposited with various authorities in respect of land in possession which is subject to adjustment on final determination of price.
	e)	The cost of right of use of land for laying pipelines amounting to Rs. 13 million (previous year Rs.13 million) is included under intangible assets. The right of use is perpetual in nature and accordingly not amortised.
2.	a)	The Central Electricity Regulatory Commission (CERC) has notified by Regulations in March 2004, the terms and conditions for determination of tariff applicable with effect from 1 st April 2004 for a period of five years. The CERC has issued final tariff orders for all the stations/units except for two stations (four units), where sales of Rs.13,172 million , for the current year (previous year Rs.15,028 million) have been recognised based on provisional tariff orders issued by CERC.
	b)	In respect of stations/units where the CERC had issued final tariff orders applicable from 1 st April 2004, the Company aggrieved over many of the issues as considered by the CERC in the tariff orders, filed an appeal with the Appellate Tribunal for Electricity (ATE). The ATE has disposed off the appeal favourably directing the CERC to revise the tariff orders as per the directions and methodology given. The CERC has filed an appeal with the Hon'ble Supreme Court of India on some of the issues decided by the ATE which is pending and is yet to issue the revised tariff orders for the balance issues in respect of some of the stations as per the directions of the ATE. Sales for the year in respect of these stations amounting to Rs.370,661 million (previous year Rs.307,013 million) have been accounted for based on provisional tariff worked out by the Company as per the methodology and directions as decided by the ATE.
	c)	Sales in respect of one of the stations has been provisionally recognised at Rs.14,402 million (previous year Rs.13,074 million) on the basis of principles enunciated under CERC Regulations, 2004, as against the billing of Rs.14,569 million (previous year Rs.13,258 million) as per tariff order issued by CERC, prior to the takeover of the station by the company.
	d)	Sales of Rs.10,201 million (previous year Rs.11,336 million) pertaining to previous years has been recognised based on the orders issued by CERC/ATE.
3.		Depreciation has been charged at the rates specified in Schedule XIV of the Companies Act, 1956 except as stated in accounting policy no.12.2.1. Government of India in January 2006 notified the Tariff Policy under the provisions of the Electricity Act, 2003 which provides that the rates of depreciation notified by the CERC would be applicable for the purpose of tariff as well as accounting. Subsequent to the notification of the Tariff Policy, the CERC has not revised the rates of depreciation for the tariff period 1st April 2004 to 31st March 2009. The Company has been advised that the Tariff Policy cannot override the provisions of the Companies Act, 1956 and it is required to follow Schedule XIV of the Companies Act, 1956 in the absence of any specific deviation contained in the Electricity Act, 2003 which could be said to have been saved by Section 616 of the Companies Act, 1956. The Company has also been advised that there is no such provision in the Electricity Act, 2003 either prescribing the rates of depreciation for the generating Company or otherwise empowering any authority for providing depreciation rates for accounting purposes in supercession of the provisions of the Companies Act, 1956.
4.		Due to uncertainty of realisation in the absence of sanction by the Government of India (GOI), the Company's share of net annual profits of one of the stations taken over by the Company in June 2006 for the period 1st April 1986 to 31st May 2006 amounting to Rs. 1,155 million (previous year Rs.1,155 million) being balance receivable in terms of the management contract with the GOI has not been recognised.
5.		The pay revision of the employees of the Company is due w.e.f 1 st January 2007. Pending implementation of pay revision, provision for the year Rs. 5,342 million (previous year Rs.4,094 million) and up to the year Rs.10,415 million (up to previous year 31 st March 2008 Rs.5,073 million) has been made towards wage revision on an estimated basis having regard to the guidelines issued by Department of Public Enterprises, GOI. A sum of Rs.3,142 million (previous

		year Rs. 1,444 million) paid as adhoc advance towards pay revision is included in 'Loans and Advances' (Schedule 14).
6.		In accordance with the Uttar Pradesh Electricity Reforms (Transfer of Tanda Generation Undertaking) Scheme 2000, the assets for Rs. 6,070 million (previous year Rs.6,070 million) of Tanda Power Station of UP State Electricity Board (UPSEB) were handed over to the Company free from all encumbrances. However, the mortgage created by UPSEB on fixed assets in favour of Life Insurance Corporation of India (LIC) before the assets were taken over was not vacated. Uttar Pradesh Rajkiya Vidyut Utpadan Nigam Ltd (erstwhile UPSEB) has confirmed the repayment of loan to LIC and the process of de-mortgage of fixed assets of Tanda Power Station is in progress.
7.		The amount reimbursable to GOI in terms of Public Notice No.38 dated 5th November, 1999 and Public Notice No.42 dated 10th October, 2002 towards cash equivalent of the relevant deemed export benefits paid by GOI to the contractors for one of the stations amounted to Rs.2,768 millions (previous year Rs.2,768 million) out of which Rs.2,696 million (previous year Rs.2,696 million) has been deposited with the GOI and liability for the balance amount of Rs.72 million (previous year Rs.72 million) has been provided for. No interest has been provided on the reimbursable amounts as there is no stipulation for payment of interest in the public notices cited above.
8.		<p>As per the direction of the Ministry of Power (MOP), a memorandum of understanding was signed between the Company, Gujarat Power Corporation Ltd. (GPCL) and Gujarat Electricity Board (GEB) on 20th February 2004 to set up Pipavav Power Project. The Company disassociated from the Pipavav Power Project on 24th May 2007 after obtaining approval from the MOP. The Board of Directors of NTPC Ltd., have given consent for winding up of the Pipavav Power Development Company Ltd. (PPDCL), a wholly owned subsidiary of the Company after due settlement of claims towards expenses incurred by the Company on PPDCL with GPCL/GOG.</p> <p>During the year, a sum of Rs.22 million has been received from M/s GPCL out of which Rs.4 million has been adjusted against claims recoverable, Rs.4 million received towards equity contribution has been shown as other liability pending liquidation of PPDCL and the balance amount of Rs.14 million has been accounted as Miscellaneous Income and Interest – Others. As full amount has been received towards equity invested, no provision is considered necessary for diminution in the value in investment.</p>
9.		Based on the opinions of the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI) received during the year, in respect of land in possession of the company, provision of Rs.2,842 million has been made towards expenditure on resettlement & rehabilitation activities including the amount payable to the project affected persons (PAPs) towards land for land option, resettlement grant or other grants, providing community facilities and compensatory afforestation, greenbelt development & loss of environmental value etc. based on the Rehabilitation Action Plan (RAP) of the Company or as per the agreement with/demand letters/directions of the local authorities and the same is included in the cost of land.
10.		Consequent to the issuance of the new Coal Distribution Policy by Ministry of Coal in October 2007, the Company and Coal India Ltd. (holding Company of the coal suppliers), revisited the Model Coal Supply Agreement (CSA) initialled in March 2007. The new CSA, which is in advance stage of finalisation, would be valid for 20 years with a provision for review after every 5 years. On finalisation, separate CSAs would be signed by each station with the respective subsidiaries of Coal India Ltd.
11.		The Company challenged the levy of transit fee/entry tax on supplies of coal to some of its power stations and has paid under protest such transit fee/entry tax to Coal Companies/Sales Tax Authorities. Further, in line with the agreement with GAIL, the Company has also paid entry tax and sales tax on transmission charges in respect of supplies made to various stations in the state of Uttar Pradesh. GAIL has paid such taxes to the appropriate authorities under protest and filed a petition before the Hon'ble High Court of Allahabad challenging the applicability of relevant Act. In case the Company gets refund from Coal Companies/Sales Tax Authorities/GAIL on settlement of these cases, the same will be passed on to respective beneficiaries.
12.	a)	Balances shown under advances, creditors and material lying with contractors and material issued on loan in so far as these have since not been realised/discharged or adjusted are subject to confirmation/reconciliation and consequential adjustment, if any.
	b)	In the opinion of the management, the value of current assets, loans and advances on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
13.		Effect of changes in Accounting Policies:

a)	<p>I) Based on the opinions of the EAC of the ICAI, pronounced during the year, with regard to accounting of exchange differences arising from restatement/settlement of foreign currency monetary items, the following adjustments have been carried out:</p> <p>(i) Exchange differences (gain) of Rs.7,536 million in respect of foreign currency loans contracted before 1st April 2004, which were hitherto treated as borrowing cost and recognised in the Profit and Loss Account have been adjusted in the cost of related assets by debit to 'Prior Period Interest' (Schedule - 24). Due to the above adjustment, depreciation of Rs.2,478 million pertaining to previous years has been written back through 'Prior Period Depreciation' (Schedule - 24) and depreciation for the year is lower by Rs.408 million.</p> <p>(ii) Exchange differences (gain) of Rs. 99 million for the financial years 2004-05 to 2006-07 arising from restatement/settlement of foreign currency monetary items in respect of transactions entered into on or after 1st April 2004, which were hitherto treated as Incidental Expenditure During Construction (IEDC) at units under construction have been recognized in the Profit & Loss Account through 'Prior Period Interest/Exchange differences' (Schedule - 24). Due to the above adjustment, depreciation amounting to Rs. 2 million pertaining to previous years has been charged to 'Prior Period Depreciation' (Schedule - 24) and depreciation for the year is higher by Rs. 5 million.</p> <p>II) In line with the Central Government Gazette Notification No.193 dated 31st March 2009 amending Accounting Standard (AS) – 11 on 'The Effects of Changes in Foreign Exchange Rates', the Company has exercised the option to adjust with effect from the financial year 2007-08, the exchange differences arising from restatement/settlement of long term foreign currency monetary items relating to acquisition of depreciable capital assets in the cost of related assets and depreciate the same over the balance life of the asset. Accordingly, the Company adjusted exchange differences arising for the financial year 2007-08 and 2008-09 amounting to Rs.152 million included in the cost of related assets, of this a sum of Rs.2 million relating to the year 2007-08 has been credited to the General Reserve as per the transitional provisions in the aforesaid Notification. Consequently, depreciation for the year is higher by Rs. 30 million.</p> <p>III) Consequent to the change in the accounting policies as detailed in (I) and (II) above, the balance of Rs.2,554 million as on 31st March 2008 in the 'Deferred Foreign Currency Fluctuation Liability' has been written back through 'Prior Period Sales' – (Schedule 24). In respect of operating stations, an amount of Rs.2,080 million recoverable from the beneficiaries in future years as per CERC Regulations corresponding to exchange differences recognised in the Profit & Loss Account for the periods up to 31st March 2008 has been recognised as 'Deferred Foreign Currency Fluctuation Asset' through 'Prior Period Sales' (Schedule - 24). Similarly, Rs.4,144 million to be passed on to the beneficiaries in future years corresponding to exchange differences adjusted in the cost of related assets up to 31st March 2008 has been recognised as 'Deferred Foreign Currency Fluctuation Liability' by debit to 'Deferred Expenditure from Foreign Currency Fluctuation'. Due to accounting of such exchange differences, corresponding decrease in depreciation amounting to Rs.736 million has been credited to 'Deferred Expenditure from Foreign Currency Fluctuation' by debit to 'Prior Period Depreciation out of Deferred Expenses/Income from Foreign Currency Fluctuation' (Schedule - 24).</p> <p>In case of projects under construction, 'Deferred Foreign Currency Fluctuation Asset/Liability' has been created corresponding to exchange differences recognised in the statement of Profit & Loss Account which are admissible for inclusion in capital cost for tariff determination as per CERC Regulations, relating to prior years (Schedule -24) Rs.250 million and current year Rs.268 million.</p> <p>As a result, net profit for the year is lower by Rs.639 million.</p>
b)	<p>Expenses common to operation and construction activities were hitherto allocated to Profit & Loss Account and Incidental Expenditure during Construction in proportion of sales to annual capital outlay in the case of Corporate Office and sales to accretion to capital work-in-progress in the case of projects. Consequent upon the withdrawal of Guidance Note on 'Treatment of Expenditure during Construction Period' by the ICAI, the Company has identified and allocated on a systematic basis the administration and general overhead expenses attributable to construction of fixed assets at the corporate office and construction projects and included the same in capital work-in-progress/fixed assets. Due to this, profit for the year and fixed assets/capital work-in-progress are lower by Rs. 733 million.</p>
14.	<p>The Company has progressively implemented SAP-ERP System at different units w.e.f. 1st June 2007. As a result, the valuation of inventory items has undergone a change from monthly weighted average to moving weighted average at the units where ERP system has been implemented during the year. Due to the above change, impact on profit for the year if any, is not ascertainable.</p>

15.	Revenue Grants recognised during the year is Rs. 9 million (previous year Rs. 22 million).																														
16.	Disclosure as per Accounting Standard (AS) 15: General description of various defined employee benefit schemes are as under:																														
A.	Provident Fund Company pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the year is recognised as expense and is charged to the Profit & Loss Account. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by GOI. As per report of the actuary, overall interest earnings and cumulative surplus is more than the statutory interest payment requirement. Hence no further provision is considered necessary.																														
B.	Gratuity & Pension The Company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of Rs.1 million (previous year Rs.0.35 million), on superannuation, resignation, termination, disablement or on death. The Company has a scheme of pension at one of the stations in respect of taken over employees from erstwhile State Government Power Utility. These schemes are funded by the Company and are managed by separate trusts. The liability for the same is recognised on the basis of actuarial valuation.																														
C.	Post-Retirement Medical Facility (PRMF) The Company has Post-Retirement Medical Facility (PRMF), under which retired employee and the spouse are provided medical facilities in the Company hospitals / empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the Company.																														
D.	Terminal Benefits Terminal benefits include settlement at home town for employees & dependents and farewell gift to the superannuating employees. Further, the Company also provides for pension in respect of taken over employees from erstwhile State Government Power Utility at another station.																														
E.	Leave The Company provides for earned leave benefit (including compensated absences) and half-pay leave to the employees of the Company which accrue annually at 30 days and 20 days respectively. 75 % of the earned leave is en-cashable while in service and a maximum of 300 days on superannuation. Half-pay leave is en-cashable only on superannuation up to the maximum of 240 days as per the rules of the Company. The liability for the same is recognised on the basis of actuarial valuation. The above mentioned schemes (C, D and E) are unfunded and are recognised on the basis of actuarial valuation. The summarised position of various defined benefits recognised in the profit and loss account, balance sheet are as under: (Figures given in { } represents previous year)																														
i)	Expenses recognised in Profit & Loss Account <table><tr><th></th><th colspan="4">Rs. million</th></tr><tr><th></th><th>Gratuity/ Pension</th><th>PRMF</th><th>Leave</th><th>Terminal Benefits</th></tr><tr><td>Current Service Cost</td><td>496 {407}</td><td>77 {68}</td><td>391 {313}</td><td>54 {423}</td></tr><tr><td>Past Service Cost</td><td>4,144 {-}</td><td>- {-}</td><td>- {-}</td><td>- {-}</td></tr><tr><td>Interest cost on benefit obligation</td><td>376 {368}</td><td>123 {116}</td><td>361 {313}</td><td>71 {72}</td></tr><tr><td>Expected return on plan assets</td><td>(371) {(353)}</td><td>- {-}</td><td>- {-}</td><td>- {-}</td></tr></table>		Rs. million					Gratuity/ Pension	PRMF	Leave	Terminal Benefits	Current Service Cost	496 {407}	77 {68}	391 {313}	54 {423}	Past Service Cost	4,144 {-}	- {-}	- {-}	- {-}	Interest cost on benefit obligation	376 {368}	123 {116}	361 {313}	71 {72}	Expected return on plan assets	(371) {(353)}	- {-}	- {-}	- {-}
	Rs. million																														
	Gratuity/ Pension	PRMF	Leave	Terminal Benefits																											
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Interest cost on benefit obligation	376 {368}	123 {116}	361 {313}	71 {72}																											
Expected return on plan assets	(371) {(353)}	- {-}	- {-}	- {-}																											

		Net actuarial (gain)/ loss recognised in the year	192 {150}	212 {143}	1,111 {1,071}	165 {(372)}
		Expenses recognised in the Profit & Loss Account	4,837 {572}	412 {327}	1,863 {1,697}	290 {123}
	ii)	The amount recognised in the Balance Sheet				
						Rs. million
			Gratuity/ Pension	PRMF	Leave	Terminal Benefits
		Present value of obligation as at 31.3.2009 (i)	10,409 {5,361}	2,133 {1,750}	6,479 {5,160}	1,255 {1,017}
		Fair value of plan assets as at 31.3.2009 (ii)	5,364 {4,623}	- {-}	- {-}	- {-}
		Difference (ii) – (i)	(5,045) {(738)}	(2,133) {(1,750)}	(6,479) {(5,160)}	(1,255) {(1,017)}
		Net asset /(liability) recognised in the Balance Sheet	(5,045) {(738)}	(2,133) {(1,750)}	(6,479) {(5,160)}	(1,255) {(1,017)}
	iii)	Changes in the present value of the defined benefit obligations:				
						Rs. million
			Gratuity/ Pension	PRMF	Leave	Terminal Benefits
		Present value of obligation as at 1.4.2008	5,361 {4,599}	1,750 {1,452}	5,160 {3,916}	1,017 {896}
		Interest cost	376 {368}	123 {116}	361 {313}	71 {72}
		Current Service Cost	496 {407}	77 {68}	391 {314}	54 {423}
		Past Service Cost	4144 {-}	- {-}	- {-}	- {-}
		Benefits paid	(211) {(167)}	(29) {(29)}	(544) {(454)}	(52) {(2)}
		Net actuarial (gain)/ loss on obligation	243 {154}	212 {143}	1,111 {1,071}	165 {(372)}
		Present value of the defined benefit obligation as at 31.3.2009	10,409 {5,361}	2,133 {1,750}	6,479 {5,160}	1,255 {1,017}
	iv)	Changes in the fair value of plan assets:				
						Rs. million
			Gratuity/ Pension	PRMF	Leave	Terminal Benefits
		Fair value of plan assets as at 1.4.2008	4,623 {4,415}	- {-}	- {-}	- {-}
		Expected return on plan assets	371 {353}	- {-}	- {-}	- {-}
		Contributions by employer	512 {6}	- {-}	- {-}	- {-}
		Benefit paid	(193) {(155)}	- {-}	- {-}	- {-}
		Actuarial gain / (loss)	51 {4}	- {-}	- {-}	- {-}
		Fair value of plan assets as at 31.3.2009	5,364 {4,623}	- {-}	- {-}	- {-}

	v)	The effect of one percentage point increase/decrease in the medical cost of PRMF will be as under: <div>(Rs. million)</div> <table><tr><th>Particulars</th><th>Increase by</th><th>Decrease by</th></tr><tr><td>Service and Interest cost</td><td>32</td><td>26</td></tr><tr><td>Present value of obligation</td><td>398</td><td>319</td></tr></table>	Particulars	Increase by	Decrease by	Service and Interest cost	32	26	Present value of obligation	398	319
Particulars	Increase by	Decrease by									
Service and Interest cost	32	26									
Present value of obligation	398	319									
	F.	Other Employee Benefits <p>Provision for Long Service Award and Family Economic Rehabilitation Scheme amounting to Rs.16 million (previous year Rs.34 million) for the year have been made on the basis of actuarial valuation at the year end and charged to the profit & loss account.</p>									

	<p>G. Details of the Plan Asset</p> <p>The details of the plan assets at cost as on 31st March are as follows:</p> <p style="text-align: right;">(Rs. in million)</p> <table><tr><td></td><td></td><td>2009</td><td>2008</td></tr><tr><td>i)</td><td>State Government securities</td><td>938</td><td>903</td></tr><tr><td>ii)</td><td>Central Government securities</td><td>1,824</td><td>1,643</td></tr><tr><td>iii)</td><td>Corporate Bonds/ debentures</td><td>2,236</td><td>1,825</td></tr><tr><td>iv)</td><td>RBI Special Deposit</td><td>240</td><td>240</td></tr><tr><td colspan="2">Total</td><td>5,238</td><td>4,611</td></tr></table>			2009	2008	i)	State Government securities	938	903	ii)	Central Government securities	1,824	1,643	iii)	Corporate Bonds/ debentures	2,236	1,825	iv)	RBI Special Deposit	240	240	Total		5,238	4,611
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Total		5,238	4,611																						
	<p>H. Actuarial Assumptions</p> <p>Principal assumptions used for actuarial valuation are:</p> <table><tr><td>i)</td><td>Method used</td><td>Projected Unit Credit Method</td></tr><tr><td>ii)</td><td>Discount rate</td><td>7.00 %</td></tr><tr><td>iii)</td><td>Expected rate of return on assets</td><td>- Gratuity 8.00 % - Pension 9.00 %</td></tr><tr><td>iv)</td><td>Future salary increase</td><td>4.50 %</td></tr></table> <p>The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.</p>	i)	Method used	Projected Unit Credit Method	ii)	Discount rate	7.00 %	iii)	Expected rate of return on assets	- Gratuity 8.00 % - Pension 9.00 %	iv)	Future salary increase	4.50 %												
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iii)	Expected rate of return on assets	- Gratuity 8.00 % - Pension 9.00 %																							
iv)	Future salary increase	4.50 %																							
	<p>I. Actual return on Plan Assets Rs.423 million (previous year Rs.357 million).</p>																								
17.	<p>The effect of foreign exchange fluctuation during the year is as under:</p> <p>i) The amount of exchange differences (net) debited to the Profit & Loss Account is Rs. 244 million {previous year Rs.98 million (credit)}.</p> <p>ii) The amount of exchange differences debited to the carrying amount of fixed assets and Capital work-in-progress is Rs11,649 million {previous year Rs.194 million (credit)}.</p>																								
18.	<p>Borrowing costs capitalised during the year is Rs. 12,221 million (previous year Rs.6,383 million).</p>																								
19.	<p>Segment Information:</p>																								
a)	<p>Business Segments:</p> <p>The Company’s principal business is generation and sale of bulk power to State Power Utilities. Other business includes providing consultancy, project management and supervision, oil and gas exploration and coal mining.</p>																								
b)	<p>Segment Revenue and Expense</p> <p>Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to</p>																								

	the segments and common expenses allocated on a reasonable basis are considered as Segment Expenses.
c)	Segment Assets and Liabilities Segment assets include all operating assets in respective segments comprising of net fixed assets and current assets, loans and advances. Construction work-in-progress, construction stores and advances are included in unallocated corporate and other assets. Segment liabilities include operating liabilities and provisions.

	Business Segments				Rs. million	
	Generation		Others		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue :						
Sale of Energy/Consultancy, Project Management and Supervision fees *	417,913	369,462	1,325	1,039	419,238	370,501
Internal consumption of electricity	514	409	-	-	514	409
Total	418,427	369,871	1,325	1,039	419,752	370,910
Segment Result #	90,531	90,808	418	288	90,949	91,096
Unallocated Corporate Interest and Other Income					30,615	27,696
Unallocated Corporate expenses, interest and finance charges					27,969	16,243
Income Taxes (Net)					11,582	28,401
A. Profit after Tax					82,013	74,148
B. Other information						
Segment assets	424,333	323,109	1,045	922	425,378	324,031
Unallocated Corporate and other assets					626,870	569,849
Total assets	424,333	323,109	1,045	922	1,052,248	893,880
Segment liabilities	85,967	63,148	722	546	86,689	63,694
Unallocated Corporate and other liabilities					391,858	303,800
Total liabilities	85,967	63,148	722	546	478,547	367,494
Depreciation	23,376	21,214	2	2	23,378	21,216
Non-cash expenses other than Depreciation	245	63	-	1	245	64
Capital Expenditure	130,843	80,568	277	140	131,121	80,708

* Includes **Rs.10,201 million** (previous year Rs.11,336 million) for sales related to earlier years

Generation segment result would have been **Rs.80,330 million** (previous year Rs.79,472 million) without including the sales related to earlier years.

d) The operations of the Company are mainly carried out within the country and therefore, geographical segments are inapplicable.

20.	Related Party Disclosures:
a)	Related parties:
i)	Joint ventures: Utility Powertech Ltd., NTPC-Alstom Power Services Private Ltd., BF-NTPC Energy Systems Ltd.
	During the year, the company reviewed the applicability of the provisions of Accounting Standard (AS) 18 'Related Party Disclosures' and AS 27 to 'Financial Reporting of Interests in Joint Ventures' to the investment made in PTC India Ltd. The company is of the view that provisions of these Standards are not applicable to investment in PTC India Ltd. and the same has been excluded from the disclosures during the year.

	<div>ii) Key Management Personnel:</div> <div><div><div>Shri R.S. Sharma</div><div>Shri T. Sankaralingam</div><div>Shri Chandan Roy</div><div>Shri R.K. Jain</div><div>Shri A.K. Singhal</div><div>Shri R.C. Shrivastav</div><div>Shri K.B. Dubey</div><div>Shri I.J. Kapoor</div></div><div><div>Chairman and Managing Director ¹</div><div>Chairman and Managing Director ²</div><div>Director (Operations)</div><div>Director (Technical)</div><div>Director (Finance)</div><div>Director (Human Resources)</div><div>Director (Projects)</div><div>Director (Commercial) ³</div></div></div> <div><div>1. Director (Commercial) from 1st April 2008 to 30th April 2008 and assumed charge as Chairman and Managing Director w.e.f 1st May 2008.</div><div>2. Superannuated on 30th April 2008</div><div>3. W.e.f 26th December 2008</div></div>																																							
b)	<div>Transactions with the related parties at a (i) above are as follows:</div> <div><div>(Rs. million)</div><table><tr><th>Particulars</th><th>Current Year</th><th>Previous Year</th></tr><tr><td>Contracts for Works/ Services for services received by the Company</td><td></td><td></td></tr><tr><td>• Transactions during the year</td><td>2,208</td><td>4,095</td></tr><tr><td>• Amount recoverable from related parties</td><td>21</td><td>29</td></tr><tr><td>• Amount payable to related parties</td><td>424</td><td>536</td></tr><tr><td>Contracts for Works/ Services for services provided by the Company</td><td></td><td></td></tr><tr><td>• Transactions during the year</td><td>-</td><td>4</td></tr><tr><td>• Amount recoverable from related parties</td><td>-</td><td>*</td></tr><tr><td>(Rs.11,634/-)</td><td></td><td></td></tr><tr><td>Dividend Received</td><td>18</td><td>28</td></tr><tr><td>Deputation of Employees</td><td></td><td></td></tr><tr><td>• Transactions during the year</td><td>36</td><td>20</td></tr><tr><td>• Amount recoverable from the related parties</td><td>42</td><td>11</td></tr></table><div>The Company has received guarantees from Utility Powertech Ltd. for an amount of Rs. 1 million (previous year Rs.3 million).</div></div>	Particulars	Current Year	Previous Year	Contracts for Works/ Services for services received by the Company			• Transactions during the year	2,208	4,095	• Amount recoverable from related parties	21	29	• Amount payable to related parties	424	536	Contracts for Works/ Services for services provided by the Company			• Transactions during the year	-	4	• Amount recoverable from related parties	-	*	(Rs.11,634/-)			Dividend Received	18	28	Deputation of Employees			• Transactions during the year	36	20	• Amount recoverable from the related parties	42	11
Particulars	Current Year	Previous Year																																						
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• Amount recoverable from the related parties	42	11																																						
c)	Remuneration to key management personnel is Rs.14 million (previous year Rs.12 million) and amount of dues outstanding to the Company as on 31 st March 2009 are Rs.3 million (previous year Rs.1 million).																																							
21. Disclosure regarding leases:																																								
a)	<div>Finance leases</div> <div>The Company has taken on lease certain vehicles and has the option to purchase the vehicles as per terms of the lease agreements, details of which are as under:</div> <div><div>Rs. Million</div><table><tr><th></th><th>31.03.2009</th><th>31.03.2008</th></tr><tr><td>a)</td><td></td><td></td></tr><tr><td>Outstanding balance of minimum lease payments</td><td></td><td></td></tr><tr><td>• Not later than one year</td><td>6</td><td>4</td></tr><tr><td>• Later than one year and not later than five years</td><td>14</td><td>5</td></tr><tr><td>Total</td><td>20</td><td>9</td></tr><tr><td>b)</td><td></td><td></td></tr><tr><td>Present value of (a) above</td><td></td><td></td></tr><tr><td>• Not later than one year</td><td>4</td><td>3</td></tr><tr><td>• Later than one year and not later than five years</td><td>12</td><td>4</td></tr><tr><td>Total</td><td>16</td><td>7</td></tr><tr><td>c)</td><td></td><td></td></tr><tr><td>Finance Charges</td><td>4</td><td>2</td></tr></table></div>		31.03.2009	31.03.2008	a)			Outstanding balance of minimum lease payments			• Not later than one year	6	4	• Later than one year and not later than five years	14	5	Total	20	9	b)			Present value of (a) above			• Not later than one year	4	3	• Later than one year and not later than five years	12	4	Total	16	7	c)			Finance Charges	4	2
	31.03.2009	31.03.2008																																						
a)																																								
Outstanding balance of minimum lease payments																																								
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b)																																								
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• Not later than one year	4	3																																						
• Later than one year and not later than five years	12	4																																						
Total	16	7																																						
c)																																								
Finance Charges	4	2																																						

b) Operating leases

The Company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and guest houses/transit camps. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Schedule 20 - Employees' remuneration and benefits include **Rs.307 million** (previous year Rs.229 million) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices and guest house/transit camps are shown as Rent in Schedule 21 – Generation, Administration and Other expenses.

22.

Earning per share:

The elements considered for calculation of Earning Per Share (Basic and Diluted) are as under:

	Current Year	Previous Year
Net Profit after Tax used as numerator (Rs.million)	82,013	74,148
Weighted average number of equity shares used as denominator	8245,464,400	8245,464,400
Earning per share (Basic and Diluted) Rupees	9.95	8.99
Face value per share (Rupees)	10/-	10/-

23.

The item-wise details of deferred tax liability (net) are as under:

	31.03.2009	(Rs. Million) 31.03.2008
Deferred tax liability		
i) Difference of book depreciation and tax depreciation	70,045	70,860
Less: Deferred tax assets		
i) Provisions & Other disallowances for tax purposes	15,310	12,237
ii) Disallowed u/s 43B of the Income Tax Act,1961	3,385	2,785
	18,695	15,022
Deferred tax liability (net)	51,350	55,838

The net decrease in the deferred tax liability is **Rs.4,488 million** (previous year increase Rs.1,411 million) and the same is payable/recoverable from the customers, on becoming part of the current tax.

24.

Research and Development expenditure charged to revenue during the year is **Rs.81 million** (previous year Rs.62 million).

25.

Interest in Joint Ventures:

a)

Joint Venture Entities:

Company	Proportion of ownership interest as on	
	31.03.2009	31.03.2008
	% age	% age
Utility Powertech Ltd.	50	50
NTPC - Alstom Power Services Private Ltd.	50	50
NTPC-SAIL Power Company Private Ltd.	50	50
NTPC -Tamilnadu Energy Company Ltd.	50	50
Ratnagiri Gas and Power Private Ltd.	28.33	28.33
Aravali Power Company Private Ltd.	50	50
NTPC - SCCL Global Ventures Private Ltd.	50	50
Meja Urja Nigam Private Ltd.	50	-
NTPC - BHEL Power Projects Private Ltd.	50	-
BF - NTPC Energy Systems Ltd.	49	-
Nabinagar Power Generating Company Private Ltd.	50	-
National Power Exchange Ltd.	16.67	-

The above joint venture entities are incorporated in India. The Company's share of the assets, liabilities, contingent liabilities and capital commitment as on 31st March 2009 and income and expenses for the year in respect of joint venture entities based on audited accounts, except for Ratnagiri Gas & Power Private Ltd. which are un-audited, are given below:

		(Rs. million)	
		31.03.2009	31.03.2008
A.	Assets		
	• Long Term Assets	59,208	47,007
	• Current Assets	6,509	4,248
	Total	65,717	51,255
B.	Liabilities		
	• Long Term Liabilities	42,537	31,240
	• Current Liabilities and Provisions	6,242	3,816
	Total	48,779	35,056
C.	Contingent Liabilities	148	712
D.	Capital Commitments	36,936	31,243
		Current Year	Previous Year
E.	Income	6,412	8,026
F.	Expenses	7,879	7,517

b) Joint Venture Operations:

The Company along-with M/s Geopetrol International Inc. and M/s Canoro Resources Ltd., (the consortium) has been allotted with an oil and gas block in the State of Arunachal Pradesh. The consortium has entered into a Production Sharing Contract (PSC) with GOI for exploration and production of oil and gas. The Company is a non-operator and has 40% share in expenses, income, assets and liabilities with a minimum work programme commitment of **Rs. 636 million** (previous year Rs.563 million) as per the PSC.

The other two consortium partners viz. M/s Geopetrol International Inc. and M/s Canoro Resources Ltd. each initially had 30 % participating interest in the Block. M/s Canoro Resources Ltd. had off-loaded 50% of their participating interest to M/s Brownstone Ventures Inc. which was approved by GOI in December 2007 and the consequent amendment to the PSC has been executed on 2nd December 2008.

Based on the audited statement of accounts of the block, the Company's share of assets and liabilities as at 31st March 2009 and expenditure for the year ended on that date in respect of above joint venture operation has been accounted for as under:

(Rs. million)		
Item	2008-09 (Audited)	2007-08 (Audited)
Expenses	87	107
Fixed Assets including Capital work-in-progress	35	14
Other Assets	54	58
Current Liabilities	3	13

26. As required by Accounting Standard (AS) 28 'Impairment of Assets' notified by the Institute of Chartered Accountants of India, the Company has carried out the assessment of impairment of assets. There has been no impairment loss during the year.

27. **Foreign currency exposure not hedged by a derivative instrument or otherwise:**

Rs. million

Sl. No	Particulars	Currencies	Amount	
			31.03.2009	31.03.2008
a)	Borrowings, including interest accrued but not due thereon.	USD JPY Others	74,612 32,339 4,727	53,076 25,519 649
b)	Sundry creditors/deposits and retention monies	USD EURO Others	6,902 1,218 997	6,425 1,698 914
c)	Sundry debtor and Bank balances	GBP USD EURO	- 119 310	101 51 305
d)	Unexecuted amount of contracts remaining to be executed	USD EURO Others	43,818 40,270 587	31,842 15,994 2,147

28. The pre-commissioning expenses during the year amounting to **Rs.1,689 million** (previous year Rs.1,699 million) have been included in Fixed Assets/Capital work-in-progress after adjustment of pre-commissioning sales of **Rs.1,610 million** (previous year Rs.721 million) resulting in a net pre-commissioning expenditure of **Rs.79 million** (previous year Rs.978 million).

29. **Payment to the Statutory Auditors (Schedule - 21):**

Rs. million

	Current Year	Previous Year
Audit Fees	8	6
Tax audit Fees	3	2
Certification Fees	7	6
Reimbursements		
-Traveling Expenses	5	5
- Service Tax	2	2
Total	25	21

30. a) Information in respect of Micro, Small and Medium Enterprises as at 31st March, 2009:

Rs. million

Sl.	Particulars	Amount
a)	Amount remaining unpaid to any supplier: • Principal amount • Interest due thereon (*Rs.5,12,890/-)	9 *
b)	Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along-with the amount paid to the suppliers beyond the appointed day.	6
c)	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006. (*Rs.1,72,106/-)	*
d)	Amount of interest accrued and remaining unpaid (*Rs.4,11,350/-)	*
e)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowances as a deductible expenditure under section 23 of Micro, Small and Medium Enterprises Development Act, 2006 (*Rs.99,528/-)	*

31. **Loans and Advances due from subsidiaries:**

(Rs. million)

Name of Subsidiary	Outstanding balance		Maximum amount	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
NTPC Electric Supply Company Ltd.	129	120	524	178

	NTPC Vidyut Vyapar Nigam Ltd	20	15	78	49
	Pipavav Power Development Company Ltd. (*Rs.11,096/-)	*	*	*	61
	NTPC Hydro Ltd.	3	25	68	37
	Kanti Bijlee Utpadan Nigam Ltd.	394	269	492	269
	Bharatiya Rail Bijlee Company Ltd.	9	1	82	1
	Total	555	430	1,244	595

32.

Disclosure as required by Clause 32 of Listing Agreements:

A. Loans and Advances in the nature of Loans:

1. To Subsidiary Companies

Rs. million

Name of the Company	Outstanding Balance As on	Maximum Amount Outstanding during the year ended
	31.03.2009	31.03.2008
Kanti Bijlee Utpadan Nigam Ltd.	308	202

2. To Firms/Companies in which Directors are interested : Nil

3. Where there is no repayment schedule or repayment beyond seven year or no interest or interest below Section 372A of the Companies Act, 1956 : Rs. 308 million

B. Investment by the loanee (as detailed above) in the shares of NTPC : Nil

33.	Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs.588,185 million (previous year Rs.243,310 million).
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34	<p>Contingent Liabilities:</p> <p>1. Claims against the Company not acknowledged as debts in respect of:</p> <p>(i) Capital Works</p> <p>Some of the contractors for supply and installation of equipments and execution of works at our projects have lodged claims on the Company for Rs. 46,623 million (previous year Rs.11,255 million) seeking enhancement of the contract price, revision of work schedule with price escalation, compensation for the extended period of work, idle charges etc. These claims are being contested by the Company as being not admissible in terms of the provisions of the respective contracts.</p> <p>The company is pursuing various options under the dispute resolution mechanism available in the contract for settlement of these claims. It is not practicable to make a realistic estimate of the outflow of resources if any, for settlement of such claims pending resolution.</p> <p>(ii) Land compensation cases</p> <p>In respect of land acquired for the projects, the land losers have claimed higher compensation before various authorities/courts which are yet to be settled. In such cases, contingent liability of Rs. 15,515 million (previous year Rs.10,465 million) has been estimated.</p> <p>(iii) Others</p> <p>In respect of claims made by various State/Central Government departments/Authorities towards building permission fees, penalty on diversion of agricultural land to non- agricultural use, Nala tax, Water royalty etc. and by others, contingent liability of Rs.12,585 million (previous year Rs.12,878 million) has been estimated. This includes amount of Rs 2,558 million (previous year Rs.2,558 million) billed by the Coal supplier on account of MPGATSV tax up to 31st July 2007 which is subject matter of dispute before Supreme Court.</p>
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	<p>In respect of (i) and (ii) above, payments, if any, by the company on settlement of the claims would be eligible for inclusion in the capital cost for the purpose of determination of tariff as per CERC Regulations subject to prudence check by the CERC. In case of (iii), the estimated possible reimbursement is Rs. 2,750 million (previous year Rs.3,443 million).</p>																																																
2.	<p>Disputed Income Tax/Sales Tax/Excise demands</p> <p>Demand made against the company by Central/State Tax Authorities amounting to Rs.682 million (previous year Rs.15,541 million) are disputed by the Company and contested before various Appellate Authorities. In such cases, the company estimated possible reimbursement of Rs.8 million (previous year Rs.10,063 million).</p>																																																
3.	<p>Others</p> <p>Unexpired Letters of credit other than for capital expenditure amount to Rs.1,200 million (previous year Rs.2,159 million) and other contingent liabilities amount to Rs.1,698 million (previous year Rs.169 million). In such cases, the company estimated possible reimbursement of Rs. Nil (previous year Rs.17 million).</p> <p>Some of the beneficiaries have filed appeals against the tariff orders of the CERC. The amount of contingent liability in this regard is not ascertainable.</p>																																																
35.	<p>Managerial remuneration paid/payable to Directors</p> <table><tr><td></td><td></td><td colspan="2">Rs. million</td></tr><tr><td></td><td></td><td>Current Year</td><td>Previous Year</td></tr><tr><td></td><td>Salaries and allowances</td><td>11</td><td>9</td></tr><tr><td></td><td>Contribution to provident fund & other funds including gratuity & group insurance</td><td>1</td><td>1</td></tr><tr><td></td><td>Other benefits</td><td>2</td><td>2</td></tr><tr><td></td><td>Directors' fees</td><td>2</td><td>*</td></tr><tr><td></td><td>*(Rs.4,20,000/-)</td><td></td><td></td></tr></table> <p>In addition to the above remuneration the whole time Directors have been allowed the use of staff car including for private journeys, on payment of Rs.780/- per month, as contained in the Ministry of Finance (BPE) Circular No.2 (18)/pc/64 dt.29.11.64, as amended.</p> <p>The provisions for/contribution to gratuity, leave encashment and post-retirement medical facilities are ascertained on actuarial valuation done on overall Company basis and hence not ascertainable separately.</p>			Rs. million				Current Year	Previous Year		Salaries and allowances	11	9		Contribution to provident fund & other funds including gratuity & group insurance	1	1		Other benefits	2	2		Directors' fees	2	*		*(Rs.4,20,000/-)																						
		Rs. million																																															
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	Other benefits	2	2																																														
	Directors' fees	2	*																																														
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36.	<table><tr><td>Licensed and Installed Capacities as at 31st March: (As certified by Management)</td><td>Current Year</td><td>Previous Year</td></tr><tr><td></td><td></td><td></td></tr><tr><td>Licensed Capacity - Not applicable</td><td></td><td></td></tr><tr><td>Installed Capacity (MW Commercial units)</td><td>27,912</td><td>25,912</td></tr><tr><td>Quantitative information in respect of Generation and Sale of Electricity (in MUs) :</td><td></td><td></td></tr><tr><td>a) Pre-commissioning period :</td><td></td><td></td></tr><tr><td> Generation</td><td>785</td><td>583</td></tr><tr><td> Sales</td><td>724</td><td>557</td></tr><tr><td>b) Commercial period :</td><td></td><td></td></tr><tr><td> Generation</td><td>206,156</td><td>200,280</td></tr><tr><td> Sales</td><td>193,688</td><td>187,988</td></tr><tr><td>c) Value of imports calculated on CIF basis (Rs. million):</td><td></td><td></td></tr><tr><td> Capital goods</td><td>10,386</td><td>11,802</td></tr><tr><td> Spare parts</td><td>919</td><td>493</td></tr><tr><td>d) Expenditure in foreign currency (Rs. million):</td><td></td><td></td></tr><tr><td> Professional and Consultancy fee</td><td>24</td><td>44</td></tr></table>	Licensed and Installed Capacities as at 31 st March: (As certified by Management)	Current Year	Previous Year				Licensed Capacity - Not applicable			Installed Capacity (MW Commercial units)	27,912	25,912	Quantitative information in respect of Generation and Sale of Electricity (in MUs) :			a) Pre-commissioning period :			Generation	785	583	Sales	724	557	b) Commercial period :			Generation	206,156	200,280	Sales	193,688	187,988	c) Value of imports calculated on CIF basis (Rs. million):			Capital goods	10,386	11,802	Spare parts	919	493	d) Expenditure in foreign currency (Rs. million):			Professional and Consultancy fee	24	44
Licensed and Installed Capacities as at 31 st March: (As certified by Management)	Current Year	Previous Year																																															
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d) Expenditure in foreign currency (Rs. million):																																																	
Professional and Consultancy fee	24	44																																															

	Interest		4,067		3,189
	Others		601		795
	e) Value of Components, Stores and Spare parts consumed (including fuel) (Rs. million):	%age	Amount	%age	Amount
	Imported	10.40	28,855	3.66	8,282
	Indigenous	89.60	248,484	96.34	218,039
	f) Earnings in foreign exchange (Rs. million):				
	Professional & Consultancy fee		21		30
	Interest		14		4
	Others		1		1

37. Figures have been rounded off to nearest rupees in millions.

38. Previous year figures have been regrouped /rearranged wherever necessary.

ANNEXURE – A

STATEMENT OF CHANGES IN THE ACCOUNTING POLICIES ADOPTED FOR THE YEAR ENDED ON MARCH 31, 2008 AND THE HALF YEAR ENDED ON SEPTEMBER 30, 2009 AS COMPARED TO THAT FOR THE YEAR ENDED ON MARCH 31, 2009

1. During the year ended March 31, 2009, the following changes were made in the accounting policies:

- a) Consequent upon the withdrawal of Guidance Note on ‘Treatment of Expenditure during Construction Period’ by the Institute of Chartered Accountants of India (ICAI) during the year 2008-09, the Company has identified the administration and general overhead expenses which are attributable to construction of fixed assets at corporate office and construction projects as per the provisions of Accounting Standard 10 - “Accounting for Fixed Assets” in the Companies (Accounting Standards) Rules, 2006. Previously, administration and general overhead expenses incurred at Corporate Centre/Headquarters/T&CC Offices (CC Expenses) which were common to operation and construction activities were allocated between Profit & Loss Account and Incidental Expenses during Construction (IEDC) in the proportion of sales to annual capital outlay. Such CC Expenses along-with the expenses of projects treated as IEDC were included in the cost of related assets. Accordingly, the company revised the accounting policy relating to accounting of expenditure incurred during construction period as under:

Administration and general overhead expenses attributable to construction of fixed assets incurred till they are ready for their intended use are identified and allocated on a systematic basis to the cost of related assets.

Further, the accounting policy related to allocation of expenses of Corporate Office and Projects common to operation and construction activity was deleted.

- b) Considering the opinions of the Expert Advisory Committee (EAC) of the ICAI with regard to accounting of exchange differences loss/gain arising from settlement/ restatement of foreign currency monetary items and also on account of insertion of Para 46 in Accounting Standard (AS) 11 relating to “The Effects of changes in Foreign Exchange Rates” in the Companies (Accounting Standards) Rules, 2006, notified on March 31, 2009, the company revised its accounting policies related to accounting of exchange differences as under:

- Exchange differences (loss), arising from translation of foreign currency loans relating to fixed assets/capital work-in-progress to the extent regarded as an adjustment to interest cost are treated as borrowing cost.

Previously, such exchange differences (gain or loss) were treated as borrowing costs.

- Exchange differences arising from settlement / translation of foreign currency loans (other than regarded as borrowing cost), deposits / liabilities relating to fixed assets / capital work-in-progress in respect of transactions entered prior to 01.04.2004, are adjusted in the carrying cost of related assets. Such exchange differences arising from settlement / translation of long term foreign currency monetary items in respect of transactions entered on or after 01.04.2004 are adjusted in the carrying cost of related assets.

Previously, exchange differences (other than regarded as borrowing cost) in respect of transactions entered on or after 01.04.2004 were recognised in the Profit & Loss Account except in case of projects under construction.

Further, a new accounting policy was added in respect of exchange differences arising from translation/settlement of monetary items denominated in foreign currency to the extent recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations. These are accounted as ‘Deferred Foreign Currency Fluctuation Asset/Liability’ during construction period and adjusted in the year in which the same becomes recoverable/payable from the beneficiaries.

- c) In addition to above, wordings in certain accounting policies were modified to bring more clarity.

2. During the half-year ended September 30, 2009, the following changes were made in the accounting policies:

- a) In the Tariff Regulations 2004, there was a provision of earning incentive of 25 paisa/kwh for ex-bus scheduled energy corresponding to scheduled generation in excess of ex-bus energy corresponding to specified Plant Load Factor. In the Tariff Regulations 2009, recovery of capacity charges has been made proportionate to the availability

factor. Thus incentive/disincentive have become a part of the capacity charges and covered by the existing Accounting Policy related to income recognition. Accordingly, the accounting policy related to recognition of incentive/disincentive based on the norms specified by the CERC was deleted.

- b) The CERC has issued Tariff Regulations, 2009 for a period of five years from 1st April 2009. These Regulations provide that the balance depreciable value of the each of the existing stations as on 1st April 2009 shall be worked out by deducting the cumulative depreciation including the Advance against Depreciation (AAD) as admitted by the CERC up to 31st March 2009 from the gross depreciable value of the assets. There is no provision for AAD in the said Regulations.

In view of the change in the depreciation rates for tariff purposes as notified by the CERC, the company revised its accounting policy and the amount of AAD required to meet the shortfall in the component of depreciation in revenue over the depreciation to be charged off in future years has been assessed station-wise and wherever an excess has been determined the same has been recognised as sales during the half-year ended 30th September 2009. Further, the accounting policy related to accounting of advance against depreciation was modified as under:

Advance against depreciation considered as deferred revenue in earlier years is included in sales to the extent depreciation recovered in tariff during the year is lower than the corresponding depreciation charged.

- c) In addition to above, wordings in certain accounting policies were modified to bring more clarity.

ANNEXURE – B

Summary of Accounting Ratios

	Fiscal Year ended March 31,		Half-year ended September 30, 2009
	2008	2009	
Earning Per Share (Rs.) (Basic & Diluted)	8.99	9.95	5.27
Net Assets Value per Share (Rs.)	63.84	69.58	74.85
Return on Net Worth (%)	14.09	14.30	7.04
Number of Equity Share Outstanding at the end of the year/period	8245464400	8245464400	8245464400

Formula:

Earning Per Share (Rs.)	$\frac{\text{Net Profit after tax and before Extraordinary Items}}{\text{No. of Equity Share Outstanding at the end of the Year/Period}}$
Net Assets Value per Share (Rs.)	$\frac{\text{Net worth}}{\text{No. of Equity Share Outstanding at the end of the Year/Period}}$
Return on Net worth (%)	$\frac{\text{Net Profit after tax}}{\text{Net worth}}$

Note:

1. Earning per share is calculated in accordance with Accounting Standard (AS -20) "Earning Per Share" notified under the Companies (Accounting Standards) Rules, 2006.
2. Net worth means paid-up share capital plus reserves & surplus.
3. Earning per share (basic and diluted) and return on net worth for the half-year ended September 30, 2009 are not annualised.

ANNEXURE - C

(Rs. in million)

Capitalisation Statement

Sl. No.	Particulars	Pre-issue As At 30.09.2009	Post Issue (As adjusted for Issue)
A.	Debt:		
	a) Short Term Debt	30,079	30,079
	b) Long Term Debt	316,900	316,900
B.	Shareholders' Funds:		
	a) Equity Share Capital	82,455	82,455
	b) Reserves & Surplus	534,702	534,702
	Total Shareholders' Funds (Equity)	617,157	617,157
C.	Long-term Debt/Equity	0.51 : 1	0.51 : 1

Notes:

1. There will be no change in the capitalisation statement post issue as the issue is in connection with the 'Further Public Offering' of equity by the selling shareholders.
2. Short term debts represent debts which are due within 12 months from September 30, 2009.
3. Long term debts represent debts other than short term debts as defined in (2) above.

Auditors' Report on Consolidated Financial Statements

The Board of Directors
NTPC Limited
SCOPE Complex , Core 7
Lodhi Road,
New Delhi 110003
India

Dear Sirs,

- We have examined the attached consolidated financial information of NTPC Ltd. (the "Company") and its Subsidiaries and Joint Ventures comprising Statements of Assets and Liabilities (Annexure I), Profit and Loss Account (Annexure II) and Cash Flows (Annexure III) for the years ended on March 31, 2008 and 2009 and for the half-year ended on September 30, 2009 and Accounting Policies (Annexure IV) & Notes on Accounts (Annexure V) for the year ended on March 31, 2009 as approved by the Committee of the Board of Directors of the Company formed for this purpose, which has been prepared in terms of the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended to date, (ICDR Regulations), applicable provisions of the Companies Act, 1956 (the Act) and in terms of our engagement agreed upon with you in accordance with our engagement letter dated January 2, 2010 in connection with the proposed "Further Public Offering" (FPO) of Equity Shares by the "Selling Shareholder".

The preparation and presentation of these financial information is the responsibility of the Company's Management.

- These financial information have been extracted by the Management from the Company's audited consolidated financial statements for the years ended on March 31, 2008 and 2009 and for the half-year ended on September 30, 2009 audited by us after making such regroupings as considered appropriate.
- We did not audit the financial statements of the subsidiaries and joint ventures for the financial years ended on March 31, 2008 and 2009 and for the half-year ended on September 30, 2009. These financial statements for the relevant periods have been audited and reported upon by their auditors whose reports have been furnished to us except to the extent mentioned herein below. We have placed reliance on the reports of such auditors in so far as it relates to the amounts included in the financial statements of the Subsidiary and Joint Venture Companies which are based solely on the report of their auditors. The unaudited financial statements of Joint Venture Companies to the extent mentioned herein below have been incorporated in the financial statements. The names of the auditors of the Subsidiary and Joint Venture Companies for the years ended on March 31, 2008 and 2009 and for the half-year ended on September 30, 2009 are as under:

Sl. No.	Name of Subsidiary/Joint Venture	Name of the Statutory Auditors
Subsidiary		
1.	Pipavav Power Development Company Ltd.	K.K. Jain & Co. (Years ended March 31, 2008, 2009 and half-year ended September 30, 2009)
2.	NTPC Electric Supply Company Ltd.	Satish K. Aggarwal & Co. (Years ended March 31, 2008, 2009 and half-year ended September 30, 2009)
3.	NTPC Hydro Ltd.	K. Prasad & Co. (Years ended March 31, 2008, 2009 and half-year ended September 30, 2009)
4.	NTPC Vidyut Vyapar Nigam Ltd.	Rohtas & Hans (Years ended March 31, 2008 & 2009) N.K. Jain Mittal & Co. (Half-year ended September 30, 2009)
5.	Kanti Bijlee Utpadan Nigam Ltd.	GRA & Associates (Years ended March 31, 2008, 2009 and half-year ended September 30, 2009)
6.	Bhartiya Rail Bijlee Company Ltd.	H.S. Madan & Co. (Years ended March 31, 2008, 2009 and half-year ended September 30, 2009)
Joint Venture		
1.	Utility Powertech Ltd.	Haribhakti & Co. (Years ended March 31, 2008, 2009 and half-year ended September 30, 2009)

2.	NTPC-Alstom Power Services Private Ltd.	S.R. Batliboi & Co. (Years ended March 31, 2008 and 2009) Vipin Om & Associates (Half-year ended September 30, 2009)
3.	NTPC-SAIL Power Company Private Ltd.	Chandok & Guliani (Years ended March 31, 2008, 2009 and half-year ended September 30, 2009)
4.	NTPC-Tamilnadu Energy Company Ltd.*	R.P. Narang & Co. (Years ended March 31, 2008 and 2009)
5.	Aravali Power Company Private Ltd.	VAR & Associates (Years ended March 31, 2008, 2009 and half-year ended September 30, 2009)
6.	NTPC-SCCL Global Ventures Private Ltd.	KBDS & Co. (Year ended March 31, 2008) Sandeep Ahuja & Co. (Year ended March 31, 2009 & half-year ended September 30, 2009)
7.	Meja Urja Nigam Private Ltd.	Pramod Maheshwari & Co. (Year ended March 31, 2009 and half-year ended September 30, 2009)
8.	NTPC-BHEL Power Projects Private Ltd.	P. Jain & Co. (Year ended March 31, 2009 and half-year ended September 30, 2009)
9.	BF-NTPC Energy Systems Ltd.	Dalal & Shah (Year ended March 31, 2009 and half-year ended September 30, 2009)
10.	Nabinagar Power Generating Company Private Ltd.	L. D & Associates (Year ended March 31, 2009 and half-year ended September 30, 2009)
11.	National Power Exchange Ltd.**	Bansal Sinha & Co. (Half year ended September 30, 2009)
12.	Ratnagiri Gas and Power Private Ltd.***	-
13.	PTC India Ltd.	T.R. Chadha & Co. (Year ended March 31, 2008) From the year ended March 31, 2009 onwards not a joint venture in terms of Accounting Standard (AS) 27.
14.	Kinesco Power & Utilities Pvt. Ltd. (a joint venture of NTPC Electric Supply Company Ltd.)****	-
15.	National High Power Test Laboratory Private Ltd.	Surjit Bhatti & Co. (Half-year ended September 30, 2009)
16.	Transformers and Electricals Kerala Ltd.*	-
17.	International Coal Ventures Private Ltd.*	-

* Financial statements for the half-year ended September 30, 2009 were unaudited

** Financial statements for the year ended March 31, 2009 were unaudited.

*** Financial statements for the years ended March 31, 2008, 2009 and for the half-year ended September 30, 2009 were unaudited.

**** Financial statements for the year ended March 31, 2009 and for the half-year ended September 30, 2009 were unaudited.

The above unaudited accounts have been considered in the financial information referred to above although these accounts have been since audited except for the half-year ended on September 30, 2009 in respect of Companies mentioned at Sl. No. 12, 14 and 16.

4. We have performed such tests and procedures, which, in our opinion, were necessary for the examination of financial information. These procedures, mainly involved comparison of the attached financial information with the Company's audited consolidated financial statements for the respective years/periods.
5. Based on the above, we report that in our opinion and according to the information and explanations given to us, we have found the same to be correct and the same have been used in the financial information appropriately.
6. In accordance with the requirements of the ICDR Regulations, applicable provisions of the Act and the terms of our engagement agreed with you, we have also examined the other financial information set out in the Annexure prepared by the Management and approved by the committee of the Board of Directors of the Company for the purpose of inclusion in the Red Herring Prospectus and the Prospectus as mentioned below:
 - (i) Statement of changes in the accounting policies adopted for the year ended on March 31, 2008 and the half-year ended on September 30, 2009 as compared to that for the year ended on March 31, 2009 (Annexure – A 1).
 - (ii) Summary of accounting ratios (Annexure – B 1).
 - (iii) Capitalisation Statement as of September 30, 2009 (Annexure – C 1).

7. In our opinion, the attached consolidated financial information, as mentioned in paragraph 1 and 6 above have been extracted and prepared in accordance with ICDR Regulations and applicable provisions of the Act.
8. This report is intended solely for use of the Management and “Selling Shareholder” for inclusion in the Red Herring Prospectus and Prospectus in connection with FPO of the Equity Shares of the Company by the “Selling Shareholder” and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Dass Gupta & Associates
Chartered Accountants

Ashok Kumar Jain
Partner
M. No. 090563

For Parakh & Co.
Chartered Accountants

V.D. Mantri
Partner
M. No. 074678

For S. K. Mittal & Co.
Chartered Accountants

Gaurav Mittal
Partner
M. No. 099387

For B.C. Jain & Co.
Chartered Accountants

Rishabh Jain
Partner
M. No. 400912

For Varma & Varma
Chartered Accountants

Cherian K. Baby
Partner
M. No. 016043

For S. K. Mehta & Co.
Chartered Accountants

Rohit Mehta
Partner
M. No.091382

Place: New Delhi

Date: January 3, 2010

ANNEXURE - I
CONSOLIDATED STATEMENT OF ASSETS & LIABILITIES

(Rs. in million)

	As at March 31,		As at September 30, 2009
	2008	2009	
Goodwill on Consolidation (A)	6	6	6
Fixed Assets (B):			
Gross Block	556,472	647,410	666,101
Less: Depreciation	274,868	297,755	312,325
Net Block	281,604	349,655	353,776
Capital Work-in-Progress	206,991	247,647	282,857
Construction stores and advances	49,305	61,646	64,956
Sub-total (B)	537,900	658,948	701,589
Investments (C)	134,470	116,960	138,030
Deferred Foreign Currency Fluctuation Assets (D)	-	9,734	8,487
Current Assets, Loans & Advances (E):			
Inventories	27,512	33,616	28,788
Sundry Debtors	31,727	38,189	59,838
Cash and bank balances	153,605	172,505	173,412
Other Current Assets	9,272	9,934	10,512
Loans and Advances	41,041	70,389	36,995
Sub-total (E)	263,157	324,633	309,545
Liabilities & Provisions (F):			
Secured loans	104,388	132,117	143,698
Unsecured loans	198,759	256,109	255,170
Deferred Tax Liability (net)	2	1	1,654
Deferred Revenue on Account of Advance against Depreciation	13,734	19,360	16,185
Deferred Income from Foreign Currency Fluctuation	-	6,077	4,563
Deferred Foreign Currency Fluctuation Liability	2,554	545	623
Current Liabilities	62,155	87,191	95,297
Provisions	24,070	33,143	19,775
Minority Interest	1,242	1,662	2,230
Sub-total (F)	406,904	536,205	539,195
NET WORTH (A+B+C+D+E-F)	528,629	574,076	618,462
Represented by:			
Share Capital (G)	82,455	82,455	82,455
Reserves and Surplus (H)	446,174	491,621	536,007
NET WORTH (G+H)	528,629	574,076	618,462

ANNEXURE - II
CONSOLIDATED PROFIT & LOSS ACCOUNT

(Rs.in million)

	Fiscal year ended March 31,		Half-Year ended September 30, 2009
	2008	2009	
Income:			
Sales (Net of electricity duty)	386,350	442,453	241,753
Energy Internally consumed	409	514	281
Provisions written back	64	171	55
Other Income	29,547	33,334	15,005
Total Income	416,370	476,472	257,094
Expenditure:			
Fuel	222,187	273,464	146,515
Electricity purchased	9,471	15,839	5,851
Cost of material and services	1,364	1,244	872
Employees' remuneration and benefits	19,533	25,325	11,416
Generation, administration & other expenses	16,842	19,749	10,505
Depreciation	22,060	24,949	13,629
Provisions	74	299	26
Interest and finance charges	18,581	21,435	11,073
Total Expenditure	310,112	382,304	199,887
Profit before Tax, Prior period adjustments and Extraordinary Items	106,258	94,168	57,207
Prior period income/ expenditure (net)	2,748	1,095	(412)
Profit before Tax	103,510	93,073	57,619
Provision for :			
Current Tax			
Current year	25,042	25,896	11,873
Earlier years	3,680	(13,953)	(112)
Fringe Benefit Tax			
Current year	226	219	-
Earlier years	(45)	-	10
Deferred tax	1,478	(4,520)	1,637
Less:Deferred Tax Recoverable	1,477	(4,521)	(16)
Current/Fringe benefit tax transferred to expenditure during construction/development of coal mines	93	15	(1)
Provision for taxation (net)	28,811	12,148	13,425
Profit after Tax	74,699	80,925	44,194

ANNEXURE - III
CONSOLIDATED STATEMENT OF CASH FLOWS

(Rs. in million)

		Fiscal year ended March 31,		Half-Year ended September 30, 2009
		2008	2009	
A.	CASH FLOW FROM OPERATING ACTIVITIES			
	Net Profit before tax and Prior Period Adjustments	106,258	94,168	57,207
	Adjustment for:			
	Depreciation	22,060	24,949	13,629
	Provisions	74	299	26
	Deferred revenue on account of Advance Against Depreciation	7,167	5,626	(3,175)
	Deferred Foreign Currency Fluctuation Assets/Liability	2,554	(11,743)	1,325
	Deferred Income from foreign currency fluctuation	-	6,470	(1,357)
	Interest charges	17,552	27,292	15,250
	Guarantee Fee & other Finance charges	390	360	407
	Interest/Income on Bonds/Investment	(12,578)	(11,330)	(4,951)
	Prior Period Adjustments (Net)	(2,748)	(1,095)	412
	Dividend Income	(73)	(60)	(166)
	Provisions Written Back	(64)	(171)	(55)
	Others (Bonds issue and Servicing Expenses)	12	64	6
	Profit on disposal of fixed assets	-	-	(1)
	Loss on disposal of fixed assets	-	-	54
	Operating Profit before Working Capital Changes	140,604	134,829	78,611
	Adjustment for:			
	Trade and Other Receivables	(17,924)	(6,473)	(21,654)
	Inventories	(510)	(5,298)	5,417
	Trade Payables and Other Liabilities	6,593	22,031	(5,427)
	Loans and Advances	(2,249)	(15,634)	6,004
	Other Current Assets	317	(1,375)	(982)
	Cash generated from operations	126,831	128,080	61,969
	Direct taxes paid/refund received	(26,573)	(25,663)	15,628
	Net Cash from Operating Activities – A	100,258	102,417	77,597

		Fiscal year ended March 31,		Half-Year ended September 30, 2009
		2008	2009	
B.	CASH FLOW FROM INVESTING ACTIVITIES			
	Purchase of Fixed Assets	(97,079)	(113,444)	(53,472)
	Disposal of fixed assets	-	-	16
	Purchase of Investments	(4,385)	-	(50,615)
	Sale of Investment	21,322	17,500	29,545
	Interest/Income on Bonds/Investment Received	13,645	12,053	5,355
	Income Tax on Interest/Income on Bonds/Investment	(131)	(59)	(11)
	Dividend Received	73	60	166
	Net cash used in Investing Activities – B	(66,555)	(83,890)	(69,016)
C.	CASH FLOW FROM FINANCING ACTIVITIES			
	Proceeds from Long Term Borrowings	56,531	85,185	28,340
	Repayment of Long Term Borrowings	(22,397)	(22,944)	(15,086)
	Securities Premium on issue of Share Capital	588	(614)	-
	Grant Received	840	420	568
	Interest Paid	(18,386)	(26,451)	(13,293)
	Guarantee Fee & other Finance charges Paid	(390)	(358)	(417)
	Dividend Paid	(28,932)	(29,743)	(6,650)
	Tax on Dividend	(4,921)	(5,058)	(1,130)
	Others (Equity /Bonds issue& Servicing Expenses)	(12)	(64)	(6)
	Net Cash flow from Financing Activities - C	(17,079)	373	(7,674)
	Net Increase/Decrease in Cash and Cash equivalents (A+B+C)	16,624	18,900	907
	Cash and cash equivalents(Opening balance)	136,981	153,605	172,505
	Cash and cash equivalents(Closing balance)	153,605	172,505	173,412

ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH 2009
1. BASIS OF PREPARATION

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.

2. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates & assumptions and such differences are recognized in the period in which the results are crystallized.

3. GRANTS-IN-AID

- 3.1 Grants-in-aid received from the Central Government or other authorities towards capital expenditure as well as consumers' contribution to capital works are treated initially as capital reserve and subsequently adjusted as income in the same proportion as the depreciation written off on the assets acquired out of the grants.
- 3.2 Where the ownership of the assets acquired out of the grants vests with the government, the grants are adjusted in the carrying cost of such assets.
- 3.3 Grants from Government and other agencies towards revenue expenditure are recognized over the period in which the related costs are incurred and are deducted from the related expenses.

4. FIXED ASSETS

- 4.1 Fixed Assets are carried at historical cost less accumulated depreciation.
- 4.2 Expenditure on renovation and modernisation of fixed assets resulting in increased life and/or efficiency of an existing asset is added to the cost of related assets.
- 4.3 Intangible assets are stated at their cost of acquisition less accumulated amortisation.
- 4.4 Capital expenditure on assets not owned by the Company is reflected as a distinct item in Capital Work-in-Progress till the period of completion and thereafter in the Fixed Assets.
- 4.5 Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relatable to land in possession are treated as cost of land.
- 4.6 In the case of assets put to use, where final settlement of bills with contractors is yet to be effected, capitalisation is done on provisional basis subject to necessary adjustment in the year of final settlement.
- 4.7 Assets and systems common to more than one generating unit are capitalised on the basis of engineering estimates/assessments.

5. CAPITAL WORK-IN-PROGRESS

- 5.1 In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as Capital Work-in-Progress.
- 5.2 Administration and general overhead expenses attributable to construction of fixed assets incurred till they are ready for their intended use are identified and allocated on a systematic basis to the cost of related assets.
- 5.3 Deposit works/cost plus contracts are accounted for on the basis of statements of account received from the contractors.
- 5.4 Claims on the Company for price variation/exchange rate variation in case of contracts are accounted for on acceptance.

6. OIL AND GAS EXPLORATION COSTS

- 6.1 The Company follows 'Successful Efforts Method' for accounting of oil & gas exploration activities.
- 6.2 Cost of surveys and prospecting activities conducted in search of oil and gas are expensed off in the year in which these are incurred.
- 6.3 All acquisition costs are initially capitalized as 'Exploratory Wells-in-Progress' under Capital Work-in-Progress.

7. DEVELOPMENT OF COAL MINES

Expenditure on exploration of new coal deposits is capitalized as 'Development of coal mines' under Capital Work-in-Progress till the mines project is brought to revenue account.

8. FOREIGN CURRENCY TRANSACTIONS

- 8.1 Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.
- 8.2 At the balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.
- 8.3 Exchange differences (loss), arising from translation of foreign currency loans relating to fixed assets/capital work-in-progress to the extent regarded as an adjustment to interest cost are treated as borrowing cost.
- 8.4 Exchange differences arising from settlement / translation of foreign currency loans (other than regarded as borrowing cost), deposits / liabilities relating to fixed assets / capital work-in-progress in respect of transactions entered prior to 01.04.2004, are adjusted in the carrying cost of related assets. Such exchange differences arising from settlement / translation of long term foreign currency monetary items in respect of transactions entered after 01.04.2004 are adjusted in the carrying cost of related assets.
- 8.5 Other exchange differences are recognized as income or expense in the period in which they arise.

9. BORROWING COSTS

Borrowing costs attributable to the fixed assets during construction/renovation and modernisation are capitalised. Such borrowing costs are apportioned on the average balance of capital work-in-progress for the year. Other borrowing costs are recognised as an expense in the period in which they are incurred.

10. INVESTMENTS

- 10.1 Current Investments are valued at lower of cost and fair value determined on an individual investment basis.
- 10.2 Long term investments are carried at cost. Provision is made for diminution, other than temporary, in the value of such investments.
- 10.3 Premium paid on long term investments is amortised over the period remaining to maturity.

11. INVENTORIES

- 11.1 Inventories are valued at the lower of cost, determined on weighted average basis, and net realizable value.
- 11.2 The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.

12. PROFIT AND LOSS ACCOUNT

12.1 INCOME RECOGNITION

- 12.1.1 Sale of energy is accounted for based on tariff rates approved by the Central Electricity Regulatory Commission (CERC). In case of power stations where the tariff rates are yet to be approved/agreed, provisional rates are adopted.
- 12.1.2 The incentives/disincentives are accounted for based on the norms notified/approved by the CERC. In cases of power stations where the same have not been notified/ approved, incentives/ disincentives are accounted for on provisional basis.
- 12.1.3 Advance against depreciation, forming part of tariff to facilitate repayment of loans, is reduced from sales and considered as deferred revenue to be included in sales in subsequent years.
- 12.1.4 Exchange differences on account of translation of foreign currency borrowings recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are accounted as 'Deferred Foreign Currency Fluctuation Asset/Liability'. The increase or decrease in depreciation or interest and finance charges for the year due to the accounting of such exchange differences as per accounting policy no. 8 is adjusted in sales.
- 12.1.5 Exchange differences arising from translation/settlement of monetary items denominated in foreign currency to the extent recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are accounted as 'Deferred Foreign Currency Fluctuation Asset/Liability' during construction period and adjusted in the year in which the same becomes recoverable/payable.

- 12.1.6 The surcharge on late payment/overdue sundry debtors for sale of energy is recognized when no significant uncertainty as to measurability or collectability exists.
- 12.1.7 Interest/surcharge recoverable on advances to suppliers as well as warranty claims/liquidated damages are not treated as accrued due to uncertainty of realisation/acceptance and are therefore accounted for on receipt/acceptance.
- 12.1.8.1 Income from consultancy services is accounted for on the basis of actual progress/technical assessment of work executed, in line with the terms of respective consultancy contracts.
- 12.1.8.2 Claims for reimbursement of expenditure are recognized as other income, as per the terms of consultancy service contracts.
- 12.1.9 Scrap other than steel scrap is accounted for as and when sold.
- 12.1.10 Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realisation.

12.2 EXPENDITURE

- 12.2.1 Depreciation is charged on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 except for the following assets at the rates mentioned below:

a) Kutch Roads	47.50 %
b) Enabling works	
- residential buildings including their internal electrification.	06.33 %
- non-residential buildings including their internal electrification, water supply, sewerage & drainage works, railway sidings, aerodromes, helipads and airstrips.	19.00 %
c) Personal computers and Laptops including peripherals	19.00 %
d) Photocopiers and Fax Machines	19.00 %
e) Air conditioners, Water coolers and Refrigerators	08.00 %

- 12.2.2 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.
- 12.2.3 Assets costing up to Rs.5000/- are fully depreciated in the year of acquisition.
- 12.2.4 Cost of software recognized as intangible asset, is amortised on straight line method over a period of legal right to use or 3 years, whichever is earlier.
- 12.2.5 Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortised balance of such asset is charged prospectively over the residual life determined on the basis of the rate of depreciation.
- 12.2.6 Where the life and/or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along-with its unamortized depreciable amount is charged prospectively over the revised useful life determined by technical assessment.
- 12.2.7 Machinery spares which can be used only in connection with an item of plant and machinery and their use is expected to be irregular, are capitalised and fully depreciated over the residual useful life of the related plant and machinery.
- 12.2.8 Capital expenditure on assets not owned by the company is amortised over a period of 4 years from the year in which the first unit of project concerned comes into commercial operation and thereafter from the year in which the relevant asset becomes available for use. However, such expenditure for community development in case of stations under operation is charged off to revenue.
- 12.2.9 Leasehold buildings are amortised over the lease period or 30 years, whichever is lower. Leasehold land and buildings, whose lease period is yet to be finalised, are amortised over a period of 30 years.

- 12.2.10 Expenses on ex-gratia payments under voluntary retirement scheme, training & recruitment and research and development are charged to revenue in the year incurred.
- 12.2.11 Preliminary expenses on account of new projects incurred prior to approval of feasibility report are charged to revenue.
- 12.2.12 Actuarial gains/losses in respect of 'Employee Benefit Plans' are recognised in the statement of Profit & Loss Account.
- 12.2.13 Net pre-commissioning income/expenditure is adjusted directly in the cost of related assets and systems.
- 12.2.14 Prepaid expenses and prior period expenses/income of items of Rs.100,000/- and below are charged to natural heads of accounts.
- 12.2.15 Carpet coal is charged off to coal consumption. However, during pre-commissioning period, carpet coal is retained in inventories and charged off to consumption in the first year of commercial operation. Windage and handling losses of coal as per norms are included in cost of coal.

13. FINANCE LEASES

- 13.1 Assets taken on lease are capitalized at fair value or net present value of the minimum lease payments, whichever is lower.
- 13.2 Depreciation on the assets taken on lease is charged at the rate applicable to similar type of fixed assets as per accounting policy no. 12.2.1. If the leased assets are returnable to the lessor on the expiry of the lease period, depreciation is charged over its useful life or lease period, whichever is shorter.
- 13.3 Lease payments are apportioned between the finance charges and outstanding liability in respect of assets taken on lease.

14. PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised when the company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

15. CASH FLOW STATEMENT

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statements'.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009
1. BASIS OF CONSOLIDATION

1.1 *The consolidated financial statements relate to NTPC Ltd. (The Company), its Subsidiaries and interest in Joint Ventures.*

a) **Basis of Accounting:**

- i) The financial statements of the subsidiary companies in the consolidation are drawn up to the same reporting date as of the company.
- ii) The consolidated financial statements have been prepared in accordance with Accounting Standard (AS) 21 - 'Consolidated Financial Statements' and Accounting Standard (AS) 27 - 'Financial Reporting of Interest in Joint Ventures' of Companies (Accounting Standards) Rules, 2006 and generally accepted accounting principles.

b) **Principles of consolidation:**

The consolidated financial statements have been prepared as per the following principles:

- i) The financial statements of the company and its subsidiaries are combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balances, intra-group transactions, unrealised profits or losses and minority interest has been separately disclosed.
- ii) The consolidated financial statements include the interest of the company in joint ventures, which has been accounted for using the proportionate consolidation method of accounting and reporting whereby the company's share of each of assets, liabilities, income and expenses of a jointly controlled entity is considered as separate line item.
- iii) The consolidated financial statements are 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 company's separate financial statements except as otherwise stated in the notes to the accounts.
- (iv) The difference between the cost of investment in the investment in the joint venture and the share of net assets at the time of acquisition of shares in the joint venture is identified in the financial statements as goodwill or capital reserve as the case may be.

1.2 The Subsidiary and Joint Venture Companies considered in the financial statements are as follows:

Name of the Company	Proportion (%) of Shareholding as on	
	31.3.2009	31.3.2008
Subsidiary Companies:		
NTPC Electric Supply Company Ltd.(including its 50% interest in KINESCO Power & Utilities Pvt.Ltd.* a joint venture with KINFRA, a statutory body of Government of Kerala)	100	100
NTPC Hydro Ltd.	100	100
Pipavav Power Development Company Ltd.	100	100
NTPC Vidyut Vyapar Nigam Ltd.	100	100
Kanti Bijlee Utpadan Nigam Ltd.(Formerly known as Vaishali Power Generation Company Ltd.	51	51
Bharatiya Rail Bijlee Company Limited	74	74
Joint Venture Companies:		
	Proportion (%) of Shareholding as on	
	31.03.2009	31.03.2008

Utility Powertech Ltd.	50	50
NTPC - Alstom Power Services Private Ltd.	50	50
NTPC-SAIL Power Company Private Ltd.	50	50
NTPC-Tamilnadu Energy Company Ltd.	50	50
Ratanagiri Gas & Power Private Limited *	28.33	28.33
Aravali Power Company Private Ltd.	50	50
NTPC-SCCL Global Ventures Private Ltd.	50	50
Meja Urja Nigam Private Ltd.	50	-
NTPC - BHEL Power Projects Private Ltd.	50	-
BF - NTPC Energy Systems Ltd.	49	-
Nabinagar Power Generating Company Private Ltd.	50	-
National Power Exchange Ltd.*	16.67	-

* The financials statements are un-audited.

All the above Companies are incorporated in India.

During the year, the company reviewed the applicability of the provisions of Accounting Standard (AS) 18 'Related Party Disclosures' and AS 27 to 'Financial Reporting of Interests in Joint Ventures' to the investment made in PTC India Ltd. The company is of the view that provisions of these Standards are not applicable to investment in PTC India Ltd. and the same has been excluded from the disclosures during the year.

- 1.3 Meja Urja Nigam Limited was incorporated on 2nd April, 2008, in which 50% shares are held by NTPC Ltd. and 50 % shares are held by Uttar Pradesh Rajkiya Vidyut Utpadan Nigam Ltd.
- 1.4 NTPC-BHEL Power Projects Pvt.Ltd. was incorporated on 28th April, 2008, in which 50% shares are held by NTPC Ltd. and 50 % shares are held by BHEL.
- 1.5 BF-NTPC Energy Systems Ltd. was incorporated on 19th June, 2008, in which 49% shares are held by NTPC Ltd. and 51 % shares are held by Bharat Forge Ltd.
- 1.6 Nabinagar Power Generating Company Pvt.Ltd. was incorporated on 9th September 2008, in which 50% shares are held by NTPC Ltd. and 50 % shares are held by Bihar State electricity Board.
- 1.7 National Power Exchange Ltd. was incorporated on 11th December, 2008, in which 50% shares held by NTPC Ltd., Power Finance Corporation Ltd. and NHPC Ltd. in equal proportion and 50 % shares are held by Tata Consultancy Services Ltd.
- 1.8 **Joint Venture Operations:** The Company along-with M/s Geopetrol International Inc. and M/s Canoro Resources Ltd., (the consortium) has been allotted with an oil and gas block in the State of Arunachal Pradesh. The consortium has entered into a Production Sharing Contract (PSC) with GOI for exploration and production of oil and gas. The Company is a non-operator and has 40% share in expenses, income, assets and liabilities with a minimum work programme commitment of **Rs. 636 million** (previous year Rs.563 million) as per the PSC.

The other two consortium partners viz. M/s Geopetrol International Inc. and M/s Canoro Resources Ltd. each initially had 30 % participating interest in the Block. M/s Canoro Resources Ltd. had off-loaded 50% of their participating interest to M/s Brownstone Ventures Inc. which was approved by GOI in December 2007 and the consequent amendment to the PSC has been executed on 2nd December 2008.

Based on the audited statement of accounts of the block, the Company's share of assets and liabilities as at 31st March 2009 and expenditure for the year ended on that date in respect of above joint venture operation has been accounted for as under:

(Rs. million)

Item	2008-09(Audited)	2007-08(Audited)
Expenses	87	107
Fixed Assets including Capital work-in-progress	35	14
Other Assets	54	58
Current Liabilities	3	13

2.
 - a) The conveyancing of the title to **11,374 acres** of freehold land of value **Rs. 5,464 million** (previous year 10,288 acres of value Rs.3,563 million) and buildings & structures valued at **Rs.1,137 million** (previous year Rs.782 million), as also execution of lease agreements for **9,444 acres** of value **Rs.2,755 million** (previous year 9,121 acres of value Rs.1,770 million) in favour of the Company are awaiting completion of legal formalities.
 - b) Land does not include cost of **1,181 acres** (previous year 1,181 acres) of land in possession of the Company. This will be accounted for on settlement of the price thereof by the State Government Authorities.
 - c) Land includes **1,223 acres** of value **Rs. 110 million** (previous year 1,334 acres of value Rs.113 million) not in possession of the Company. The Company is taking appropriate steps for repossession of the same.
 - d) Land includes an amount of **Rs.1,243 million** (previous year Rs.1,590 million) deposited with various authorities in respect of land in possession which is subject to adjustment on final determination of price.
 - e) The cost of right of use of land for laying pipelines amounting to **Rs. 13 million** (previous year Rs.13 million) is included under intangible assets. The right of use is perpetual in nature and accordingly not amortised.
3.
 - a) The Central Electricity Regulatory Commission (CERC) has notified by Regulations in March 2004, the terms and conditions for determination of tariff applicable with effect from 1st April 2004 for a period of five years. The CERC has issued final tariff orders for all the stations/units except for two stations (four units), where sales of **Rs.13,172 million**, for the current year (previous year Rs.15,028 million) have been recognised based on provisional tariff orders issued by CERC.
 - b) In respect of stations/units where the CERC had issued final tariff orders applicable from 1st April 2004, the Company aggrieved over many of the issues as considered by the CERC in the tariff orders, filed an appeal with the Appellate Tribunal for Electricity (ATE). The ATE has disposed off the appeal favourably directing the CERC to revise the tariff orders as per the directions and methodology given. The CERC has filed an appeal with the Hon'ble Supreme Court of India on some of the issues decided by the ATE which is pending and is yet to issue the revised tariff orders for the balance issues in respect of some of the stations as per the directions of the ATE. Sales for the year in respect of these stations amounting to **Rs.370,661 million** (previous year Rs.307,013 million) have been accounted for based on provisional tariff worked out by the Company as per the methodology and directions as decided by the ATE.
 - c) Sales in respect of one of the stations has been provisionally recognised at **Rs.14,402 million** (previous year Rs.13,074 million) on the basis of principles enunciated under CERC Regulations, 2004, as against the billing of **Rs.14,569 million** (previous year Rs.13,258 million) as per tariff order issued by CERC, prior to the takeover of the station by the company.
 - d) Sales of **Rs.10,201 million** (previous year Rs.11,336 million) pertaining to previous years has been recognised based on the orders issued by CERC/ATE.
4. Depreciation has been charged at the rates specified in Schedule XIV of the Companies Act, 1956 except as stated in accounting policy no.12.2.1. Government of India in January 2006 notified the Tariff Policy under the provisions of the Electricity Act, 2003 which provides that the rates of depreciation notified by the CERC would be applicable for the purpose of tariff as well as accounting. Subsequent to the notification of the Tariff Policy, CERC has not notified the rates of depreciation. The Company has been advised that the Tariff Policy cannot override the provisions of the Companies Act, 1956 and it is required to follow Schedule XIV of the Companies Act, 1956 in the absence of any specific deviation contained in the Electricity Act, 2003 which could be said to have been saved by Section 616 of the Companies Act, 1956. The Company has also been advised that there is no such provision in the Electricity Act, 2003 either prescribing the rates of depreciation for the generating Company or otherwise empowering any authority for providing depreciation rates for accounting purposes in supercession of the provisions of the Companies Act, 1956.

5. Due to uncertainty of realisation in the absence of sanction by the Government of India (GOI), the Company's share of net annual profits of one of the stations taken over by the Company in June 2006 for the period 1st April 1986 to 31st May 2006 amounting to **Rs. 1,155 million** (previous year Rs.1,155 million) being balance receivable in terms of the management contract with the GOI has not been recognised.
6. The pay revision of the employees of the Company is due w.e.f 1st January 2007. Pending implementation of pay revision, provision for the year **Rs. 5,342 million** (previous year Rs.4,094 million) and up to the year **Rs.10,415 million** (up to previous year 31st March 2008 Rs.5,073 million) has been made towards wage revision on an estimated basis having regard to the guidelines issued by Department of Public Enterprises, GOI. A sum of **Rs.3,142 million** (previous year Rs. 1,444 million) paid as adhoc advance towards pay revision is included in 'Loans and Advances'.
7. In accordance with the Uttar Pradesh Electricity Reforms (Transfer of Tanda Generation Undertaking) Scheme 2000, the assets for **Rs. 6,070 million** (previous year Rs.6,070 million) of Tanda Power Station of UP State Electricity Board (UPSEB) were handed over to the Company free from all encumbrances. However, the mortgage created by UPSEB on fixed assets in favour of Life Insurance Corporation of India (LIC) before the assets were taken over was not vacated. During the year, Uttar Pradesh Rajkiya Vidyut Utpadan Nigam Ltd (erstwhile UPSEB) has confirmed the repayment of loan to LIC and that the process of de-mortgage of fixed assets of Tanda Power Station is in progress.
8. The amount reimbursable to GOI in terms of Public Notice No.38 dated 5th November, 1999 and Public Notice No.42 dated 10th October, 2002 towards cash equivalent of the relevant deemed export benefits paid by GOI to the contractors for one of the stations amounted to **Rs.2,768 millions** (previous year Rs.2,768 million) out of which **Rs.2,696 million** (previous year Rs.2,696 million) has been deposited with the GOI and liability for the balance amount of **Rs.72 million** (previous year Rs.72 million) has been provided for. No interest has been provided on the reimbursable amounts as there is no stipulation for payment of interest in the public notices cited above.
9. Based on the opinions of the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI) received during the year, in respect of land in possession of the company, provision of **Rs.3,197 million** has been made towards expenditure on resettlement & rehabilitation activities including the amount payable to the project affected persons (PAPs) towards land for land option, resettlement grant or other grants, providing community facilities and compensatory afforestation, greenbelt development & loss of environmental value etc. based on the Rehabilitation Action Plan (RAP) of the Company or as per the agreement with/demand letters/directions of the local authorities and the same is included in the cost of land.
10. Consequent to the issuance of the new Coal Distribution Policy by MoC in October 2007, the Company and Coal India Ltd. (holding Company of the coal suppliers), revisited the Model Coal Supply Agreement (CSA) initialled in March 2007. The new CSA, which is in advance stage of finalisation, would be valid for 20 years with a provision for review after every 5 years. On finalisation, separate CSAs would be signed by each station with the respective subsidiaries of Coal India Ltd.
11. The Company challenged the levy of transit fee/entry tax on supplies of coal to some of its power stations and has paid under protest such transit fee/entry tax to Coal Companies/Sales Tax Authorities. Further, in line with the agreement with GAIL, the Company has also paid entry tax and sales tax on transmission charges in respect of supplies made to various stations in the state of Uttar Pradesh. GAIL has paid such taxes to the appropriate authorities under protest and filed a petition before the Hon'ble High Court of Allahabad challenging the applicability of relevant Act.

In case the Company gets refund from Coal Companies/Sales Tax Authorities/GAIL on settlement of these cases, the same will be passed on to respective beneficiaries.
12. a) Balances shown under advances, creditors and material lying with contractors and material issued on loan in so far as these have since not been realised/discharged or adjusted are subject to confirmation/reconciliation and consequential adjustment, if any.
b) In the opinion of the management, the value of current assets, loans and advances on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

13. Effect of changes in Accounting Policies:

- a) I) Based on the opinions of the EAC of the ICAI, pronounced during the year, with regard to accounting of exchange differences arising from restatement/settlement of foreign currency monetary items, the following adjustments have been carried out:

- (i) Exchange differences (gain) of **Rs.7,536 million** in respect of foreign currency loans contracted before 1st April 2004, which were hitherto treated as borrowing cost and recognised in the Profit and Loss Account have been adjusted in the cost of related assets by debit to 'Prior Period Interest'. Due to the above adjustment, depreciation of **Rs.2,478 million** pertaining to previous years has been written back through 'Prior Period Depreciation' and depreciation for the year is lower by **Rs.408 million**.
- (ii) Exchange differences (gain) of **Rs. 99 million** for the financial years 2004-05 to 2006-07 arising from restatement/settlement of foreign currency monetary items in respect of transactions entered into on or after 1st April 2004, which were hitherto treated as Incidental Expenditure During Construction (IEDC) at units under construction have been recognized in the Profit & Loss Account through 'Prior Period Interest/Exchange differences'. Due to the above adjustment, depreciation amounting to **Rs. 2 million** pertaining to previous years has been charged to 'Prior Period Depreciation' and depreciation for the year is higher by **Rs. 5 million**.

II) In line with the Central Government Gazette Notification No.193 dated 31st March 2009 amending Accounting Standard (AS) – 11 on 'The Effects of Changes in Foreign Exchange Rates', the Company has exercised the option to adjust with effect from the financial year 2007-08, the exchange differences arising from restatement/settlement of long term foreign currency monetary items relating to acquisition of depreciable capital assets in the cost of related assets and depreciate the same over the balance life of the asset. Accordingly, the Company adjusted exchange differences arising for the financial year 2007-08 and 2008-09 amounting to **Rs.152 million** included in the cost of related assets, of this a sum of **Rs.2 million** relating to the year 2007-08 has been credited to the General Reserve as per the transitional provisions in the aforesaid Notification. Consequently, depreciation for the year is higher by **Rs. 30 million**.

III) Consequent to the change in the accounting policies as detailed in (I) and (II) above, the balance of **Rs.2,554 million** as on 31st March 2008 in the 'Deferred Foreign Currency Fluctuation Liability' has been written back through 'Prior Period Sales'. In respect of operating stations, an amount of **Rs.2,080 million** recoverable from the beneficiaries in future years as per CERC Regulations corresponding to exchange differences recognised in the Profit & Loss Account for the periods up to 31st March 2008 has been recognised as 'Deferred Foreign Currency Fluctuation Asset' through 'Prior Period Sales'. Similarly, **Rs.4,144 million** to be passed on to the beneficiaries in future years corresponding to exchange differences adjusted in the cost of related assets up to 31st March 2008 has been recognised as 'Deferred Foreign Currency Fluctuation Liability' by debit to 'Deferred Expenditure from Foreign Currency Fluctuation'. Due to accounting of such exchange differences, corresponding decrease in depreciation amounting to **Rs.736 million** has been credited to 'Deferred Expenditure from Foreign Currency Fluctuation' by debit to 'Prior Period Depreciation out of Deferred Expenses/Income from Foreign Currency Fluctuation'.

In case of projects under construction, 'Deferred Foreign Currency Fluctuation Asset/Liability' has been created corresponding to exchange differences recognised in the statement of Profit & Loss Account which are admissible for inclusion in capital cost for tariff determination as per CERC Regulations, relating to prior years **Rs.250 million** and current year **Rs.268 million**.

As a result, net profit for the year is lower by **Rs.639 million**.

- b) Expenses common to operation and construction activities were hitherto allocated to Profit & Loss Account and Incidental Expenditure during Construction in proportion of sales to annual capital outlay in the case of Corporate Office and sales to accretion to capital work-in-progress in the case of projects. Consequent upon the withdrawal of Guidance Note on 'Treatment of Expenditure during Construction Period' by the ICAI, the Company has identified and allocated on a systematic basis the administration and general overhead expenses attributable to construction of fixed assets at the corporate office and construction projects and included the same in capital work-in-progress. Due to this, profit for the year and fixed assets/capital work-in-progress are lower by **Rs. 742 million**.

14. The Company has progressively implemented SAP-ERP System w.e.f. 1st June 2007. As a result, the valuation of inventory items has undergone a change from monthly weighted average to moving weighted average at the units where ERP system has been implemented during the year. Due to the above change, impact on profit for the year if any, is not ascertainable.
15. Revenue Grants recognised during the year is **Rs. 9 million** (previous year Rs. 22 million).
16. **Disclosure as per Accounting Standard (AS) 15:**

General description of various defined employee benefit schemes are as under:

A. Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the year is recognised as expense and is charged to the Profit & Loss Account. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by GOI. As per report of the actuary, overall interest earnings and cumulative surplus is more than the statutory interest payment requirement. Hence no further provision is considered necessary.

B. Gratuity & Pension

The Company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of **Rs.1 million** (previous year Rs.0.35 million), on superannuation, resignation, termination, disablement or on death. The Company has a scheme of pension at one of the stations in respect of taken over employees from erstwhile State Government Power Utility. These schemes are funded by the Company and are managed by separate trusts. The liability for the same is recognised on the basis of actuarial valuation.

C. Post-Retirement Medical Facility (PRMF)

The Company has Post-Retirement Medical Facility (PRMF), under which retired employee and the spouse are provided medical facilities in the Company hospitals / empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the Company.

D. Terminal Benefits

Terminal benefits include settlement at home town for employees & dependents and farewell gift to the superannuating employees. Further, the Company also provides for pension in respect of taken over employees from erstwhile State Government Power Utility at another station.

E. Leave

The Company provides for earned leave benefit (including compensated absences) and half-pay leave to the employees of the Company which accrue annually at 30 days and 20 days respectively. 75 % of the earned leave is en-cashable while in service and a maximum of 300 days on superannuation. Half-pay leave is en-cashable only on superannuation up to the maximum of 240 days as per the rules of the Company. The liability for the same is recognised on the basis of actuarial valuation.

The above mentioned schemes (C, D and E) are unfunded and are recognised on the basis of actuarial valuation.

The summarised position of various defined benefits recognised in the profit and loss account, balance sheet are as under:

(Figures given in { } represents previous year)

i) **Expenses recognised in Profit & Loss Account**

	Rs. million			
	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Current Service Cost	496 {407}	77 {68}	391 {313}	54 {423}
Past Service Cost	4,144 {-}	- {-}	- {-}	- {-}
Interest cost on benefit obligation	376 {368}	123 {116}	361 {313}	71 {72}
Expected return on plan assets	(371) {(353)}	- {-}	- {-}	- {-}
Net actuarial (gain)/ loss recognised in the year	192 {150}	212 {143}	1,111 {1,071}	165 {(372)}
Expenses recognised in the Profit & Loss A/c	4,837 {572}	412 {327}	1,863 {1,697}	290 {123}

ii) **The amount recognised in the Balance Sheet**

	Rs. million			
	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Present value of obligation as at 31.3.2009 (i)	10,409 {5,361}	2,133 {1,750}	6,479 {5,160}	1,255 {1,017}
Fair value of plan assets as at 31.3.2009 (ii)	5,364 {4,623}	- {-}	- {-}	- {-}
Difference (ii) – (i)	(5,045) {(738)}	(2,133) {(1,750)}	(6,479) {(5,160)}	(1,255) {(1,017)}
Net asset /(liability) recognised in the Balance Sheet	(5,045) {(738)}	(2,133) {(1,750)}	(6,479) {(5,160)}	(1,255) {(1,017)}

iii) **Changes in the present value of the defined benefit obligations:**

	Rs. million			
	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Present value of obligation as at 1.4.2008	5,361 {4,599}	1,750 {1,452}	5,160 {3,916}	1,017 {896}
Interest cost	376 {368}	123 {116}	361 {313}	71 {72}
Current Service Cost	496 {407}	77 {68}	391 {314}	54 {423}
Past Service Cost	4144 {-}	- {-}	- {-}	- {-}
Benefits paid	(211) {(167)}	(29) {(29)}	(544) {(454)}	(52) {(2)}
Net actuarial (gain)/ loss on obligation	243 {154}	212 {143}	1,111 {1,071}	165 {(372)}
Present value of the defined benefit obligation as at 31.3.2009	10,409 {5,361}	2,133 {1,750}	6,479 {5,160}	1,255 {1,017}

iv) **Changes in the fair value of plan assets:**

	Rs. million			
	Gratuity/ Pension	PRMF	Leave	Terminal Benefits
Fair value of plan assets as at 1.4.2008	4,623 {4,415}	- {-}	- {-}	- {-}
Expected return on plan assets	371 {353}	- {-}	- {-}	- {-}
Contributions by employer	512 {6}	- {-}	- {-}	- {-}
Benefit paid	(193) {(155)}	- {-}	- {-}	- {-}
Actuarial gain / (loss)	51 {4}	- {-}	- {-}	- {-}
Fair value of plan assets as at 31.3.2009	5,364 {4,623}	- {-}	- {-}	- {-}

v) The effect of one percentage point increase/decrease in the medical cost of PRMF will be as under:

	(Rs. million)	
Particulars	Increase by	Decrease by
Service and Interest cost	32	26
Present value of obligation	398	319

F. Other Employee Benefits

Provision for Long Service Award and Family Economic Rehabilitation Scheme amounting to **Rs.16 million** (previous year Rs.34 million) for the year have been made on the basis of actuarial valuation at the year end and charged to the profit & loss account.

G. Details of the Plan Asset

The details of the plan assets at cost as on 31st March are as follows:

		(Rs. in million)	
		2009	2008
i)	State Government securities	938	903
ii)	Central Government securities	1,824	1,643
iii)	Corporate Bonds/ debentures	2,236	1,825
iv)	RBI Special Deposit	240	240
	Total	5,238	4,611

H. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

i)	Method used	Projected Unit Credit Method
ii)	Discount rate	7.00 %
iii)	Expected rate of return on assets - Gratuity	8.00 %
	- Pension	9.00 %
iv)	Future salary increase	4.50 %

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

I. Actual return on Plan Assets Rs. 423 million (Previous year Rs.357 million).

17. The effect of foreign exchange fluctuation during the year is as under:

(i) The amount of exchange differences (net) debited to the Profit & Loss Account is **Rs. 244 million** (previous year credit of Rs.106 million).

(ii) The amount of exchange differences debited to the carrying amount of fixed assets and Capital work-in-progress is **Rs11,655 million** (previous year credit of Rs. 234 million).

18. Borrowing costs capitalised during the year is **Rs. 13,356 million** (previous year Rs.6,685 million).

19. Segment information:

a) Business Segment :

The Company's principal business is generation and sale of bulk power to State Power Utilities. Other business includes providing consultancy, project management and supervision, oil and gas exploration and coal mining.

b) Segment Revenue and Expense

Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to the segments and common expenses allocated on a reasonable basis are considered as Segment Expenses.

c) Segment Assets and Liabilities

Segment assets include all operating assets in respective segments comprising of net fixed assets and current assets, loans and advances. Construction work-in-progress, construction stores and advances are included in unallocated corporate and other assets. Segment liabilities include operating liabilities and provisions.

Rs. Million						
	Business Segments					
	Generation		Others		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue :						
Sale of Energy/Consultancy, Project Management and Supervision fees*	422,739	373,783	19,714	12,567	442,453	386,350
Internal Consumption of Electricity	514	409	-	-	514	409
Total	423,253	374,192	19,714	12,567	442,967	386,759
Segment Result#	90,232	91,754	1,281	617	91,513	92,371
Unallocated Corporate Interest and Other Income	-	-	-	-	30,736	27,988
Unallocated Corporate expenses, interest and finance charges	-	-	-	-	29,176	16,849
Income Taxes (Net)	-	-	-	-	12,148	28,811
Profit after Tax	-	-	-	-	80,925	74,699
Segment assets	448,712	345,569	10,108	5,492	458,820	351,061
Unallocated Corporate and other assets	-	-	-	-	651,461	584,472
Total assets	448,712	345,569	10,108	5,492	1,110,281	935,533
Segment liabilities	89,086	64,671	8,289	4,180	97,375	68,851
Unallocated Corporate and other liabilities	-	-	-	-	437,168	336,811
Total liabilities	89,086	64,671	8,289	4,180	534,543	405,662
Depreciation	24,675	21,885	7	6	24,682	21,891
Non-cash expenses other than Depreciation	246	63	51	4	297	67
Capital Expenditure	149,680	96,701	391	168	150,071	96,869

* Includes **Rs. 10,201 million** (previous year Rs.11,336 million)for sales related to earlier years

Segment result would have been **Rs.80,031 million** (previous year Rs.80,418 million) without including the sales related to earlier years.

d) The operations of the Company are mainly carried out within the country and therefore, geographical segments are inapplicable.

20. Related party disclosures

a) Related parties:

Key Management Personnel:

A. NTPC Ltd.

Shri T. Sankaralingam
Shri R.S. Sharma
Shri Chandan Roy
Shri R.K. Jain

Chairman and Managing Director ¹
Chairman and Managing Director ²
Director (Operations)
Director (Technical)

Shri A.K. Singhal	Director (Finance)
Shri R.C. Shrivastav	Director (Human Resources)
Shri K.B. Dubey	Director (Projects)
Shri I.J. Kapoor	Director (Commercial) ³

B. NTPC Alsthom Power Services Ltd.

Shri. K.K.Seth	Managing Director ⁴
Shri.R.N.Sen	Managing Director
Shri.D.K.Sardana	Whole time Director ⁵
Shri . Rakesh Amol	Whole time Director ⁶

C. Utility Powertech Ltd.

Shri.I.S.Paraswal	Chief Executive
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1. Superannuated on 30th April 2008
2. Director (Commercial) from 1st April 2008 to 30th April 2008 and assumed charge as Chairman and Managing Director w.e.f 1st May 2008.
3. W.e.f 26th December 2008
4. Up to 31st January,2008
5. Ceased to be Director w.e.f. 6th November ,2008
6. W.e.f.6th November, 2008

- b) Remuneration to key management personnel is **Rs. 19 million** (previous year Rs.15 million) and amount of dues outstanding to the Company as on 31st March 2008 are **Rs.4 million** (previous year Rs.1 million).

21. Disclosure regarding leases

a) Finance leases

The Company has taken on lease certain vehicles and has the option to purchase the vehicles as per terms of the lease agreements, details of which are as under:

		Rs. Million	
		31.03.2009	31.03.2008
a)	Outstanding balance of minimum lease payments		
	• Not later than one year	6	4
	• Later than one year and not later than five years	14	5
	Total	20	9
b)	Present value of (a) above		
	• Not later than one year	4	3
	• Later than one year and not later than five years	12	4
	Total	16	7
c)	Finance Charges	4	2

b) Operating leases

The Company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and guest houses/transit camps. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Employees' remuneration and benefits include **Rs. 330 million** (previous year Rs.245 million) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices and guest house/transit camps are shown as Rent in 'Generation, Administration and Other expenses'.

22. The elements considered for calculation of Earning Per Share (Basic and Diluted) are as under:

	Current Year	Previous Year
Net Profit after Tax used as numerator (Rs. Million)	80,925	74,699
Weighted average number of equity shares used as denominator	8245,464,400	8245,464,400
Earnings per share (Basic and Diluted) Rupees	9.81	9.06
Face value per share (Rupees)	10/-	10/-

23. The item-wise details of deferred tax liability (net) are as under:

	(Rs. Million)	
	31.03.2009	31.03.2008
Deferred tax liability		
i) Difference of book depreciation and tax depreciation	70,222	71,088
Less: Deferred tax assets		
i) Provisions & Other disallowances for tax purposes	15,318	12,237
ii) Disallowed u/s 43B of the Income Tax Act, 1961	3,385	2,808
	18,703	15,045
Deferred tax liability (net)	51,519	56,043

The net decrease in the deferred tax liability of **Rs.4,524 million** (previous year increase Rs.1,516 million) and the same is recoverable / payable from the customers, on becoming part of the current tax .

24. Research and Development expenditure charged to revenue during the year is **Rs. 81 million** (previous year Rs.62 million).

25. Foreign currency exposure not hedged by a derivative instrument or otherwise:

Sl. No	Particulars	Currencies	Amount Rs. Million	
			31.03.2009	31.03.2008
a.	Borrowings, including interest accrued but not due thereon.	USD	74,612	53,076
		JPY	32,339	25,519
		Others	4,727	649
b.	Sundry creditors/deposits and retention monies	USD	6,904	6,425
		EURO	1,237	1,720
		Others	997	914
c.	Sundry debtor and Bank balances	GBP	-	101
		USD	119	51
		EURO	310	305
d.	Unexecuted amount of contracts remaining to be executed	USD	43,818	31,842
		EURO	40,270	15,994
		Others	587	2,147

26. The pre-commissioning expenses during the year amounting to **Rs.1,689 million** (previous year Rs.1,750 million) have been included in Fixed Assets/Capital work-in-progress after adjustment of pre-commissioning sales of **Rs.1,610 million** (previous year Rs.721 million) resulting in a net pre-commissioning expenditure of **Rs.79 million** (previous year Rs.1,029 million).

27. Estimated amount of contracts remaining to be executed on capital account and not provided for is **Rs.647,315 million** (previous year Rs.294,766 million) which include an amount of **Rs.36,936 million** (previous year Rs.31,256 million) in respect of jointly controlled entities

28. **Contingent Liabilities:**

1. Claims against the Company not acknowledged as debts in respect of:

- (i) Capital Works

Some of the contractors for supply and installation of equipments and execution of works at our projects have

lodged claims on the Company for **Rs. 46,623 million** (previous year Rs.11,255 million) seeking enhancement of the contract price, revision of work schedule with price escalation, compensation for the extended period of work, idle charges etc. These claims are being contested by the Company as being not admissible in terms of the provisions of the respective contracts.

The company is pursuing various options under the dispute resolution mechanism available in the contract for settlement of these claims. It is not practicable to make a realistic estimate of the outflow of resources for settlement of such claims pending resolution.

(ii) Land compensation cases

In respect of land acquired for the projects, the land losers have claimed higher compensation before various authorities/courts which are yet to be settled. In such cases, contingent liability of **Rs. 15,515 million** (previous year Rs.10,465 million) has been estimated.

(iii) Others

In respect of claims made by various State/Central Government departments/Authorities towards building permission fees, penalty on diversion of agricultural land to non- agricultural use, Nala tax, Water royalty etc. and by others, contingent liability of **Rs.12,585 million** (previous year Rs.12,923 million) has been estimated. This includes amount of Rs 2,558 million billed by the Coal supplier on account of MPGATSV tax up to 31st July 2007 which is subject matter of dispute before Supreme Court.

In respect of (i) and (ii) above, payments, if any, by the company on settlement of the claims would be eligible for inclusion in the capital cost for the purpose of determination of tariff as per CERC Regulations subject to prudence check by the CERC. In case of (iii), the estimated possible reimbursement is **Rs.2,750 million** (previous year Rs.3,443 million).

2. Disputed Income Tax/Sales Tax/Service Tax / Excise demands

Demand made against the company by Central/State Tax Authorities amounting to **Rs.1,401 million** (previous year Rs.15,542 million) are disputed by the Company and contested before various Appellate Authorities. In such cases, the company estimated possible reimbursement of **Rs.131 million** (previous year Rs.10,063 million).

3. Others

Unexpired Letters of credit other than for capital expenditure amount to **Rs.1,432 million** (previous year Rs.2,481 million) and other contingent liabilities amount to **Rs.1,842 million** (previous year Rs.315 million). In such cases, the company estimated possible reimbursement of **Rs. Nil** (previous year Rs.17 million).

Some of the beneficiaries have filed appeals against the tariff orders of the CERC. The amount of contingent liability in this regard is not ascertainable.

The contingent liabilities disclosed above include **Rs.737 million** (Previous year Rs.736 million) share of jointly controlled entities.

29. For certain items, the Company and its Joint Ventures have followed different accounting policies. However, impact of the same is not material.
30. Figures have been rounded off to nearest rupees in millions.
31. Previous year figures have been regrouped/rearranged wherever necessary.

STATEMENT OF CHANGES IN THE ACCOUNTING POLICIES ADOPTED FOR THE YEAR ENDED ON MARCH 31, 2008 AND THE HALF YEAR ENDED ON SEPTEMBER 30, 2009 AS COMPARED TO THAT FOR THE YEAR ENDED ON MARCH 31, 2009

1. During the year ended March 31, 2009, the following changes were made in the accounting policies:

- a. Consequent upon the withdrawal of Guidance Note on ‘Treatment of Expenditure during Construction Period’ by the Institute of Chartered Accountants of India (ICAI) during the year 2008-09, the Company has identified the administration and general overhead expenses which are attributable to construction of fixed assets at corporate office and construction projects as per the provisions of Accounting Standard 10 - “Accounting for Fixed Assets” in the Companies (Accounting Standards) Rules, 2006. Previously, administration and general overhead expenses incurred at Corporate Centre/Headquarters/T&CC Offices (CC Expenses) which were common to operation and construction activities were allocated between Profit & Loss Account and Incidental Expenses during Construction (IEDC) in the proportion of sales to annual capital outlay. Such CC Expenses along-with the expenses of projects treated as IEDC were included in the cost of related assets. Accordingly, the company revised the accounting policy relating to accounting of expenditure incurred during construction period as under:

Administration and general overhead expenses attributable to construction of fixed assets incurred till they are ready for their intended use are identified and allocated on a systematic basis to the cost of related assets.

Further, the accounting policy related to allocation of expenses of Corporate Office and Projects common to operation and construction activity was deleted.

- b. Considering the opinions of the Expert Advisory Committee (EAC) of the ICAI with regard to accounting of exchange differences loss/gain arising from settlement/ restatement of foreign currency monetary items and also on account of insertion of Para 46 in Accounting Standard (AS) 11 relating to “The Effects of changes in Foreign Exchange Rates” in the Companies (Accounting Standards) Rules, 2006, notified on March 31, 2009, the company revised its accounting policies related to accounting of exchange differences as under:

- Exchange differences (loss), arising from translation of foreign currency loans relating to fixed assets/capital work-in-progress to the extent regarded as an adjustment to interest cost are treated as borrowing cost.

Previously, such exchange differences (gain or loss) were treated as borrowing costs.

- Exchange differences arising from settlement / translation of foreign currency loans (other than regarded as borrowing cost), deposits / liabilities relating to fixed assets / capital work-in-progress in respect of transactions entered prior to 01.04.2004, are adjusted in the carrying cost of related assets. Such exchange differences arising from settlement / translation of long term foreign currency monetary items in respect of transactions entered on or after 01.04.2004 are adjusted in the carrying cost of related assets.

Previously, exchange differences (other than regarded as borrowing cost) in respect of transactions entered on or after 01.04.2004 were recognised in the Profit & Loss Account except in case of projects under construction.

Further, a new accounting policy was added in respect of exchange differences arising from translation/settlement of monetary items denominated in foreign currency to the extent recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations. These are accounted as ‘Deferred Foreign Currency Fluctuation Asset/Liability’ during construction period and adjusted in the year in which the same becomes recoverable/payable from the beneficiaries.

- c. In addition to above, wordings in certain accounting policies were modified to bring more clarity.

2. During the half-year ended September 30, 2009, the following changes were made in the accounting policies:

- a) In the Tariff Regulations 2004, there was a provision of earning incentive of 25 paisa/kwh for ex-bus scheduled energy corresponding to scheduled generation in excess of ex-bus energy corresponding to specified Plant Load Factor. In the Tariff Regulations 2009, recovery of capacity charges has been made proportionate to the availability

factor. Thus incentive/disincentive have become a part of the capacity charges and covered by the existing Accounting Policy related to income recognition. Accordingly, the accounting policy related to recognition of incentive/disincentive based on the norms specified by the CERC was deleted.

- b) The CERC has issued Tariff Regulations, 2009 for a period of five years from 1st April 2009. These Regulations provide that the balance depreciable value of the each of the existing stations as on 1st April 2009 shall be worked out by deducting the cumulative depreciation including the Advance against Depreciation (AAD) as admitted by the CERC up to 31st March 2009 from the gross depreciable value of the assets. There is no provision for AAD in the said Regulations.

In view of the change in the depreciation rates for tariff purposes as notified by the CERC, the company revised its accounting policy and the amount of AAD required to meet the shortfall in the component of depreciation in revenue over the depreciation to be charged off in future years has been assessed station-wise and wherever an excess has been determined the same has been recognised as sales during the half-year ended 30th September 2009. Further, the accounting policy related to accounting of advance against depreciation was modified as under:

Advance against depreciation considered as deferred revenue in earlier years is included in sales to the extent depreciation recovered in tariff during the year is lower than the corresponding depreciation charged.

- c) In addition to above, wordings in certain accounting policies were modified to bring more clarity.

ANNEXURE – B 1

Summary of Accounting Ratios - Consolidated

	Fiscal Year ended March 31,		Half-year ended September 30, 2009
	2008	2009	
Earning Per Share (Rs.) (Basic & Diluted)	9.06	9.81	5.36
Net Assets Value per Share (Rs.)	64.11	69.62	75.01
Return on Net Worth (%)	14.13	14.10	7.15
Number of Equity Share Outstanding at the end of the year/period	8245464400	8245464400	8245464400

Formula:

Earning Per Share (Rs.)	$\frac{\text{Net Profit after tax and before Extraordinary Items}}{\text{No. of Equity Share Outstanding at the end of the Year/Period}}$
Net Assets Value per Share (Rs.)	$\frac{\text{Net Worth}}{\text{No. of Equity Share Outstanding at the end of the Year/Period}}$
Return on Net worth (%)	$\frac{\text{Net Profit after tax}}{\text{Net Worth}}$

Note:

1. Earning per share is calculated in accordance with Accounting Standard (AS -20) "Earning Per Share" notified under the Companies (Accounting Standards) Rules, 2006.
2. Net worth means paid-up share capital plus reserves & surplus.
3. Earning per share (basic and diluted) and return on net worth for the half-year ended September 30, 2009 are not annualised.

ANNEXURE – C 1

(Rs. in million)

Capitalisation Statement - Consolidated

Sl. No.	Particulars	Pre-issue As At 30.09.2009	Post Issue (As adjusted for Issue)
A.	Debt:		
	a) Short Term Debt	34,171	34,171
	b) Long Term Debt	364,697	364,697
B.	Shareholders' Funds:		
	a) Equity Share Capital	82,455	82,455
	b) Reserves & Surplus	536,007	536,007
	Total Shareholders' Funds (Equity)	618,462	618,462
C.	Long-term Debt/Equity	0.59: 1	0.59 : 1

Notes:

1. There will be no change in the capitalisation statement post issue as the issue is in connection with the 'Further Public Offering' of equity by the selling shareholders.
2. Short term debts represent debts which are due within 12 months from September 30, 2009.
3. Long term debts represent debts other than short term debts as defined in (2) above.

SELECTED UNAUDITED STANDALONE FINANCIAL INFORMATION

The following financial information is being provided pursuant to sub-clause (BA)(2)(ii)(1) in Part A in para (2) in item (IX) of Schedule VIII of the SEBI Regulations. This information has not been reviewed or audited by our auditors and investors should not place undue reliance on this financial information.

Information for the period from April 1, 2009 to November 30, 2009

Working Results for the period from April 1, 2009 to November 30, 2009

		<i>Rs. (in million)</i>
(a)	(i) Sales / Turnover	298,582
	(ii) Other Income	19,525
(b)	Estimated Gross Profit (excluding depreciation and taxes)	92,666
(c)	(i) Provision for depreciation	17,135
	(ii) Provision for taxes	17,000
(d)	Estimated net profit (after tax)	58,531

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion of our financial condition and results of operations together with our unconsolidated and consolidated audited financial statements for and as of the fiscal years ended March 31, 2008 and 2009 and for the six months ended September 30, 2009, and the unconsolidated, unaudited, limited review profit and loss statement for the six months ended September 30, 2008, including the notes thereto and reports thereon for the unconsolidated and consolidated financial statements for and as of the fiscal year ended March 31, 2009, which appear elsewhere in this Red Herring Prospectus. These financial statements have been prepared in accordance with Indian GAAP and the Companies Act. Indian GAAP differs in certain significant respects from U.S. GAAP and International Financial Reporting Standards (“**IRFS**”). This discussion contains forward-looking statements that are subject to risks, uncertainties and assumptions, including those discussed under “**Risk Factors**” on page xvi. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.*

The discussion of our financial condition and results of operations under the caption “Comparison of first half of Fiscal 2010 to first half of Fiscal 2009” is based upon our unconsolidated, audited, financial statements for and as of the six months period ended September 30, 2009, and the unconsolidated, unaudited, limited review profit and loss statement for the six months ended September 30, 2008. The discussion of our financial condition and results of operations under the captions “Comparison of Fiscal 2009 to Fiscal 2008” is based upon the unconsolidated, audited financial statements for and as of March 31, 2008 and 2009, as applicable. Our fiscal year ends on March 31 of each year, so all references to a particular Fiscal year are to the twelve-month period ended March 31 of that year. The six month period ended September 30, 2009 and September 30, 2008 are referred to in this discussion as the “first half of Fiscal 2010” and the “first half of Fiscal 2009,” respectively.

OVERVIEW

We are the largest power generating company in India. As of September 30, 2009, our installed power generating capacity is approximately 18.6% of India's total installed capacity. In Fiscal 2009, we contributed 28.6% of the total power generation of India. (Source: CEA). In 2009, we were the top IPP in Asia, and ranked second in the world, on the basis of asset worth, revenues, profits and return on invested capital, according to a study conducted by Platts, a division of the McGraw-Hill Companies. Prior to this Offer, the GoI owns approximately 89.5% of our equity share capital.

As of September 30, 2009, our total installed power generation capacity was 30,644 MW, including 28,350 MW of generation capacity through 112 units owned by us and 2,294 MW of capacity through two joint venture companies. Of our owned capacity, 86.0% is coal-based, operated through 15 coal-based power stations, and 14.0% is gas-based, operated through seven gas-based power stations (including one naphtha-fired station). In Fiscal 2009, we generated 206.9 billion units of electricity through our own stations.

As of September 30, 2009, we have added 3,240 MW during the XI Plan and we are presently engaged in construction activities for projects representing 17,930 MW (including 4,000 MW undertaken by our joint venture companies). We are also pursuing a basket of projects for approximately 33,000 MW of capacity which are in various stages, including projects for which tender has been invited, a FR prepared, or a FR is under preparation and approval, in order to achieve our stated goal of 75,000 MW capacity by Fiscal 2017.

Currently, all of our total sales of electricity are made pursuant to long term PPAs. More than 90% of our sales of electricity are to SEBs and state owned distribution companies for which payments are secured through LCs and the Tripartite Agreements. For private distribution company customers, payments are secured through letters of credit backed by a first charge created on their receivables in

favour of NTPC. In order to capitalize on the opportunity from the sale of merchant power, we are implementing 2,120 MW of power projects, as merchant power plants for selling power outside long-term PPAs at a market-based price. As provided by the National Electricity Policy, 2005, up to 15% of our new generating capacity may be sold outside long-term PPAs. However, some of the power generation from the merchant capacity may also be sold under PPAs.

We were incorporated on November 7, 1975 as a thermal power generating company with the objective of complementing State initiatives in the integrated development of thermal power generation in the country. We have implemented a series of initiatives designed to provide us with a superior corporate governance framework. We were conferred the status of “Navratna” by the GoI in 1997, which granted us operational and financial autonomy.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that the following are significant factors that affect and will continue affecting our results of operations:

Tariff Policies

We base our charges for the sale of electricity under our long term PPAs on tariff rates set by the CERC. The tariff rates reflect a capacity charge based on plant availability, an energy charge based primarily on fuel costs and an unscheduled interchange charge which is a charge (or penalty) designed to create incentives for grid discipline. The CERC sets our tariff rates for each stage of a station on the basis of the tariff norms it has notified. Tariff norms are in effect for periods of five years. The CERC’s most recent tariff regulation became effective from April 1, 2009 (the “**2009 Regulations**”).

Fiscal 2010-2014

The following are the significant elements of the 2009 Regulations:

- A capacity charge for making plant capacity available. We are allowed to recover the capacity charge in full if plant availability is at least 85%. If the availability of the plant is lower than 85%, we recover the capacity charge on a pro rata basis. The capacity charge consists of a number of components, which include:
 - Return on equity on pre-tax basis at a base rate of 15.5%, to be grossed up by the normal tax rate as applicable for the respective year. For projects commissioned on or after April 1, 2009, there is an additional return of 0.5% if the new projects are completed within the timeline specified in the 2009 Regulations.
 - The recovery of interest cost on normative debt and return on equity for all stations declared in commercial operation on or after April 1, 2009 will be based on a prescribed 70/30 debt to equity ratio. Where the equity employed is greater than 30%, the amount of equity for determination of the tariff will be limited to 30%. The return on the excess equity can be recovered on the same basis as the recovery on the debt component. Where the equity employed is less than 30%, the actual amounts of debt and equity will be used for purposes of determination of the tariff. In case of existing generating stations, recovery of interest costs on the debt will be based on the debt to equity ratio allowed for the determination of the tariff in the previous tariff period ended March 31, 2009.
 - Interest on working capital determined as per norms.
 - Recovery of depreciation up to 90% of capital costs, excluding the cost of land, based upon the rates of depreciation prescribed in the regulation, for a 12 year period from

the CoD. The remaining depreciable value thereafter, is to be spread over the balance useful life of the assets.

- Recovery of operation and maintenance costs determined normatively based on size of the plant on a per-MW basis.
- Recovery of secondary fuel oil costs for coal-based stations on a normative basis.
- A special allowance per annum per MW for plants in operation beyond their useful life in lieu of recovery for capital expenditures on renovation and modernization.
- Compensation allowances on a per annum per MW basis to meet expenses on new capital assets, including minor capital assets, after 10 years of commercial operation.
- Energy charges are allowed on the basis of norms for heat rate and auxiliary consumption on scheduled energy. The norms in the 2009 Regulations are more stringent than the norms contained in the 2004 Regulations.
- In addition to the capacity charges and the energy charges, other elements of the 2009 Regulation include:
 - An incentive for availability above specified norms determined by a given formula.
 - Recovery of the cost of hedging interest on and repayment of FC loans and exchange rate fluctuations for unhedged interest on and repayment of FC loans on a normative basis.
 - An unscheduled interchange charge is receivable or payable for the supply or offtake of electricity at variance with the schedule given by the relevant load dispatch centre. The charge varies depending upon system frequency. The unscheduled interchange charges are receivable or payable at rates notified by the CERC from time to time.

Our failure to operate within the norms set forth in the 2009 Regulations could adversely affect our operating results. See *“Risk Factors - The new tariff regulations pursuant to the CERC and Hydro Policy 2008 respectively may adversely affect our results of operations, our cash flow from operations and could result in an increase in future competition for us”* on page xxii.

Fiscal 2005-2009

From April 1, 2004 to March 31, 2009, our tariffs were determined pursuant to applicable CERC's tariff regulations (the **“2004 Regulations”**). The following were the regulations' significant elements:

- A fixed charge was levied for making plant capacity available. We were allowed to recover the fixed charge in full if plant availability is at least 80%. In the event plant availability is less than 80%, we could recover the fixed charge on a pro rata basis. The fixed charge consisted of a number of components, which included:
 - Return on equity at 14%, on a post-tax basis, based on a prescribed debt-to-equity ratio.
 - The recovery of interest cost on normative debt and return on equity for all stations declared in commercial operation on or after April 1, 2004, based on a prescribed 70/30 debt to equity ratio. Where the equity employed is greater than 30%, the amount of equity for determination of the tariff was limited to 30%. The return on the excess equity was to be recovered on the same basis as the recovery on the debt component. Where the equity employed was less than 30%, the actual amounts of debt and equity were used for purposes of determination of the tariff. In the case of existing generating stations, recovery of interest costs on the normative debt were

based on the debt to equity ratio allowed for the determination of the tariff in the previous tariff period ended March 31, 2004.

- Interest on working capital determined on a normative basis.
 - Recovery of depreciation up to 90% of capital costs, excluding the cost of land, based upon the rates of depreciation prescribed in the regulations spread over the useful life of the asset. Depreciation on plant and machinery at 3.6% p.a for coal based stations and at 6.0% p.a for gas-based stations was permitted.
 - In addition to the depreciation “Advance Against Depreciation” was allowed to facilitate the repayment of our debts. On repayment of our entire debt, the depreciable value remaining was to be spread over the balance useful life of the station.
 - Recovery of the operation and maintenance costs determined normatively based on size of the plant, on a per-megawatt basis.
- Variable charges for the electricity sold were determined on the basis of landed cost of fuel applied on the quantity of fuel consumption derived on the basis of norms for heat rate, auxiliary consumption and specific oil consumption.
 - In addition to the fixed capacity charges and the variable charges, other elements of the tariff included:
 - Incentives for operating plants at PLF of more than 80% at Rs. 0.25 per unit.
 - Recovery of exchange rate fluctuations for FC loans and interest on a normative basis.
 - The unscheduled interchange charge payable (or receivable) at prescribed rates.
 - Taxes related to income arising from our generation activities.

In case of abnormal operations and maintenance expenses arising due to circumstances beyond the control of a generating company, the generating company has the liberty to approach the CERC for allowing such abnormal expenses on the merits of each case. We can approach the CERC for an adjustment in the tariff rate to account for an abnormal increase in our operations and maintenance expenses for the pay revision with effect from January 1, 2007 to March 31, 2009, as the effect of this pay revision was not included in the norms for operations and maintenance expense for the tariff period 2004-2009.

Provisional Tariffs

The 2009 Regulations provide for provisionally billing our customers of existing stations as of March 31, 2009, as per the tariff approved by the CERC and applicable as on March 31, 2009, until approval of the final tariff. If the tariff provisionally billed exceeds or falls short of the final tariff approved by CERC, we shall refund to or recover from our customers the excess or the shortfall amount, as the case may be, along with simple interest at the rate equal to the short term prime lending rate of the State Bank of India (SBI) as of April 1st of the respective year

However, we provisionally recognize revenue from the sale of electricity based upon our assessment of the likely final tariff based on the CERC regulations for each station. When the CERC fixes the final tariff for these stations, we make adjustments to our revenues on the basis of the final order to the extent of the difference between the provisionally recognized revenues and the revenues based on the final tariffs. In any Fiscal year, there are several stations for which final tariffs are unavailable because the CERC has not yet issued the final tariff orders.

The capital base and normative loans considered for the 2009 Regulations have been carried forward as per the 2004 Regulations pursuant to the favourable disposal of our appeal by the ATE. We have recognized revenues in accordance with such order. The orders of the Appellate Tribunal have been challenged by the customers and the CERC before Hon'ble Supreme Court of India and are pending disposal. For further details, see ***“Risk Factors - We are involved in a number of legal proceedings that, if determined against us, could adversely impact our business and financial condition”*** on page xxxii.

Fuel Availability and Price

We are responsible to arrange fuel at our operating stations to meet the target availability. The 2009 Regulations allow us to recover the fuel costs provided we meet the prescribed operating norms. CERC determines the energy charge in the tariff based on the prices of fuel prevailing at the beginning of the tariff period. Any change in the price of fuel subsequently is allowed to be recovered as per the formula in the regulations. In gas-based stations which may use dual fuel firing, any change in the mix of fuel burnt is also allowed to be recovered from our customers.

We purchase substantially all of our coal requirements from subsidiaries of CIL and SCCL. As of September 30, 2009, we have signed long term CSAs with coal companies covering 12 of our 15 coal-based stations. The CSAs have a term of 20 years from the effective date except for power stations with a remaining life less than 20 years, in which case the agreement is limited to the life of the power station. The CSAs have a provision for a review at the end of every five years, in respect of ACQ and related provisions. Supplies currently continue to be made at those stations where a CSA is yet to be signed as per the coal supply linkage allocated by the MoC.

We also source imported coal through two public sector undertakings. During Fiscal 2009 imported coal comprised 4.2% of our total coal received. The pricing of coal for these imports is linked to global indices. We are also currently sourcing coal through e-auctions conducted by the subsidiary coal companies of CIL and short term, bilateral agreements with SCCL and subsidiaries of CIL.

We source gas domestically under an administered price and supply regime. We have executed gas supply agreements with GAIL for the supply of gas for our gas-based power stations, which are valid up to 2021. As per the terms of these agreements, the gas price is regulated under government pricing orders issued by the MoPNG, from time to time. We are also sourcing gas and re-gassified liquid natural gas (RLNG) from public and private sector companies on a spot, short and/or long term basis after obtaining the prior consent of our customers for off-take of energy generated based on such fuel. We have entered into a long term agreement with one of the private sector gas companies for supply of gas based on allocation and price approved by the GoI for three of our gas-based stations. See ***“Our Business - Fuel Supply”*** on page 72.

COMPONENTS OF REVENUES AND EXPENDITURES

Revenues

Our revenues primarily comprise income from sales, which includes electricity sales and revenues from consultancy and other services. Our revenues also include other income, which is primarily comprised of interest income.

Sales

We currently derive substantially all of our revenues from electricity sales to SEBs and distribution companies. We make electricity sales from our existing plants pursuant to long-term PPAs that cover 100% of current capacity, with 25-year terms in the case of most of our coal-based stations and 15 years in the case of most of our gas-based stations, which are the estimated average lives of the plants. The agreements are typically renewed or extended after the initial term expires by mutual agreement.

Although we have increased our electricity generation capacity significantly in recent years, demand for electricity in India remains substantially higher than the available supply. As a result, we have not experienced difficulty entering into PPAs to cover our capacity and do not expect difficulties in the near future. We have collected 100% of billings from the sale of power in each of the past six years.

In Fiscal 2009 we also derived Rs. 1,325 million (approximately 0.3% of our revenues) from our consultancy division. Our consultancy division undertakes consultancy and turnkey project contracts for domestic and international clients in the different phases of power plants, including engineering, project management, construction management, and operations and maintenance.

Other Income

Other income mainly comprises income from investment of surplus cash, income from 8.5% Tax Free State Government special bonds issued under the OTSS (the “**Tax Free Bonds**”), interest on loan to a state government under the OTSS (the “**OTSS Loan**”), dividend on equity investments in joint ventures and subsidiaries, and other miscellaneous income.

Energy Internally Consumed

Energy internally consumed relates to our own consumption of power at townships and for construction works at stations. We value this energy at the variable cost of generation, and we reflect this amount in both revenue and expense.

Provisions Written Back

Provisions written back is the reversal of provisions created in prior years which were then necessitated due to doubtful loans, advances, and claims, unserviceable works, shortages in stores and spares, obsolescence/diminution in value of inventory items.

Expenditures

Fuel

Fuel costs accounted for approximately 59.9% of our total revenues for Fiscal 2009. The primary fuels we use in power generation are coal and natural gas. We also use naphtha as the primary fuel in one station and as an alternate fuel in our gas-based plants. We use oil as a secondary fuel for our coal-based stations. Our coal-based stations accounted for 88.6% of our total electricity generation in Fiscal 2009 while our gas-based stations accounted for 11.4%. As discussed above, under the tariff set by the CERC, we are able to recover our fuel charges from our customers, provided we meet certain operating parameters. See “**Factors Affecting our Results of Operation - Tariff Policies**” on page 162.

Employees’ Remuneration and Benefits

Employees' remuneration and benefits include salaries and wages, incentives, allowances, benefits, contribution to provident and other funds and welfare expenses. Our board of directors determines executive pay-scales based on the guidelines provided by the DPE with approval of the Administrative Ministry. However, perks and allowances, other benefits and PRP are determined by the board of directors based on DPE guidelines. Revised pay-scales and benefit structure have been implemented for employees in executive category. For employees in supervisory category, DPE guidelines provide for determination of pay-scale and benefit structure by the board of directors. For unionized category employees, the DPE guidelines mandate settlement of wage and benefit structure through a negotiated settlement approved by the board of directors. Wage and benefit structure of approximately 49.7% of our employees as of September 30, 2009 is governed by negotiated settlement. The previous agreement governing wages and benefits of our unionized employees was

valid for a period of 10 years and expired on December 31, 2006. We are currently negotiating an agreement for the settlement of the wage and benefit structure for unionized category employees with effect from January 1, 2007. We have accounted for the estimated liability pending the settlement.

Generation, Administration and Other Expenses

Generation, administration and other expenses consist primarily of repair and maintenance of plant & machinery and buildings, power and water charges, security, insurance, training & recruitment expenses and expenses for travel and communication.

Depreciation

We expense depreciation on a straight line method as per the rates set forth in the Companies Act except for some items for which depreciation at higher rates is charged as per our accounting policy.

Provisions

We make provisions for doubtful loans, advances, and claims, unserviceable works and shortages in stores and obsolescence/diminution in value of other inventory items.

Interest and Finance Charges

Interest charges consist primarily of interest expense on bonds and term loans. Our borrowings are denominated in Rupees and foreign currencies, consisting primarily of Japanese Yen, U.S. Dollars and Euros. Finance charges include, among other things, rebates to customers paid pursuant to our rebate scheme for prompt payment. We capitalize borrowing costs related to the financing of construction projects.

Prior Period Income/Expenditure (Net)

Prior Period Income/Expenditure (Net) consists of elements of income and expenditure relating to previous years that have been charged to the profit and loss account in the current year in accordance with the Indian GAAP.

Income Taxes

We provide for current tax and deferred tax in accordance with the provisions of the IT Act and Indian GAAP. The Tariff Regulations allow us to recover our actual tax payments and deferred tax liability as and when it materializes in respect of our generation business through our tariffs up to March 31, 2009. For the tariff period from Fiscal 2010 to 2014, the CERC has increased the return on equity component of the tariff by grossing it up with the applicable tax rate.

Significant Accounting Policies

The financial statements are prepared on accrual basis of accounting under the historical cost convention in accordance with generally accepted accounting principles in India (“**Indian GAAP**”) and the relevant provisions of the Companies Act including accounting standards notified thereunder. The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and assumptions and such differences are recognized in the period in which the results are crystallized.

We have adopted the following significant accounting policies for preparation of accounts for the first half of Fiscal 2010. Complete set of the accounting policies adopted for preparation of annual accounts for Fiscal 2009 are placed elsewhere in the Red Herring Prospectus.

Fixed Assets

We add any expenditure on renovation and modernisation of our fixed assets that result in increased life and/or efficiency of an existing asset, to the cost of related assets. We reflect capital expenditure on assets not owned by us as a distinct item in capital work-in-progress till the period of completion and thereafter in fixed assets. We treat deposits, payments/liabilities, which are made provisionally towards compensation, rehabilitation and other expenses relatable to land in possession, as cost of land. We capitalise assets and systems common to more than one generating unit on the basis of engineering estimates/assessments.

Capital Work-in-Progress

We treat the value of supplies received and accepted at site in respect of supply-cum-erection contracts as capital work-in-progress. We identify and allocate on a systematic basis administration and general overhead expenses, incurred and attributable to the construction of fixed assets till the relevant assets are ready for their intended use, to the cost of related assets. We account for deposit works/cost plus contracts on the basis of statements of account received from the contractors. We account for claims for price variation/exchange rate variation in case of contracts, on acceptance.

Foreign Currency Transactions

We treat losses due to exchange differences, arising from translation of FC loans relating to fixed assets/capital work-in-progress to the extent regarded as an adjustment to interest cost, as borrowing cost. In respect of transactions entered into before 1 April 2004, we adjust exchange differences arising from settlement/translation of FC loans (other than those regarded as borrowing cost), deposits/ liabilities relating to fixed assets/capital work-in-progress, in the carrying cost of related assets. In the case of transactions entered into on or after 1 April 2004, we adjust such exchange differences arising from settlement / translation of long term FC monetary items, in the carrying cost of related assets. We recognize other exchange differences as income or expense in the period in which they arise.

Profit and Loss Account

We account for sale of energy based on tariff rates approved by the CERC. In case of power stations where the tariff rates are yet to be approved/agreed, provisional rates are adopted. We include in sales any advance against depreciation considered as deferred revenue in earlier years to the extent depreciation recovered in tariff during the year is lower than the corresponding depreciation charged.

We account for exchange differences on account of translation of FC borrowings recoverable from or payable to the beneficiaries in subsequent periods, as per CERC Tariff Regulations, as 'Deferred FC Fluctuation Asset/Liability'. The increase or decrease in depreciation or interest and finance charges for the year due to the accounting of such exchange differences is adjusted in sales. We account for exchange differences arising from translation/settlement of monetary items denominated in FC (other than long term) to the extent recoverable from or payable to the beneficiaries in subsequent periods, as per CERC Tariff Regulations, as 'Deferred FC Fluctuation Asset/Liability' during construction period and adjust in the year in which the same becomes recoverable/payable.

Provisions and Contingent Liabilities

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimate

required to settle the obligation at the balance sheet date and are not discounted to present value. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

RESULTS OF OPERATIONS

The following table sets forth certain information with respect to our unconsolidated revenues, expenditures and profits, including as a percentage of total revenues, for the periods indicated. Percentages may not tally due to rounding.

(Rs. in million except the percentages)

	Fiscal 2008	% of Total Revenues	Fiscal 2009	% of Total Revenues	First Half of Fiscal 2009 (Unaudited)	% of Total Revenues	First Half of Fiscal 2010	% of Total Revenues
Revenues:								
Sales	370,501	92.6	419,238	92.6	192,009	92.9	227,855	93.8
Energy internally consumed	409	0.1	514	0.1	244	0.1	281	0.1
Provisions written back	64	0.0	170	0.0	3	0.0	55	0.0
Other income	29,203	7.3	32,806	7.3	14,374	7.0	14,837	6.1
Total Revenues	400,177	100.0	452,728	100.0	206,630	100.0	243,028	100.0
Expenditures:								
Fuel	220,202	55.0	271,107	59.9	120,944	58.6	143,495	59.0
Employees' remuneration and benefits	18,960	4.7	24,631	5.4	11,826	5.7	10,945	4.5
Generation, administration & other expenses	16,284	4.1	18,192	4.0	8,677	4.2	9,908	4.1
Depreciation	21,385	5.4	23,645	5.2	10,791	5.2	12,565	5.2
Provisions	71	0.0	246	0.1	-	0.0	2	0.0
Interest and finance charges	17,981	4.5	20,229	4.5	9,483	4.6	9,854	4.1
Total Expenditures	294,883	73.7	358,050	79.1	161,721	78.3	186,769	76.9
Profit before Tax, Prior Period Adjustments and Extraordinary Items	105,294	26.3	94,678	20.9	44,909	21.7	56,259	23.1
Prior period income/expenditure (net)	2,745	0.7	1,083	0.2	868	0.4	(389)	(0.2)
Profit before Tax	102,549	25.6	93,595	20.7	44,041	21.3	56,648	23.3
Provision for current and fringe benefit tax	28,486	7.1	11,594	2.6	5,672	2.7	11,578	4.8
Provision for deferred tax	1,411	0.4	(4,488)	(1.0)	(1,034)	(0.5)	1,614	0.6
Less: Deferred tax recoverable	1,411	0.4	(4,488)	(1.0)	(1,034)	(0.5)	-	0.0
Current/Fringe benefit tax transferred to expenditure during construction period/development of coal mines	85	0.0	12	0.0	2	0.0	-	0.0
Net Taxation	28,401	7.1	11,582	2.6	5,670	2.7	13,192	5.4
Profit after Tax	74,148	18.5	82,013	18.1	38,371	18.6	43,456	17.9

Comparison of first half of Fiscal 2010 to first half of Fiscal 2009

Our financial results for the first half of Fiscal 2010 are audited; however, our financial results for the first half of Fiscal 2009 are unaudited. The ability to compare these results is accordingly limited. Our financial results for the first half of Fiscal 2010 may not be indicative of or comparable to our full Fiscal year results.

In the first half of Fiscal 2010, we sold 99,207 million units of electricity from commercial capacity (being capacity that is under commercial operation and is earning return on investment) of 27,912 MW, and in the first half of Fiscal 2009 we sold 90,471 million units of electricity from commercial capacity of 26,912 MW. This represents an increase of 9.7% in the number of units sold. This increase was primarily due to higher generation. Our average selling price was Rs. 2.29 per unit in the first half of Fiscal 2010, compared to Rs. 2.02 per unit in the first half of Fiscal 2009.

Our average availability in first half of Fiscal 2010 was 88.07 % for coal-based stations and 87.09 % for gas-based stations, compared to 88.51% for coal-based stations and 84.95% for gas-based stations in first half of Fiscal 2009. Our average PLF in first half of Fiscal 2010 was 87.62% for coal-based stations and 78.37% for gas-based stations, compared to 87.54 % for coal-based stations and 62.68 % for gas-based stations in first half of Fiscal 2009.

Revenues

Revenues increased 17.6% to Rs. 243,028 million in the first half of Fiscal 2010 from Rs. 206,630 million in the first half of Fiscal 2009. The reasons for this increase are discussed below:

Sales

Sales increased 18.7% to Rs. 227,855 million in the first half of Fiscal 2010, of which Rs. 227,143 million was contributed by electricity sales and Rs. 712 million from consultancy sales, from Rs. 192,009 million in the first half of Fiscal 2009, of which Rs. 191,425 million was contributed by electricity sales and Rs. 584 million from consultancy sales. The increase was primarily because of an increase in fuel prices which is a pass through, increase in fixed charges, and a 9.7% increase in units sold, mainly as a result of increased capacity

In addition, our revenues from consultancy, project management and supervision activities increased 21.9%, to Rs. 712 million in first half of Fiscal 2010 from Rs. 584 million in first half of Fiscal 2009. We secured 22 orders with an aggregate value of Rs. 243 million during first half of Fiscal 2010, including one overseas assignment.

Other Income

Our other income increased 3.2% in the first half of Fiscal 2010 to Rs. 14,837 million from Rs. 14,374 million in the first half of Fiscal 2009. Interest earned on investment of surplus cash increased to Rs. 7,947 million from Rs. 7,317 million in first half of Fiscal 2009, surcharge from late payments by customers increased to Rs. 548 million from Rs. 3 million first half of Fiscal 2009 and income earned from other sources increased to Rs. 890 million from Rs. 651 million in the first half of Fiscal 2009. This increase was offset by a decrease in tax free interest income from the Tax Free Bonds and OTSS Loan to Rs. 5,181 million from Rs. 5,924 million in the first half of Fiscal 2009, dividends from investments in mutual funds and subsidiaries and joint venture companies decreased to Rs. 271 million from Rs. 479 million first half of Fiscal 2009. The reduction in interest income from Tax Free Bonds and OTSS Loan is due to principal redemptions.

Expenditures

Our expenditures increased 15.5% to Rs. 186,769 million in the first half of Fiscal 2010 from Rs. 161,721 million in the first half of Fiscal 2009. Our expenditures as a percentage of total revenues were 76.9% in the first half of Fiscal 2010 compared to 78.3% in the first half of Fiscal 2009. Expenditures per unit of power sold increased to Rs. 1.88 per unit in the first half of Fiscal 2010 from Rs. 1.79 per unit in the first half of Fiscal 2009. The reasons for this increase are discussed below:

Fuel

Fuel expenses increased 18.6% to Rs. 143,495 million in the first half of Fiscal 2010, from Rs. 120,944 million in the first half of Fiscal 2009. Fuel expenses as a percentage of total revenues were 59.0% in the first half of Fiscal 2010 compared to 58.6% in the first half of Fiscal 2009.

The increase is primarily due to increased generation by 9.1% and increased consumption of imported coal of 4.3 million MT in first half of fiscal 2010 as against 0.86 million MT during the first half of Fiscal 2009. Fuel cost per unit of power sold increased to Rs. 1.45 per unit in first half of Fiscal 2010 from Rs. 1.33 per unit in first half of Fiscal 2009.

Employee remuneration and benefits

We had 23,813 employees on our payroll as of September 30, 2009, compared to 23,561 employees as of September 30, 2008 (in each case excluding employees in our subsidiaries and joint ventures).

Employee remuneration and benefits expenses decreased 7.4% to Rs. 10,945 million in the first half of Fiscal 2010, compared to Rs. 11,826 in the first half of Fiscal 2009. Employee remuneration and benefits expenses as a percentage of total revenues were 4.5% in the first half of Fiscal 2010 compared to 5.7% in the first half of Fiscal 2009. The primary reason for the decrease is a one time provisioning of Rs. 2,296 million towards gratuity and pension in the first half of Fiscal 2009. This decrease is offset by the additional expenditure/provision towards PRP of Rs. 906 million and towards additional provision of Rs. 295 million in respect of other employees' benefits compared to the first half of Fiscal 2009.

Generation, administration and other expenses

Generation, administration and other expenses increased 14.2% to Rs. 9,908 million in the first half of Fiscal 2010, compared to Rs. 8,677 million in the first half of Fiscal 2009. Generation, administration and other expenses as a percentage of total revenues were 4.1% in the first half of Fiscal 2010 compared to 4.2% in the first half of Fiscal 2009. Generation, administration and other expenses per unit of power sold remained at the same level at Rs. 0.09 in the first half of Fiscal 2010 as in the first half of Fiscal 2009.

Repairs and maintenance expenses increased 5.6% to Rs. 5,343 million in first half of Fiscal 2010 from Rs. 5,061 million in first half of Fiscal 2009. The remaining increase in first half of Fiscal 2010 is primarily due to increase in water charges by Rs. 172 million, security expenses by Rs. 152 million, traveling expenses by Rs. 143 million and insurance charges by Rs. 91 million compared to the first half of Fiscal 2009.

Depreciation

Depreciation expense increased 16.4% to Rs. 12,565 million in the first half of Fiscal 2010, compared to Rs. 10,791 million in the first half of Fiscal 2009. Depreciation expenses as a percentage of total revenues in the first half of Fiscal 2010 and in the first half of Fiscal 2009 remained the same at 5.2%. The increase in depreciation is mainly due to new capacities as well as capital additions on account of capital spares and renovation and modernization.

Interest and finance charges

Interest and finance charges increased 3.9% to Rs. 9,854 million in the first half of Fiscal 2010, compared to Rs. 9,483 million in the first half of Fiscal 2009. Interest and finance charges as a percentage of total revenues were 4.1% in the first half of Fiscal 2010 compared to 4.6% in the first half of Fiscal 2009. The increase is primarily due to new capacity.

Prior period income/expenditure (net)

Prior period expenditure (net) decreased 144.8% to Rs. (-)389 million in the first half of Fiscal 2010, compared to Rs. 868 million in the first half of Fiscal 2009.

Profit Before Tax

Due to the factors discussed above, our profit before tax in the first half of Fiscal 2010 increased 28.6% to Rs. 56,648 million, from Rs. 44,041 million in the first half of Fiscal 2009. As a percentage of total revenues, profit before tax increased to 23.3% in the first half of Fiscal 2010 from 21.3% in the first half of Fiscal 2009.

Provision for Taxes

Provision for taxes increased by 132.7% to Rs. 13,192 million in the first half of Fiscal 2010, from Rs. 5,670 million in the first half of Fiscal 2009, primarily due to a tax adjustment of Rs. 5,445 million resulting from favorable tax decisions during the first half of Fiscal 2009 and provision for deferred tax of Rs. 1,614 million which is not to be passed on to the customers as per 2009 Regulations.

Profit After Taxes

Profit after taxes increased by 13.3% to Rs. 43,456 million in the first half of Fiscal 2010, compared to Rs. 38,371 million in the first half of Fiscal 2009. Profit after taxes as a percentage of total revenues were 17.9% in the first half of Fiscal 2010 compared to 18.6% in the first half of Fiscal 2009.

Comparison of Fiscal 2009 to Fiscal 2008

In Fiscal 2009 we sold 193,688 million units of electricity from commercial capacity of 27,912 MW, and in Fiscal 2008 we sold 187,988 million units from commercial capacity of 25,912 MW. This represents an increase of 3.0% in the number of units sold. This increase was primarily due to higher generation of electricity as a result of increase in our capacity. Our average selling price was Rs. 2.12 per unit in Fiscal 2009, compared to Rs. 1.84 per unit in Fiscal 2008.

The following projects were declared commercial during Fiscal 2009 adding 2,000 MW to our commercial capacity:

Project	Capacity (MW)	Commercial Operation Date
Sipat Stage-II (1 st Unit)	500	June 20, 2008
Sipat Stage-II (2 nd Unit)	500	January 1, 2009
Kahalagaon Stage-II (1 st Unit)	500	August 1, 2008
Kahalagaon Stage-II (2 nd Unit)	500	December 30, 2008
Total	2000	

Our average availability in Fiscal 2009 was 92.5% for coal-based stations and 86.7% for gas-based stations, compared to 92.1% for coal-based stations and 85.9% for gas-based stations in Fiscal 2008.

Our average PLF in fiscal 2009 was 91.1% for coal-based stations and 67.0% for gas-based stations, compared to 92.2% for coal-based stations and 68.1% for gas-based stations in Fiscal 2008.

Revenues

Revenues increased 13.1% to Rs. 452,728 million in Fiscal 2009 from Rs. 400,177 million in Fiscal 2008. The reasons for this increase are discussed below:

Sales

Sales increased 13.2% to Rs. 419,238 million in Fiscal 2009, of which Rs. 417,913 million was contributed by electricity sales and Rs. 1,325 million from consultancy sales, from Rs. 370,501 million in the Fiscal 2008, of which Rs. 369,462 million was contributed by electricity sales and Rs. 1,039 million from consultancy sales. The increase was primarily because of increase in fuel prices, which is a pass-through cost under the CERC tariff regulations as described above, and a 3.0% increase in units sold mainly as a result of increased capacity.

In addition, sales increased because our revenues from consultancy, project management and supervision activities increased 27.5%, to Rs. 1,325 million in Fiscal 2009 from Rs. 1,039 million in Fiscal 2008. We secured 53 orders with an aggregate value of Rs. 1,888 million during Fiscal 2009, including seven overseas assignments totaling Rs. 40 million.

Other income

Our other income increased 12.3% in Fiscal 2009 to Rs. 32,806 million from Rs. 29,203 million in Fiscal 2008. Interest earned on investment of surplus cash in Fiscal 2009 increased to Rs. 15,775 million from Rs. 13,853 million in Fiscal 2008, income earned from other sources increased to Rs. 3,356 million in Fiscal 2009 from Rs. 2,389 million in Fiscal 2008, other income was higher due to interest on income tax refund of Rs. 2,199 million during Fiscal 2009. This increase was offset by decrease in tax free interest income from the Tax Free Bonds and the OTSS Loan to Rs. 11,476 million from Rs. 12,961 million in Fiscal 2008. The reduction in interest income was due to redemption of Rs. 16,515 million of Tax Free Bonds and Rs. 958 million received on the OTSS Loan.

Expenditures

Our expenditures increased 21.4% to Rs. 358,050 million in Fiscal 2009 from Rs. 294,883 million in Fiscal 2008. Our expenditures as a percentage of total revenues increased to 79.1% in Fiscal 2009 from 73.7% in Fiscal 2008. Expenditures per unit of power sold increased to Rs. 1.85 per unit in Fiscal 2009 from Rs. 1.57 per unit in Fiscal 2008. The reasons for this increase are discussed below:

Fuel

Fuel expenses increased 23.1% to Rs. 271,107 million in Fiscal 2009, from Rs. 220,202 million in Fiscal 2008. Fuel expenses as a percentage of total revenues were 59.9% in Fiscal 2009 compared to 55.0% in Fiscal 2008.

Higher fuel expenses in Fiscal 2009 were mainly due to fuel price increases. CIL increased its coal prices by approximately 10% in December 2007. This increase was reflected only in the last quarter of Fiscal 2008, but was reflected for the entire period of Fiscal 2009. Rs. 9,249 million of the increase in fuel cost in Fiscal 2009 was attributable to increased capacity. Coal transportation costs also increased in Fiscal 2009, along with gas and oil prices. Fuel cost per unit sold increased to Rs. 1.40 in Fiscal 2009 from Rs. 1.17 in Fiscal 2008.

Employees' remuneration and other benefits

We had 23,639 employees on our payroll as of March 31, 2009, compared to 23,674 employees as of March 31, 2008 (in each case excluding employees in our subsidiaries and joint ventures).

Employees' remuneration and other benefits increased by 29.9% to Rs. 24,631 million in Fiscal 2009 from Rs. 18,960 million in Fiscal 2008. Employees' remuneration and other benefits as a percentage of total revenues were 5.4% in Fiscal 2009 compared to 4.7% in Fiscal 2008. The primary reason for the increase is due to increase in provision towards wage revision and an increase in the gratuity ceiling as per the guidelines issued by the DPE, GoI. Provision for wage revision increased to Rs. 5,342 million in Fiscal 2009 from Rs. 4,094 million for Fiscal 2008. Provision of Rs. 4,837 million was made in Fiscal 2009 due to an increase in the gratuity ceiling by the GoI and required additional pension payments, compared to Rs. 572 million in Fiscal 2008. The remainder of the Fiscal 2009 increase includes additional incentives and other related employee benefits, together with typical annual increases in employee remuneration and benefits. As a result, employee costs per unit of power sold increased to Rs. 0.13 in Fiscal 2009 from Rs. 0.10 in Fiscal 2008.

Generation, administration and other expenses

Generation, administration and other expenses increased 11.7% to Rs. 18,192 million in Fiscal 2009 from Rs. 16,284 million in Fiscal 2008. Generation, administration and other expenses as a percentage of total revenues were 4.0% in Fiscal 2009 compared to 4.1% in Fiscal 2008. Generation, administration and other expenses per unit of power sold remained at Rs. 0.09 in Fiscal 2009. Rs. 647 million of the increase in generation, administration and other expenses in Fiscal 2009 was attributable to increased capacity.

Repair and maintenance expenses increased 5.2% to Rs. 9,635 million in Fiscal 2009 from Rs. 9,158 million in Fiscal 2008. The remaining increase in Fiscal 2009 generation, administration and other expenses compared to Fiscal 2008 is primarily attributable to increased miscellaneous expenses. Miscellaneous expenses increased to Rs. 827 million in Fiscal 2009 from Rs. 290 million, primarily due to a Rs. 531 million arbitration award issued against us for one of our gas projects.

Depreciation

Depreciation expense increased 10.6% to Rs. 23,645 million in Fiscal 2009, from Rs. 21,385 million in Fiscal 2008. Depreciation expense as a percentage of total revenues was 5.2% in Fiscal 2009 compared to 5.4% in Fiscal 2008. The increase in depreciation is due to an increase in gross block of Rs. 89,850 million to Rs. 623,530 million at March 31, 2009 from Rs. 533,680 million at March 31, 2008. The increase in gross block is largely attributable to increased capacity.

Interest and finance charges

Interest and finance charges increased 12.5% to Rs. 20,229 million in Fiscal 2009 from Rs. 17,981 million in Fiscal 2008. Interest and finance charges as a percentage of total revenues in Fiscal 2009 and Fiscal 2008 remained the same at 4.5%. The increase was primarily due to adverse exchange rate fluctuations, capacity additions and accounting of interest in respect of an arbitration award issued against us for one of our gas projects.

Prior period income/expenditure (net)

Prior period income (net) decreased 60.5% to Rs. 1,083 million in Fiscal 2009, compared to Rs. 2,745 million in Fiscal 2008.

Profit Before Tax

Due to the factors discussed above and due to credit notes passed on to customers on account of tax refunds, profit before tax decreased 8.7% to Rs. 93,595 million in Fiscal 2009 from Rs. 102,549 million in Fiscal 2008. As a percentage of total revenues, profit before tax decreased to 20.7% in Fiscal 2009 from 25.6% in Fiscal 2008.

Provision for Tax

Provision for tax decreased 59.2% to Rs. 11,582 million in Fiscal 2009 from Rs. 28,401 million in Fiscal 2008. This decrease is due to a tax refund of Rs. 13,953 million resulting from favorable tax decisions pertaining to previous years during Fiscal 2009. We retained Rs. 2,400 million, while the balance of Rs. 11,553 million was payable to our customers.

Profit After Tax

Profit after tax increased 10.6% in Fiscal 2009 to Rs. 82,013 million, or 18.1% of our total revenues, from Rs. 74,148 million, or 18.5% of our total revenues, in Fiscal 2008.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

We depend on both internal and external sources of liquidity to provide working capital and to fund capital requirements. We have funded our capital expenditures with equity contributions by the Government, debt financing, internally generated funds and equity raised from the public. We generally raise long term borrowings in the form of bank loans or bonds, in Rupees and foreign currencies. As of September 30, 2009, we had cash and cash equivalents of Rs. 163,868 million, which represented an increase of Rs. 1,152 million from March 31, 2009. As of September 30, 2009, we had committed and undrawn long term Rupee loans of approximately Rs. 268,490 million and long term FC loan of approximately USD 239.4 million and JPY 15,916 million. We also have committed and undrawn fund and non fund based limits of approximately Rs. 16,201 million.

As of September 30, 2009, we held Rs. 114,732 million in Tax Free Bonds, which we received in the One Time Settlement. These bonds have varying terms and mature in bi-annual installments till Fiscal 2017. These bonds bear tax free interest at the rate of 8.5% per annum. We received Rs. 8,257 million in respect of redemptions of the Tax Free Bonds in October 2009.

Dividends

The table below sets forth a summary of the dividends declared by us for the last two Fiscal years:

	Fiscal 2008	Fiscal 2009
Face value of equity shares (Rs. per share)	10	10
Dividend (Rs. in millions)	28,859	29,683
Dividend tax (Rs. in million)	4,905	5,017
Dividend per equity share (Rs.)	3.5	3.6
Dividend rate (%)	35.0	36.0

Dividends are approved at the annual general meeting of our shareholders based on our board of directors' recommendation. Our board may also declare interim dividends. Our board considers several factors in making a recommendation to pay dividends, including but not limited to profits earned during the Fiscal year, planned capital expenditure, cash flow and liquidity situation and

financing needs. Prior dividend payments are not necessarily indicative of our dividend policy or future dividend amounts, if any.

Cash Flows

The table below sets forth a summary of our cash flows for the last two Fiscal years and first half of Fiscal 2010:

(Rs. in millions)

	Fiscal 2008	Fiscal 2009	First half of Fiscal 2010
Net cash from operating activities	97,860	96,881	74,646
Net cash used in investing activities	58,187	75,004	57,912
Net cash used in financing activities	23,487	8,493	15,582
Net increase in cash and cash equivalents	16,186	13,384	1,152

Comparison of Fiscal 2009 with Fiscal 2008

Our net cash from operating activities decreased by Rs. 979 million to Rs. 96,881 million in Fiscal 2009 as compared to Rs. 97,860 million in Fiscal 2008 mainly due to a decrease in net profit before tax and prior period adjustments of Rs. 10,616 million, an increase in adjustment for non cash items of Rs. 4,334 million, a decrease in working capital adjustments of Rs. 4,138 million and a decrease in direct tax paid net of refunds of Rs. 1,165 million.

Net cash used in investing activities increased by Rs. 16,817 million in Fiscal 2009 as compared to Fiscal 2008 mainly due to an increase in capital expenditures for capacity expansion of Rs. 20,123 million and a decrease in investments in subsidiaries/joint ventures by Rs. 5,125 million.

Net cash used in financing activities decreased by Rs. 14,994 million in Fiscal 2009 as compared to Fiscal 2008 mainly due to a net increase in long-term borrowings of Rs. 22,690 million, an increase in interest payments of Rs. 6,718 million and an increase in dividend/dividend tax payment of Rs. 954 million.

Our cash and cash equivalents as of March 31, 2009 were Rs. 162,716 million.

Fixed Assets

As of September 30, 2009, we had Rs. 621,915 million of total fixed assets, comprising Rs. 318,751 million of net block, Rs. 250,617 million of capital work in progress, and Rs. 52,547 million of construction stores and advances. This represents an increase of Rs. 28,489 million in total fixed assets compared to the end of Fiscal 2009.

Indebtedness

We rely on both Rupee and FC denominated borrowings. These include export credits for imported equipment, syndicated loans and domestic borrowings in Rupees in the form of loans and bonds. We have both secured and unsecured borrowings, with our secured borrowings being generally Rupee denominated bonds.

The following table presents our outstanding debt as of March 31, 2009 and September 30, 2009:

(Rs. in millions)

Particulars of Debt	As of March 31, 2009	As of September 30, 2009
Secured loans		
Bonds	82,500	85,750
Foreign currency term loans	7,180	6,593
Other	16	16
Subtotal	89,696	92,359
Unsecured loans		
Fixed deposits	14	137
Foreign currency bonds/notes	25,775	24,285
Foreign currency loans	78,281	77,944
Rupee term loans	151,911	152,254
Loans from government of India	1	-
Subtotal	255,982	254,620
Total debt	345,678	346,979

The following table presents details of our outstanding debt as of September 30, 2009, together with the applicable currencies, that matures or in respect of which payment is due in the Fiscal years indicated:

(Amount in millions)

Currency	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013-16	Fiscal 2017 Onwards	Total
Term Loans (Rupees)	9,468	17,907	17,179	72,188	35,512	152,254
Bonds (Rupees)	4,000	5,000	6,500	2,5720	44,530	85,750
Euro	-	-	8	30	30	68
Japanese Yen	1,014	2,408	3,491	14,677	38,590	60,180
USD	32	340	142	698	256	1,468

For further detail on our indebtedness, see “*Financial Indebtedness*” on page 181.

Capital Expenditures

Our capital expenditures in Fiscal 2008 and 2009 were Rs. 87,519 million and Rs. 132,245 million, respectively indicating an increase of 51.1%. In March 2009, our board of directors approved a capital expenditure budget estimate of Rs. 177,000 million for Fiscal 2010 based on the annual plan approved by the GoI. The following table shows the major heads of our capital expenditures for Fiscal 2008 through Fiscal 2009.

(Rs. in million)

Major Heads of Capital Expenditure	Fiscal 2009	Fiscal 2008
Ongoing Projects	108,054	66,185
New Projects	702	558
Renovation & Modernisation	4,339	3,415
Other Capital Schemes	19,150	17,361
Total Capital Expenditures	132,245	87,519

We have a stated goal to be a 75,000 MW company by 2017. To achieve this goal, we have adopted a multi-pronged capacity expansion strategy that includes capacity addition through green field projects, brown field expansions, joint ventures and acquisitions. As a result, our capital expenditures will remain primarily for installation of new capacity and renovation and modernization of existing capacity. Our approach to capacity expansion is systematic and at any point of time we work simultaneously on a basket of projects. We take a disciplined approach with respect to capital

budgeting and resource mobilisation to meet this capacity expansion program. We first identify new potential sites or existing sites that could potentially be expanded. We then seek to establish project viability through FR. If project viability is demonstrated, we take steps to implement the project. We seek to take up projects at an appropriate time to meet our stated goal of capacity addition upon establishing the availability of inputs such as land, water, fuel, off-take arrangements and availability of financial resources. We use advanced planning to project our future capital expenditure requirements and to help us identify sources of financing and available internal resources. Considering our capacity expansion plan, we expect that our capital expenditures will grow year over year at least through 2017. Further, we intend to make equity contribution in some of our subsidiaries and joint ventures to partly fund the equity component of their budgeted capital expenditures for expansion plans. For further discussion of our planned additions to our installed capacity, see the sections titled “*Our Business - Capacity Expansion Program*” on page 64. Our capital expenditure budgets are subject to revision as a result of a variety of factors, including availability of internal and external resources, changes to expansion plans and other factors.

Quantitative and Qualitative Disclosures about Market Risk

Currency Exchange Rates

While our principal revenues are in Rupees, we have borrowed funds from outside India in foreign currencies, primarily Japanese Yen, Euros and U.S. Dollars, as indicated in the table above. Principal and interest payments on these borrowings are denominated in the respective foreign currencies. As of September 30, 2009, we had Rs. 108,822 million equivalent of FC borrowings outstanding.

Under the 2009 Regulations, we can recover the cost of hedging interest payment and repayment of FC loans, and exchange rate fluctuations for unhedged interest payment and repayment of FC loans, on a normative basis. However, we cannot assure you that future changes to the tariff regulations or to tariff policy will allow us to recover such fluctuations/hedging cost through our tariffs. If as a result of future changes in tariff regulations we cannot recover foreign exchange fluctuations/hedging cost through our tariffs, we may not be able to fully protect ourselves from foreign exchange exposure.

Interest Rates

Under the current tariff regulations, interest costs are recoverable through our tariffs on normative debt. We are subject to risks arising from changes in interest on working capital. Recovery of interest on working capital is based on norms fixed by the CERC. If interest rates on working capital loans were to rise, we may be unable to recover a portion of the interest through our tariffs.

SIGNIFICANT DEVELOPMENTS AFTER SEPTEMBER 30, 2009 THAT MAY AFFECT THE FUTURE OF OUR OPERATIONS

Since September 30, 2009, the following significant events have occurred. We anticipate that each of these events may have an impact on our financial condition and results of operations in future Fiscal periods:

1. The pay revision of the employees of the Company was due w.e.f. January 1, 2007. Based on the guidelines issued by DPE, GoI, the pay revision of the executive category of employees has been finalized and we have accounted for it during the half-year period ended September 30, 2009. Further, pending finalisation of pay revision in respect of employees in the non-executive category, provisions of Rs. 1,462 million and Rs. 4,907 million has been made for the half-year period from April 1, 2009 to September 30, 2009 and for the period from January 1, 2007 to September 30, 2009, respectively, on an estimated basis having regard to the guidelines issued by DPE. See “*Risk Factors*” on page xvi.

2. In addition, the DPE guidelines provide that all public sector undertakings should formulate an ESOP and that 10% to 25% of the PRP should be paid as ESOPs. The effect of such an ESOP scheme when implemented by our Company is not quantifiable at present.
3. We have signed the following new loan agreements after September 30, 2009, details of which are as follows:

(Rs. in million)

S. No.	Name of Bank	Loan Amount
1	State Bank of Hyderabad-II	5,000
2	Karur Vysa Bank-II	1,000
3	IDBI-III	10,000
4	Axis Bank	2,500

4. We have signed a memorandum of understanding on November 9, 2009 with the Government of Madhya Pradesh and Madhya Pradesh Power Trading Company Limited for the setting up of a 4x660 MW coal based thermal power project in Narsingpur District Madhya Pradesh, by us as a regional project of our Company, subject to establishment of its techno-commercial viability.
5. We have signed a Gas Supply Agreement with Indian Oil Corporation Limited (“IOCL”), Bharat Petroleum Corporation Limited (“BPCL”) and GAIL on December 3, 2009 for an existing 350 MW and proposed 1950 MW (nominal capacity) power station located at Kayamkulam, Kerala.
6. We have awarded the following major contracts after September 30, 2009:
 - Contract for Railway Siding and S&T System Augmentation and Associated Electrical System Package for Vindhyachal STPP IV (2x500 MW) at a total estimated contract price of Rs. 939 million;
 - Contract for Ash Handling System Package for Vindhyachal STPP IV (2 X 500 MW) at a total estimated contract price of Rs. 1,107 million; and
 - Contract for Power Transformers Package for Vindhyachal STPP IV (2 X 500 MW) and Rihand STPP III (2 X 500 MW) at a total estimated contract price of Rs. 662 million for Vindhyachal and Rs. 687 million for Rihand.
7. We have formed a joint venture company under the name EESL on December 10, 2009 with PFC, PGCIL and REC to carry on and promote the business of energy efficiency and climate change including manufacture and supply of energy efficiency services and products. We hold 25% stake in the equity share capital of this company.
8. We have entered into a joint venture agreement on October 12, 2009 with Coal India Ltd. with the aim of jointly undertaking the development, operation & maintenance of coal blocks at Brahmini (1900 million Tonnes) and Chichro-Patsimal (356 million tonnes) which will be operated by a 50:50 joint venture company between us and CIL .
9. Unit - 5 (490 MW) of National Capital Thermal Power Project, Dadri was synchronized with coal on December 25, 2009.
10. Our Board of Directors has accorded approval for taking up solar power generation business for capacity addition of 301 MW and out this 190 MW will be added through solar thermal technology and the balance 111 MW will be added through solar PV technology. As a first step, grid interactive 15 MW solar thermal based project is being taken up by us at NTPC

Anta in Rajasthan and FR with a current estimated cost of Rs. 3,250 million (Net of Grant) has been approved by our Board of Directors.

11. Investment to undertake renovation & modernisation works of 2X210 MW (Unit # 4 and Unit # 5) Badarpur Thermal Power Station (705MW) at an estimated cost of Rs. 5,645 million has been approved by our Board of Directors.
12. FR for Kudgi Super Thermal Power Project Stage I (3X800 MW) at a current estimated cost of Rs. 169,105 Million and Vindhyachal Stage V (1X500 MW) at a current estimated cost of Rs. 32,694 Million has been approved by our Board of Directors.

To our knowledge there have been no unusual or infrequent events or transactions that have taken place after September 30, 2009, except as already disclosed in this Red Herring Prospectus.

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of our Company's significant outstanding secured borrowings of Rs. 92,359 million and unsecured borrowings of Rs. 254,620 million, as on September 30, 2009, together with a brief description of certain significant terms of such financing arrangements.

I. Secured borrowings availed by our Company

1. Secured taxable bonds availed by our Company

Set forth below is a brief summary of our secured outstanding taxable bonds aggregating Rs. 85,750 million as on September 30, 2009. These bonds have been issued on private placement basis.

(Amount in Rs. million)					
S. No.	Nature of Borrowing	Issue Size	Amount Outstanding as on September 30, 2009	Repayment Schedule	Security*
1.	10.00% Secured Non-Convertible Taxable Bonds (Series XII) in the nature of debentures ⁽¹⁾	5,000	2,000	Redeemable in five equal annual instalments commencing on September 5, 2007	Secured by way of charges against specific immovable properties and movable assets
2.	9.55% Secured Non-Cumulative Non-Convertible Taxable Redeemable Bonds (Series XIII-A) in the nature of debentures ⁽¹⁾	7,500	6,000	Redeemable in 10 equal annual instalments commencing on April 18, 2008	Secured by way of charges against specific immovable properties and movable assets
3.	9.55% Secured Non-Cumulative Non-Convertible Taxable Redeemable Bonds (Series XIII-B) in the nature of debentures ⁽¹⁾	7,500	6,000	Redeemable in 10 equal annual instalments commencing on April 30, 2008	Secured by way of charges against specific immovable properties and movable assets
4.	8.00% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds (Series XVI) in the nature of debentures	1,000	1,000	Redeemable on April 10, 2018	Secured by way of charges against specific immovable properties
5.	8.48% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds (Series XVII) in the nature of debentures	500	500	Redeemable on May 1, 2023	Secured by way of charges against specific immovable properties
6.	5.95% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds (Series XVIII) in the nature of debentures ⁽¹⁾	5,000	4,000	Redeemable in five equal annual instalments commencing on September 15, 2009	Secured by way of charges against specific immovable properties and movable assets

S. No.	Nature of Borrowing	Issue Size	Amount Outstanding as on September 30, 2009	Repayment Schedule	Security*
7.	7.50% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds (Series XIX) in the nature of debentures	500	500	Redeemable on January 12, 2019	Secured by way of charges against specific immovable properties and movable assets
8.	7.552% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds (Series XX) in the nature of debentures	5,000	4,750	Redeemable in 20 equal half-yearly instalments commencing from September 23, 2009 till March 23, 2019	Secured by way of charges against specific immovable properties
9.	7.7125% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds (Series XXI) in the nature of debentures	10,000	10,000	Redeemable in 20 equal half-yearly instalments commencing from August 2, 2010 and ending on February 2, 2020	Secured by way of charges against specific immovable properties and movable assets
10.	8.1771% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds (Series XXII) in the nature of debentures	5,000	5,000	Redeemable in 20 equal half-yearly instalments commencing from July 2, 2011 to January 2, 2021	Secured by way of charges against specific immovable properties
11.	8.3796% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds (Series XXIII) in the nature of debentures	5,000	5,000	Redeemable in 20 equal half-yearly instalments commencing from August 5, 2011 till February 5, 2021	Secured by way of charges against specific immovable properties
12.	8.6077% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds (Series XXIV) in the nature of debentures	5,000	5,000	Redeemable in 20 equal half-yearly instalments commencing from September 9, 2011 till March 9, 2021	Secured by way of charges against specific immovable properties
13.	9.37% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds (Series XXV) in the nature of debentures	5,000	5,000	Redeemable in 14 half yearly instalments commencing from June 4, 2012 till December 4, 2018	Secured by way of charges against specific immovable properties
14.	9.06% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds (Series XXVI) in the nature of debentures	5,000	5,000	Redeemable in 14 half yearly instalments commencing from June 4, 2012 till December 4, 2018	Secured by way of charges against specific immovable properties
15.	11.25% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds (Series XXVII) in the nature of debentures	3,500	3,500	Redeemable in five equal instalments commencing from November 6, 2019 till November 6, 2023	Secured by way of charges against specific immovable properties

S. No.	Nature of Borrowing	Issue Size	Amount Outstanding as on September 30, 2009	Repayment Schedule	Security*
16.	11.00% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds (Series XXVIII) in the nature of debentures ⁽²⁾	10,000	10,000	Redeemable November 21, 2018	on Secured by way of charges against specific immovable properties
17.	8.65% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds (Series XXIX) in the nature of debentures ⁽²⁾	5,500	5,500	Redeemable February 4, 2019	on Secured by way of charges against specific immovable properties
18.	7.89% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds (Series XXX) in the nature of debentures ⁽²⁾	7,000	7,000	Redeemable on May 5, 2019	Secured by way of charges against specific immovable properties

*Each series of bonds is secured under various bond trust deeds. The bonds are secured by a charge on office premises of the Company on 3rd Floor, Maker Towers "F" constructed on Plot No. 73A, 74, 83, 84 and 85 of Block V, Backbay Reclamation, Cuffe Parade, Mumbai 400 005. In addition, the bonds are secured by equitable mortgage (by deposit of title deeds of immovable properties) of some of our power stations/ plants and hypothecation of all present and future movable assets (excluding receivables) of our Company's various power stations/projects.

⁽¹⁾These bonds are listed on the 'wholesale debt market' of NSE and BSE.

⁽²⁾These bonds are listed on the 'wholesale debt market' of NSE.

The trust deeds contain various restrictive covenants, including the trustee having the right to appoint a nominee director in the event of two consecutive defaults in payment of interest to beneficial owners or default in creation of security for the bonds and default in redemption of bonds. Under the terms of these trust deeds, our Company has undertaken not to do any of the following without the prior consent of the trustee, as may be applicable, including, *inter alia*:

- (i) Declare or pay any dividend to our shareholders during any financial year unless it has paid the instalment of principal and interest then due and payable on the bonds and has made provision satisfactory to the trustee for making such payment;
- (ii) Sell or dispose of mortgaged premises or any part thereof or create any mortgage, lien, charge by way of hypothecation, pledge or otherwise or other encumbrance of any kind whatsoever except for working capital purposes;
- (iii) Create any subsidiary or permit any company to become our subsidiary that may affect the specified asset cover in respect of the bonds;
- (iv) Undertake or permit any scheme of arrangement or compromise with our creditors or shareholders or affect any scheme of amalgamation or reconstruction that is likely to affect the interest of the beneficial owners; and
- (v) Alter our Memorandum and Articles of Association which may affect the interest of the bondholders.

2. Secured foreign currency borrowing

Set forth below is a brief summary of our outstanding secured foreign borrowing of Rs. 6,593.34 million as on September 30, 2009.

S. No.	Nature of Borrowing	Amount Outstanding as on September 30, 2009	Repayment Schedule	Security
1.	Loan agreement with International Bank for Reconstruction and Development	6,593.34	Repayable by June 15, 2013	Guarantee from the President of India and charge over specific fixed and movable assets

II. Unsecured borrowings available by our Company

1. Term Loans

Our Company has availed term loans from various banks/financial institutions. The amount outstanding under such term loans as on September 30, 2009 is Rs. 152,253.58 million. Set forth below is a brief summary of our significant term loans.

(Amount in Rs. million)				
S. No.	Name of Lender	Facility	Amount outstanding as on September 30, 2009	Repayment
1.	Life Insurance Corporation of India ("LIC")	Agreement for term loan dated January 15, 2004 of Rs. 40,000 million and amendment agreement dated February 26, 2005	32,666.60	(i) In 30 semi-annual installments with the first instalment due after the end of moratorium period for Rs. 5,000 million; and (ii) in 20 semi-annual installments with the first instalment due after the end of moratorium period for Rs. 35,000 million
2.	State Bank of India	Agreement for term loan dated April 26, 2006 of Rs. 15,000 million	13,928.60	In 14 equal or substantially equal half yearly installments with the first instalment becoming due six months after the end of the moratorium period
3.	Punjab National Bank	Agreement for term loan dated September 26, 2006 of Rs. 10,000 million	2,500	In 14 equal or substantially equal half-yearly installments, the first instalment will become due six months after the end of the moratorium period
4.	LIC	Agreement for term loan dated December 26, 2007 of Rs. 10,000 million	10,000	In 14 semi-annual instalments with the first instalment becoming due after the end of the moratorium period on August 4, 2012
5.	State Bank of India	Agreement for term loan dated March 20, 2008 of Rs. 15,000 million	5,000	In 14 equal or substantially equal half yearly installments with the first instalment becoming due six months after the end of the moratorium period

S. No.	Name of Lender	Facility	Amount outstanding as on September 30, 2009	Repayment
6.	Power Finance Corporation Limited	Memorandum of Agreement dated June 30, 2008 for Rs. 100,000 million	10,000	In 48 equal quarterly installments and the first instalment will be due on standard date after four and a half years from the date of first disbursement
7.	LIC	Agreement for term loan dated February 6, 2009 for a term loan facility of Rs. 10,000 million	10,000	In 14 semi-annual installments with the first instalment becoming due six months after the end of the moratorium period
8.	State Bank of India	Agreement for term loan dated May 14, 2009 of Rs. 85,000 million	3,500	In 14 equal half yearly instalments with the first instalment becoming due on six months after the end of the disbursement period of three years
9.	Canara Bank	Agreement for term loan dated June 23, 2009 of Rs. 27,500 million	100	In 14 equal or substantially equal half yearly instalments with the first instalment becoming due six months after the end of the moratorium period.

Our financing arrangements contain various restrictive covenants, including the requirement to maintain certain financial ratios and non-utilisation of funds for certain specified purposes. Under the terms of these financing arrangements, typically, our Company has undertaken not to do any of the following without the prior consent of the lenders, as may be applicable, including, *inter alia*:

- (i) Create or permit to arise or subsist any mortgage, charge, pledge, lien, encumbrance or security interest whatsoever over all or any part of our Company's undertaking, assets, present or future (including un-called capital) of our Company as security for any obligations now or hereafter existing in favour of any person, except permitted encumbrances; and
- (ii) Sell, transfer or otherwise dispose off by one or more transactions or series of transactions, whether related or not, the whole or substantial part of our Company's fixed assets the book value of which is 25% or more of the book value as shown in the latest audited financial statements of our Company.

2. Foreign currency borrowings

Set forth below is a brief summary of our outstanding FC borrowings aggregating Rs. 77,945 million as on September 30, 2009.

(Amount in Rs. million)

S. No.	Name of Lender	Facility	Amount outstanding as on September 30, 2009	Repayment Schedule
1.	Asian Development Bank	Project agreement dated July 28, 1995 for US\$ 160 million	3,240	In 40 semi-annual instalments starting on June 15, 1994

S. No.	Name of Lender	Facility	Amount outstanding as on September 30, 2009	Repayment Schedule
2.	Overseas Economic Co-operation Fund, Japan*	Loan agreement dated February 25, 1997 for JPY 19,817 million	8,962	In 41 semi-annual instalments starting on February 20, 2007
3.	Japan Bank for International Cooperation (“JBIC”)*	Loan agreement dated March 30, 2001 for JPY 12,194 million	6,612	In 41 semi-annual instalments starting on March 20, 2011
4.	JBIC*	Loan agreement dated February 13, 2002 for JPY 27,473 million and letter dated February 13, 2008	13,358	In 37 semi-annual instalments starting on February 20, 2012
5.	JBIC*	Loan agreement dated March 31, 2003 for JPY 5,684 million and letter dated February 13, 2008	463	In 28 semi-annual instalments starting on March 20, 2013
6.	The Export-Import Bank of Korea; BNP Paribas; and The Hong Kong and Shanghai Banking Corporation Limited	Loan agreement dated August 4, 2004 for US\$ 354,252,250 in three tranches	12,982	In 24 consecutive semi-annual installments commencing from August 14, 2008
7.	JBIC*	Loan agreement dated March 31, 2005 for JPY 15,916 million	Nil	March 20, 2010 and thereafter on each March 20 and September 20 through March 20, 2020
8.	HSBC Bank Plc; and BNP Paribas	Loan agreement dated June 9, 2005 for US\$ 41,555,408	1,183	In 10 consecutive semi-annual installments not later than December 31, 2007
9.	Asian Development Bank	Term facilities agreement dated September 21, 2006 for US\$ 300 million including: (i) Facility A – US\$ 75 million; and (ii) Facility B – US\$ 225 million	Facility A - 3,643; and Facility B - 10,928	Facility A – From August 14, 2013 till August 14, 2017, payable semi-annually; Facility B – From August 14, 2010 through August 14, 2013 payable semi-annually
10.	KfW	Loan agreement dated March 23, 2007 for US\$ 100 million	3,643	In 14 equal consecutive semi-annual installments from September 15, 2010 through March 15, 2017

S. No.	Name of Lender	Facility	Amount outstanding as on September 30, 2009	Repayment Schedule
11.	Sumitomo Mitsui Banking Corporation; Mizuho Corporate Bank Limited; The Bank of Tokyo-Mitsubishi UFJ Limited; and Societe Generale	Loan agreement dated December 20, 2007 for US\$ 380 million	8,044	Semi-annual installments from May 20, 2012 till November 20, 2025 in an amount equal to 1/28 th of the principal amount of each disbursement outstanding on the final disbursement date
12.	Nordic Investment Bank	Loan agreement dated February 15, 2008 for EUR 68,563,000	4,887	In 18 substantially equal, consecutive, semi-annual installments commencing on July 20, 2011 till January 20, 2020

*Now known as Japan International Co-operation Agency.

Our financing arrangements contain various restrictive covenants, including the requirement to maintain certain financial ratios. Under the terms of these financing arrangements, typically, our Company has undertaken not to do any of the following without the prior consent of the lenders/facility agent or guarantor, as may be applicable, including, *inter alia*:

- (i) Sell, lease or dispose of, by one or more transactions or series of transactions (whether related or not) the whole or any part (the book value of which is 25% or more of the book value as shown in our latest audited financial statements) of our assets except disposal of our assets in exchange for assets certified by a director or other authorised officer of our Company to be of a similar nature and of comparable or higher market value;
- (ii) Create or permit to subsist any security interests over all or any part of our Company's present or future revenues or assets except permitted encumbrances;
- (iii) Enter into any amalgamation, demerger, merger or reorganize in any other way;
- (iv) Change fiscal year unless required under Indian laws;
- (v) Assume liabilities including contingent liabilities other than in the normal course of business; and
- (vi) Enter into any management contract or similar arrangement whereby the business or operations of our Company are managed by other persons.

3. Bonds issued in foreign currency

Our Company has issued the following bonds in foreign currency. These bonds are listed on the Singapore Exchange Securities Trading Limited. As on September 30, 2009 the total outstanding amount was Rs. 24,285 million.

(Amount in Rs. million)				
S. No.	Nature of borrowing	Facility	Amount outstanding as on September 30, 2009	Repayment Schedule
1.	US\$ 200 million 5.50% Bonds	Offering circular dated March 3, 2004 and subscription agreement dated March 3, 2004	9,714	March 10, 2011**
2.	US\$ 300 million 5.875% notes under the US\$ 1,000	Offering circular and programme agreement dated February 14, 2006 and	14,571	March 2, 2016***

S. No.	Nature of borrowing	Facility	Amount outstanding as on September 30, 2009	Repayment Schedule
	million medium term note programme	subscription agreement dated February 23, 2006		

***The bondholders may demand early redemption if the GoI at any time ceases to own, directly or indirectly, more than 50% of the voting securities of our Company. In addition, the extraordinary resolution of the bondholders is required to create or permit to be outstanding any security interest over all or any part of the Company's or of any of its subsidiaries' present or future revenues or assets except for any permitted security interest.*

****The noteholders may demand early redemption if the GoI at any time ceases to own, directly or indirectly, more than 50% of the voting securities of our Company.*

4. Public Deposits

Our Company has accepted deposits from the public over a period of time and they carry different rates of interest and maturity dates. The amount of such public deposits outstanding as on September 30, 2009 is Rs. 137 million.

III. Undrawn facilities

As of December 31, 2009, we have undrawn long term rupee loans of approximately Rs. 255,990 million and long term FC loans of approximately USD 228.39 million and JPY 15,916 million. We also have undrawn fund and non-fund based limits of approximately Rs. 16,696 million. These amounts will be drawn by us as and when required.

STOCK MARKET DATA FOR EQUITY SHARES OF OUR COMPANY

Our Equity Shares are listed on the Stock Exchanges. As our Equity Shares are actively traded on the Stock Exchanges, our Company's stock market data have been given separately for each of these Stock Exchanges, which is based on the closing prices on each of the Stock Exchanges.

The high and low closing prices recorded on the Stock Exchanges for the preceding three years and the number of Equity Shares traded on the days the high and low prices were recorded are stated below.

BSE

Year ending March 31	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the year (Rs.) [#]
2007	157.80	November 27, 2006	3,842,042	90.90	May 22, 2006	3,186,561	129.90
2008	291.00	January 15, 2008	6,418,404	146.00	April 2, 2007	308,973	194.12
2009	203.50	May 5, 2008	1,595,618	113.00	October 27, 2008	2,736,371	173.20

Source: www.bseindia.com

NSE

Year ending March 31	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the year (Rs.) [#]
2007	157.90	November 27, 2006	8,404,673	85.10	May 22, 2006	11,434,902	129.92
2008	290.75	January 15, 2008	18,865,911	142.10	April 17, 2007	2,433,059	194.13
2009	202.90	April 2, 2008 May 5, 2008	9,311,713 5,517,840	113.00	October 27, 2008	9,776,835	173.23

Source: www.nseindia.com

[#]Arithmetic average of closing prices of all trading days during the said period

The details relating to the high and low prices recorded on the Stock Exchanges for the six months preceding the date of filing of this Red Herring Prospectus, the volume of Equity Shares traded on the days the high and low prices were recorded, average price of our Equity Shares during each such month, the volume of Equity Shares traded during each month and the average number of Equity Shares traded during such trading days, are stated below:

BSE

Month	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the month (Rs.) [#]	Volume (no. of shares)	No. of Trading Days	Average no. of shares traded during trading days
December, 2009	241.70	December 31, 2009	1,838,307	205.10	December 7, 2009	1,441,070	214.44	18,416,600	21	876,981
November,	218.85	November	315,042	201.65	November	532,519	212.50	9,146,687	21	457,334

Month	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the month (Rs.) [#]	Volume (no. of shares)	No. of Trading Days	Average no. of shares traded during trading days
2009		16, 2009			4, 2009					
October, 2009	223.00	October 20, 2009	1,265,978	205.25	October 6, 2009	315,670	212.79	12,476,201	20	623,810
September, 2009	215.30	September 29, 2009	444,669	203.55	September 14, 2009	377,414	208.32	11,613,142	20	580,657
August, 2009	220.40	August 4, 2009	803,324	200.85	August 17, 2009	1,496,064	209.36	17,921,281	21	853,394
July, 2009	220.10	July 28, 2009	1,106,198	188.00	July 10, 2009	1,472,120	203.42	27,086,367	23	1,177,668

Source: www.bseindia.com

NSE

Month	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the month (Rs.) [#]	Volume (no. of shares)	No. of Trading Days	Average no. of shares traded during trading days
December, 2009	241.35	December 31, 2009	13,812,005	205.25	December 7, 2009	3,260,379	214.45	78,557,819	21	3,740,849
November, 2009	220.10	November 16, 2009	1,525,792	201.70	November 4, 2009	3,662,161	212.71	56,122,783	20	2,806,139
October, 2009	222.00	October 16, 2009	3,108,610	205.10	October 6, 2009	3,023,727	212.90	69,471,167	20	3,473,558
September, 2009	215.30	September 29, 2009	2,202,834	203.25	September 3, 2009	2,973,416	208.39	67,470,078	20	3,373,504
August, 2009	220.45	August 4, 2009	4,382,018	201.05	August 17, 2009	6,566,618	209.39	84,317,985	21	4,015,142
July, 2009	225.00	July 10, 2009	3,775,068	188.50	July 8, 2009	6,302,331	203.39	124,043,605	23	5,393,200

Source: www.nseindia.com

[#]Arithmetic average of closing prices of all trading days during the said period

The closing price was Rs. 216.05 on BSE on October 20, 2009, the trading day immediately following the day on which GoI approved the Offer.

The closing price was Rs. 216.00 on NSE on October 20, 2009, the trading day immediately following the day on which the GoI approved the Offer.

BSE

Week Ending	Closing (Rs)	High (Rs)	Date of High	Low (Rs)	Date of Low
December 18, 2009	207.05	214.50	December 15, 2009	205.50	December 18, 2009
December 24, 2009	229.90	232.80	December 24, 2009	206.15	December 21, 2009
December 31, 2009	235.70	241.70	December 31, 2009	229.45	December 30, 2009
January 8, 2010	230.85	239.00	January 4, 2010	225.40	January 7, 2010

Source: www.bseindia.com

NSE

Week Ending	Closing (Rs)	High (Rs)	Date of High	Low (Rs)	Date of Low
December 18, 2009	207.30	210.30	December 14, 2009	205.60	December 18, 2009
December 24, 2009	229.95	232.50	December 24, 2009	206.15	December 21, 2009
December 31, 2009	235.65	241.35	December 31, 2009	229.50	December 30, 2009
January 8, 2010	231.10	238.90	January 4, 2010	225.25	January 7, 2010

Source: www.nseindia.com

SECTION VI – LEGAL AND OTHER INFORMATION OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Subsidiaries, our Directors and are our Joint Ventures and there are no defaults, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in or dues payable to holders of any debentures, bonds and fixed deposits or arrears of preference shares issued by our Company, our Subsidiaries and our Joint Ventures, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company and our Subsidiaries have no disciplinary action has been taken by the SEBI or any stock exchanges against our Company, our Subsidiaries or Joint Ventures and Directors.

Provided below are summaries of criminal cases, public interest litigations, legal notices, regulatory cases and tax related proceedings against our Company. Further, we have disclosed all other legal proceedings pending against our Company in a consolidated manner and have summarised all significant proceedings pending against our Company involving claims exceeding a monetary value of approximately Rs. 100.00 million below.

1. Litigation against our Company

A. CONTINGENT LIABILITIES NOT PROVIDED FOR AS OF SEPTEMBER 30, 2009 AS PER OUR UNCONSOLIDATED FINANCIAL STATEMENTS

(Rs. in million)	
	Amount
Claims against our Company not acknowledged as debts in respect of:	
• Capital Works	37,595
• Land compensation cases	18,212
• Statutory Claims	12,836
• Disputed Income Tax/Sales Tax/Excise demand	710
• Unexpired letters of credit other than for capital expenditures	885
• Other contingent liabilities	2,216
Total	72,454

B. PENDING LITIGATION FILED AGAINST OUR COMPANY

Criminal Cases/ Motor Vehicle Cases

88 criminal cases, including cases relating to motor vehicle accidents, have been filed against our Company. The details of these are as follows.

1. Mr. Om Prakash Gupta, General Secretary, BPE&WU filed a criminal petition (642/1/1996) dated November 5, 1996, against the ex-general manager (“GM”), Deputy GM and human resource manager of the Badarpur unit, before the Metropolitan Magistrate, Patiala House alleging non-deposit of provident fund for 60 canteen workers and retaining the same with the account of the unit. The Metropolitan Magistrate issued summons dated December 5, 1998 to the employees of our Company to appear before the Court. Subsequently, the employees of the

Company filed application for withdrawal of these summon orders. The Metropolitan Magistrate vide order dated September 27, 1999, discharged the GM. The matter is currently pending and the next date of hearing has not been fixed. Further, our Company filed miscellaneous criminal petition (no. 3308/1999) dated November 30, 2009, before the High Court of Delhi, for quashing of an order of the Metropolitan Magistrate. The High Court of Delhi vide order dated October 1, 1999 granted stay to the proceedings before the Metropolitan Magistrate. The next date of hearing is March 20, 2010.

2. Mr. Hari Chand filed a case (no. CWC/SD/41/04/ 12900) dated November 23, 2004, before the Workmen's Compensation Commissioner, Delhi, against the Badarpur unit of our Company and others, claiming Rs. 2.50 million damages suffered on being hit by a railway engine which resulted in an amputation of his legs. The next date of hearing is March 5, 2010.
3. Mr. Raj Kumar filed a criminal petition (no. 2/2005) before Patiala House against our Company and others and has claimed Rs. 0.48 million as compensation for damages on the grounds that he was injured by one of the buses used by Company. The matter is pending and the next date of hearing has not been fixed.
4. Ms. Kumari Arti has filed a complaint (no. 144/08) before the Motor Accident Claims Tribunal ("MACT") claiming Rs. 0.15 million against our Company on account of damages for suffering injuries caused by an accident from a motor vehicle possessed by our Company. The next date of hearing is January 23, 2010.
5. Mr. Kalyan Singh filed a complaint (no. 143/2008) before the MACT claiming a sum of Rs. 0.15 million against our Company towards compensation for damages caused by the vehicle possessed by our Company. The next date of hearing is January 23, 2010.
6. Ms. Mala Singh filed a contempt petition (no. 2260 (C) of 2000) dated December 21, 2000 against our Company before the High Court of Allahabad, Lucknow Bench, alleging non-compliance with the orders dated September 29, 2000 passed by the High Court in writ petition (no. 5614 (S/S) of 1998) directing our Company to issue her an appointment letter, within six weeks from the date of the order. Subsequently, notices dated June 13, 2002 and July 9, 2002 were issued directing (i) our Company's ex- GM, Unchahar unit to appear before the Court; and (ii) the present GM of the Badarpur unit, to be made a party to the suit. The matter is pending and the next date of hearing has not been fixed.
7. Ms. Vandana Sharma filed a criminal petition (no. 567 of 2002) dated March 2002, against the employees of our Company including the current GM, before the High Court of Allahabad (Lucknow) alleging non-compliance with the orders of the High Court in writ petition (no. 4469 (SS) of 2000) dated September 29, 2000, directing our Company to issue an appointment letter to Ms. Vandana Sharma, within six weeks from the date of the order. Thereafter, the Registrar of the High Court of Allahabad issued show cause notices on June 7, 2002 and June 10, 2002 directing the officials of our Company to comply with the aforesaid order. Subsequently, our Company filed an application dated July 15, 2002 for the discharge of the show cause notice. The matter is pending and the next date of hearing has not been fixed.
8. The Deputy Director of Factories, Unchahar, filed a criminal petition before the Chief Judicial Magistrate ("CJM") alleging death of an employee at our Unchahar unit. Subsequently, the CJM, vide its order dated May 13, 1998 dismissed the case, as the Deputy Director of Factories failed to appear before the court. The Deputy Director of Factories, filed a criminal appeal (no. 713 of 1998) before the High Court of Allahabad, Lucknow Bench, dated December 15, 1998 for quashing of the above mentioned dismissal order and reinstating the complaint filed against ex-GM/occupier of the Unchahar plant and the Factory Manager of our Company. The matter is pending and the next date of hearing has not been fixed.

9. A complaint case (no. 1513/1994) dated May 5, 1994, was filed against ex-GM/occupier of the Unchahar plant, in relation to the death of an employee, Mr. Ram Lakhan in a fatal accident in the plant premises. Our Company filed an application (no. 794/99) dated September 16, 1994, for quashing of the complaint as prior authorization for proceeding against the officers of our Company, who were categorized as public servants, was not obtained as required under Section 197 of the Code of Criminal Procedure (“Cr.P.C”). The Subordinate Judicial Magistrate vide order dated January 27, 1995, deferred the hearing of the application until the completion of examination of the evidence. Aggrieved by the order, our Company filed a revision application before the Sessions Judge, who vide order dated December 21, 1998 directed the Subordinate Judicial Magistrate to hear and dispose of the application under Section 197 of the Cr.P.C. Thereafter, the Special Judicial Magistrate vide its order dated August 26, 2000 disallowed protection of its officials under Section 197 of the Cr.P.C. As a result our Company has filed its revision application (no. 359) before the High Court of Allahabad, Lucknow Bench, on September 12, 2000, who vide order dated October 17, 2000, stayed the order dated August 26, 2000. The matter is pending and the next date of hearing has not been fixed.
10. The Assistant Director of Factories filed a complaint (no. 513/1999) dated January 7, 1999, against the GM/occupier of the Unchahar plant, and the ex- factory manager of our Company, alleging negligence on part of the Company that resulted in death of Mr. Justin D’Silva due to electrocution at the Unchahar plant premises. Subsequently, our Company filed an application under section 197 of the Cr.P.C. to quash the complaint as prior authorization of the Government was not duly obtained, as is required for purposes of instituting suits against public servants. Thereafter, the Special Judicial Magistrate vide order (no. 513/1999) dated March 10, 2000 dismissed the complaint on grounds that prior sanction of the Government is not required for proceeding against the officials of our Company. Aggrieved by the order, the authorities preferred a revision application (no. 53/2001) dated April 3, 2001, before the Additional District Judge (VIth), Raebareli, for quashing orders of the Special Judicial Magistrate and vide order dated May 20, 2003 granted stay on the orders dated March 10, 2000. Pursuant to the order, our Company had filed a revision petition (no. 252/2003) before the High Court of Allahabad, Lucknow Bench and vide order dated June 19, 2003 granted stay on the order of the Special Judicial Magistrate. The matter is pending and the next date of hearing has not been fixed.
11. Mr. Chandan Lal, legal heir of the deceased, filed petition (no.77/1999) dated March 19, 1999, before the MACT, Raibareli under Section 156 of Motor Vehicle Act against the insurance company (first respondent) and our Company, Uchahar unit on account of death of his father, in a motor accident, a contract driver with our Company, met with an accident on January 24, 1999 and died on February 8, 1999. The MACT vide award dated July 5, 2002 directed the National Insurance Company Limited to pay a sum of Rs. 0.28 million with 9% interest per annum as compensation to the petitioner. Aggrieved by the order of the MACT, the National Insurance Company Limited preferred an appeal (no. FAFO 540/2002) dated October 29, 2002, under section 173 of Motor Vehicle Act. The matter is pending and the next date of hearing has not been fixed.
12. A complaint (no. 6548 of 1994) dated December 13, 1994 was filed against an employee of our Company, Uchahar unit, in relation to an industrial mishap with one of our employees under the Factories Act. Subsequently, our Company filed an application (no. 206 of 1995) dated April 7, 1995 before the High Court of Allahabad, Lucknow Bench for *inter alia* quashing (i) the complaint; and (ii) the order dated December 15, 1994. The High Court vide order dated March 28, 1995, stayed the proceedings of the case. The matter is pending and the next date of hearing has not been fixed.

13. A first information report (“**FIR**”) (no. 217/09) was filed by Mr. Qutubuddin including others under Sections 420, 406 read with Section 120B of the IPC, against two officials of our Company, Uchahar unit, alleging non-payment of Rs. 0.12 million towards payment for the fabrication of doors and windows. The officials of our Company filed an anticipatory bail application dated July 20, 2009 before the High Court of Rajasthan, Jaipur Bench. The High Court of Rajasthan, Jaipur Bench vide order (no. 5709 of 2009) dated July 23, 2009 granted bail. Subsequently, a settlement has been reached and first police report dated October 6, 2009, has taken on record the statement of Mr. Qutubuddin acknowledging the receipt of payment from Mr. Sarwan Kumar Sahu. The next date of hearing is February 8, 2010.
14. M/s. Subhash Chandra and Co., filed a FIR (no. 280/09) under Sections 420, 467, 468, 406 read with section 120-B of the IPC, against the Deputy GM of civil, the deputy manager of civil department and the senior engineer officials of our Company alleging non-payment of dues amounting to Rs. 21.80 million for certain work undertaken by him for our Company at Uchahar unit. The officials of our Company filed an anticipatory bail application (no. 6643/2009) before the High Court of Rajasthan, Jaipur Bench and vide order dated September 11, 2009, granted bail upon furnishing of a personal bond of Rs. 0.01 million each. The matter is pending and the next date of hearing has not been fixed.
15. Mr. Rewati initiated a criminal proceeding (no. 476/1996) under section 156 of Cr.P.C alleging forgery and fraud on part of certain officials of our Company officers while awarding the civil contract in the Unchachar plant. Our Company has filed a criminal petition (no. 10103/2003) before the High Court of Allahabad, to quash this criminal proceeding. The matter is pending and the next date of hearing has not been fixed.
16. The Inspector of Factories initiated the criminal proceeding (no. 2645/ 2004) against the occupier and the factory manager at our Dadri unit, for alleged negligence causing death of contract worker by the hydra crane. The case is currently fixed for argument on our Company’s application about the maintainability of the complaint. The matter is pending and the next date of hearing has not been fixed.
17. M/s Chitravali Sales Private Limited filed a criminal complaint (no. 1222(c)/2006) dated June 12, 2006, before the CJM against our Company and others *inter alia* i) for stealing the filling material taken from M/s Chitravali’s leased land; and ii) and for non payment of royalty fixed by the government. Subsequently, a criminal petition (no. 20191/2007) was filed under Section 482 of the Cr. P. C. against the criminal complaint by our Company in the Patna High Court for quashing the order of the lower court. Further, our Company filed a criminal miscellaneous petition (no. 20191/2007) at the High Court of Patna to quash the criminal complaint filed initiated before the CJM’s court. M/s Chitravali had also filed a civil suit against our Company and others with respect to non-payment of the adequate amount of royalty that was to be paid to M/s Chitravali for the material taken. However, given that a criminal proceeding has been instituted, the civil proceedings have been stayed. The matter is pending and the next date of hearing has not been fixed.
18. A criminal complaint (no. 481 (c)/2008) dated September 5, 2008 was filed before the CJM Court, Barh, under sections 323 and 201 of the Indian Penal Code (“**IPC**”) against our Company alleging negligence that resulted in death of a labourer and injuries suffered at the plant. The matter is pending and the next date of hearing has not been fixed.
19. UP State Labour Enforcement Officer, has filed 22 criminal petitions against our Company before the Court of the CJM, Dudhi, UP alleging non-compliance with the provisions of the Minimum Wages Act for the non-production of register of labours before the State (UP) Labour Enforcement Officer. The matter is pending and the next date of hearing has not been fixed.

20. Mr. Jai Karan has filed a criminal case (no. 293/2003) dated September 4, 2002 before the Court of Judicial Magistrate First Class, Tanda, against the ex- GM, Tanda Unit of our Company and two other executives alleging threat to life and assault when he was forcefully evicted from the kiosk on our Company's land by the GM. The Judicial Magistrate First Class Court at Tanda, issued a notice dated April 21, 2003 to the GM and two other officers of our Company before the Company. Subsequently, our Company filed a criminal miscellaneous proceeding (no. 661/2003) under section 482 of the IPC, before the High Court of Allahabad, Lucknow Bench, to quash the notice. The matter is pending and the next date of hearing has not been fixed.
21. Mr. Sagir, the Managing Partner of M/s. Fact Engineering Co. has filed a criminal case (no. 62/95) before CJM, Durg under sections 420, 467, 468, 471, 469& 120(B) of the IPC, against the employee of the Company and Mr. Jagdish Lal Dua, officials of State Bank of India & others alleging conspiracy and cheating for encashing the bank guarantee of Rs. 0.19 million for the performance of the award contracted. Subsequently, our Company filed criminal revision petition (no. 3221/2001) under section 482 of Cr.P.C and obtained a stay order dated September 9, 1996 and the same was dismissed vide order dated July 2, 1998. Thereafter, the Company filed another criminal petition (no. 5784/98) dated July 3, 1998 before the High Court of Madhya Pradesh, Jabalpur Bench, for restoration of the above revision petition claiming for a stay order in the criminal case filed by Mr. S.M. Sagir. The matter is pending and the next date of hearing has not been fixed.
22. The local police officer at Korba filed a criminal complaint (no.1504/05) against our Company and others alleging that the driver of the vehicle owned by our Company, in a road accident caused injury to two children in a road accident. Subsequently, the Court of Magistrate issued a notice dated December 30, 2005, directing our Company to appear before the court and take custody of the driver. On the same day, our Company arranged for the bail of the driver. The matter is pending and the next date of hearing has not been fixed.
23. The Assistant Director, Factories, Health & Safety filed a criminal complaint (no. 552/FA/05) dated November 29, 2005, before the Labour Court, Korba, against the ex- GM of our Company's unit at Korba, under the Factories Act for non-submission of the on-site emergency plan. Our Company filed a criminal revision petition (no. 01/CGIR) before the Industrial Tribunal to quash the proceedings before the Labour court. The Industrial Court vide order dated December 11, 2009 remanded the case to the Labour Court. The matter is pending and the next date of hearing has not been fixed.
24. A criminal case (no. 814/05) dated July 7, 2003 was filed against the supervisor of the Korba unit and three other executives of our Company and the labour contractor alleging grievous hurt and negligence due to which a labourer was hurt during the course of employment. Vide order dated May 19, 2005 the three executives of the unit were acquitted. However, the case against the supervisor is still pending and prosecution is yet to record its evidence and he next date has not been fixed.
25. A criminal complaint (no. 1901/04) dated July 21, 2003 was filed before the Judicial Magistrate First Class, against the contractor and our Company executive at our Korba unit, alleging negligence which resulted in the death of the labourer. The bail was obtained by the employee of our Company on December 30, 2004. The matter is currently pending and date of next hearing is February 16, 2002.
26. The Regional Officer, Environment Protection Board, Chattishgarh, filed a criminal complaint (no. 690/2006) dated May 5, 2006 against the ex-GM, our Korba unit, allegations of polluting the water and air around the unit as there was a blast in the ashdyke. The Regional Officer, issued summons to appear before the Court. Subsequently, our Company filed an appeal (24/2007) dated May 21, 2007 before the Additional District Judicial

Magistrate challenging the order dated May 21, 2007. Further, the Pollution Control Board filed its objections and the same were quashed by the Additional District Judicial Magistrate vide order dated October 24, 2009. The next date of hearing is January 25, 2010.

27. A criminal complaint (no. 409/09) dated May 30, 2009 was filed against the ex-superintendent-in-charge, and engineer-in-charge at Korba unit, alleging negligence and inadequate security measures that resulted in death of the employee. The next date for hearing is February 22, 2010.
28. The Factory Inspector filed a criminal case (no. 82/FA/2009) dated October 10, 2009 against the ex- GM of the unit at Korba for negligent driving of the driver of the trailer that resulted in the death of the employee. The next date for hearing is fixed January 22, 2010.
29. The State of Chattisgarh filed a criminal complaint (no. 946/09), dated September 31, 2009, against our unit's school bus driver at Korba for negligent driving which caused death of a person. The matter is pending and the next date of hearing has not been fixed.
30. The State of Chattisgarh filed a criminal complaint (no. 1022/09) dated December 9, 2009 against the Deputy GM and the superintendent of our unit at Korba, along with the contractor for gross negligence and inadequate safety measures which resulted in the death of a contract labourer who fell into the water pump and was electrocuted. The next date of hearing is February 19, 2010.
31. Mr. Jitendra Prasad Pandey filed a criminal complaint (no. 17/01 MPIR) before the Labour Court, Sidhi alleging termination of services in a wrongful manner as no notice of payment of retrenchment compensation was issued by the Company. Subsequently, our Company filed its reply stating that Mr. Pandey was never employed by our Company and hence was not entitled to such relief. Thereafter, vide order dated October 30, 1999 the Labour Court directed our Company to reinstate Mr. Pandey with back wages within a period of one month of the order. Our Company then filed an appeal (no. 338/MPIR/2000) dated January 11, 2000 before the Industrial Court challenging the order of the Labour Court and vide interim order dated January 13, 2000 granted a stay of the order of the Labour Court and subject to the payment of last drawn wages to be made to the complainant. Mr. Pandey then filed his application dated October 29, 2002 before the Industrial Court for compliance of the order. Our Company filed its reply stating that Mr. Pandey had been gainfully employed and vide order dated April 19, 2005 remanded the application back to the Labour court to hold an inquiry with respect to the same. The Industrial Court vide order dated November 21, 2006 directed our Company to reinstate Mr. Pandey and further directed our Company to pay 50% back wages. Pursuant to it our Company filed a writ petition (no. 3347/2007) against the order dated November 21, 2006 and the High Court vide interim order dated April 30, 2007 granted a stay in the order of the Industrial Court. The matter is pending and the next date of hearing has not been fixed.
32. The Senior District Magistrate, Waidhan, issued a show cause notice (no. 510/ PRWA/2000) under Madhya Pradesh Land Revenue Code, dated November 16, 2000 to our Company at the Vindhyachal unit directing our Company to explain the reason why certain trees had been cut in an area that was not a part of the unit at Vindhyachal. The matter is pending and the next date of hearing has not been fixed.
33. Mr. Ratmeshwar Ram filed a criminal complaint (no. 195/2001) dated March 15, 2001 against the ex-GM, Vindhyachal alleging assault. The matter is pending and the next date of hearing has not been fixed.
34. Mr. Pathak filed a criminal complaint (no. 497/2001) dated April 16, 2001 against the ex-GM of the unit at Vindhyachal and other six committee members (no. 497/2001). Our unit at

Vindhyachal had constituted a disciplinary committee to look into the conduct of the employee (driver) of the unit. Subsequently, our Company filed a writ petition (no. 497/2001) dated June 12, 2001 before the High Court to quash the criminal complaint. The matter is pending and the next date of hearing has not been fixed.

35. The Factory Inspector filed a criminal complaint (no. 01/2001) dated November 27, 2007, against the ex-GM, of our unit at Vindhyanchal, before the Labour Court Sidhi alleging improper supervision which resulted in a labourer's death on February 22, 2001. The matter is currently pending and the next date of hearing is not fixed.
36. The Factory Inspector filed a criminal complaint (no. 02/2002) dated August 27, 2004 before the Labour Court, Sidhi against the ex- GM, of our unit at Vindhyanchal, alleging improper supervision which resulted in a labourer's death. The matter is pending and the next date of hearing has not been fixed.
37. The Labour Inspector filed a criminal complaint (no. 47/02) dated August 7, 2003 against the ex-GM of our unit at Vindhyanchal, for non-payment of minimum wages under sections 22 and 23 of the Contract Labour (Abolition and Regulation) Act, 1970. Subsequently, on November 28, 2001, our Company filed a reply requesting the Court to direct the Labour Inspector to name the person against whom the proceedings shall proceed. The matter is pending and the next date of hearing has not been fixed.
38. Mr. Singh, father of the deceased child, filed a criminal case (no. 188/2005) dated February 11, 2004 before Judicial Magistrate First Class, Waidhan against the ex- GM and the ex-engineer in-charge, of our unit at Vindhyanchal alleging negligence on part of our Company that resulted in death of his child due to electrocution. Our Company filed an application for bail dated October 15, 2005. The matter is pending and the next date of hearing has not been fixed.
39. The Labour Inspector filed a criminal complaint (no. 65/2006) dated February 1, 2006, before the Court of Judicial Magistrate, First Class, Waidhan, District Singrauli, Madhya Pradesh, against the ex- GM, of our unit at Vindhyanchal, for non-payment of wages. In the interim, our Company has filed criminal proceedings (no. 3034/2006) under section 482 to quash the criminal complaint (no. 65/2006) and order of the lower court dated March 21, 2006. The matter is pending and the next date of hearing has not been fixed.
40. The Labour Inspector filed a criminal complaint (no. 67/2006) dated February 1, 2006 before Court of Judicial Magistrate, First Class, Waidhan, District Singrauli, Madhya Pradesh, against the ex- GM, of our unit at Vindhyanchal, for non-payment of wages. The matter is currently pending and the next date of hearing is not fixed. Subsequently, our Company filed criminal proceedings (no. 2955/2006) under section 482 to quash the criminal complaint filed by the Labour Inspector and order of the lower court dated September 15, 2006. The matter is pending and the next date of hearing has not been fixed.
41. The Factory Inspector filed a criminal complaint (no. 338/2008) dated March 3, 2008 against the ex-executive director, Vindhyanchal, and the Assistant GM of operation and management of our unit at Vindhyanchal, alleging improper supervision which resulted in a labourer's death. The matter is pending and the next date of hearing has not been fixed.
42. The Factory Inspector filed a criminal complaint (no. 338/2008) dated July 6, 2009 before the labour court against the ex-executive director (Vindhyanchal), and Mr. P. K. Mohpatra, Assistant GM of operation and management of our unit at Vindhyanchal, alleging improper supervision which resulted in a labourer's death. The matter is pending and the next date of hearing has not been fixed.

43. The State filed a criminal complaint (no. GI-925/2006) dated June 24, 2008 before the Judicial Magistrate First Class, Cuttack against our Company alleging negligent driving by the driver of the GM's car that caused grievous hurt to a person walking on the road. The matter is pending and the next date of hearing has not been fixed.
44. The Labour Inspector filed complaint case (no. 2790/05) before the CJM, Bilaspur alleging violation of certain provisions of the Contract Labour (Regulation and Abolition) Act, 1970 on allegations that our Company had employed contract labourers who did not have a valid license by the contractor of our Company. Our Company being the principal employer has been made a party. The matter is pending and the next date of hearing has not been fixed.
45. Mrs. Sita Devi, the wife of the deceased driver, filed a case dated November 7, 2006, before the CJM, against the insurance company and our Company claiming for an increase in the quantum of compensation towards the death of her husband during the course of employment as the amount claimed by the contractor i.e. a sum of Rs. 0.33 million was not sufficient. The next date of hearing is January 15, 2010.
46. Mr. Devendra Kumar, the father of the deceased filed a complaint (no. O.P 37/2006) before MACT, claiming compensation for the death of his child studying in Kendriya Vidyalaya, our Company Ramgundam Township, near the school due to an accident with the school bus. MACT vide order dated June 4, 2007, awarded Rs. 0.15 million as compensation. The father of the deceased child filed an appeal before the High Court for enhancement of the quantum of compensation. The matter is pending and the next date of hearing has not been fixed.
47. The State of Madhya Pradesh, has filed a criminal case (no. 96/2003) dated June 4, 2007 against the factory manager for non compliance with law and further, issued summon notices dated February 1, 2003 stating that our Company was not registered under the Interstate Migrant Workmen Act, 1979. The matter is pending and the next date of hearing has not been fixed.
48. The State of Madhya Pradesh, filed a complaint dated June 23, 1996 on allegations of non-compliance with certain provisions of the Standard Weights and Measures Act. Further, our Company filed an application dated January 13, 1998 for closing the case as the Weights and Measures Board, through withdrawal letter dated on August 27, 1998, requested to withdraw the case. The matter is pending and the next date of hearing has not been fixed.
49. Md. Iqbal Shameen filed a criminal case (no. 43/93) dated April 15, 1993 against the ex-senior superintendent and the ex- senior engineer before the Court of CJM, Godda alleging criminal negligence by the accused while performing their official duty due to which the railway engines of our Company collided, which resulted in injury to the petitioners. The matter is pending and the next date of hearing has not been fixed.
50. Mr. Janardan Pal filed a criminal case (no. 140/92) against Mr. L.M Jha, GM, Eastern Coalfields Limited and others including two junior officials of our Company before the Court of CJM, Godda alleging criminal negligence while performing their official duty that resulted in an injury to the third party in an accident at the loading site. The matter is pending and the next date of hearing has not been fixed.
51. The Factory's Inspector, Farakka filed a criminal case (no. 285/95) against the ex- GM and the ex-additional GM before the Court of CJM, Murshidabad alleging negligence by the employees of our Company that resulted in the death of a labourer of a sub-contractor of our Company in an accident. Subsequently, our Company filed a writ petition (no. 604 of 1996) dated March 16, 1996 before the High Court, Kolkata to quash the criminal complaint on the ground that the case should be against the contractor and the sub-contractor. High Court vide

order dated September 18, 2003 dismissed the petition stating that the argument should be taken before the CJM. The matter is pending and the next date of hearing has not been fixed.

52. Lalmatia police had filed a criminal case (case no. 158/2006) against the ex- senior superintendent and two other ad-hoc drivers of locomotive owned by our Company, before the Court of CJM, Godda alleging death of a person by the locomotive owned by our Company. The matter is pending and the next date of hearing has not been fixed.
53. A criminal case (no. 613/92) has been filed against the locomotive driver of our Company, before the Court of Judicial Magistrate, Rajmahal on the ground of criminal negligence and public nuisance that resulted in the derailment of the locomotive owned by our Company due to the negligence of the driver. The matter is pending and the next date of hearing has not been fixed.
54. The Forest Department filed a charge sheet dated March 5, 1999 before the CJM, Itwa alleging trespass and defacing forest land on grounds that our Company had built a road through forest land without appropriate authorization. The next date for appearance for framing of issues is on January 17, 2010.
55. The State filed a criminal complaint (no. 285/01) dated October 11, 2001 against our employee alleging death of a person due to a locomotive accident. The matter is pending and the next date of hearing has not been fixed.
56. An employee of our Company, filed a complaint dated April 3, 1999, alleging dishonour of cheque that was signed by the executive director, Kahalgaon, for an amount of Rs. 0.07 million due to insufficient funds, issued by our Company on purchase of certain goods by the co-operative society for our employees. Subsequently, our Company filed an application (28489/2009) dated August 6, 2009 before the High Court of Patna under section 482 to quash the proceeding before the lower court. The matter is pending and the next date of hearing has not been fixed.
57. The State filed a criminal case (no. 360/1994, GR No. 2702/1994) dated December 29, 1994 before Judicial Magistrate First Class, Bhagalpur against Mr. Dadan Singh alleging negligence resulting in the death of an employee due to a fatal accident in the turbine room. Subsequently, our Company filed a bail application dated August 4, 1995 and vide order dated August 06, 1995, the bail was granted. The next date of hearing is January 17, 2010.
58. The State filed a criminal case (no. 204/2003) dated February 14, 2003 before the Sub-Divisional Judicial Magistrate, Bhagalpur against the ex-GM and others at Kahalgaon Unit, under the Weight and Measures Act alleging non compliance of capacity specifications as mandated under the Act. The matter is pending and the next date of hearing has not been fixed.
59. The Inspector of Factories filed a criminal case (no.105/2003) dated May 13, 2003 before the Court of the Judicial Magistrate First Class, Bhagalpur against the ex- GM, Kahalgaon alleging non-compliance of the appointment of adequate number of safety officers at the unit as per rule 62B of Bihar Factory Rules, 1950. Aggrieved by the order our Company filed a petition (no Cr. Misc. 137/23/07) before the Patna High court under 482 Cr.P.C. for quashing of the issuance of non bailable warrant and vide order dated July 13, 2007, the High Court quashed the issuance of non-bailable warrant. The matter is pending and the next date of hearing has not been fixed.
60. The Factory Inspector filed a criminal complaint (no. 112/1993) dated April 24, 1993, (Connected with 113/93)) against Mr. S. M. Nagmoti (GM, our Company) S. Sukla (deputy general manager of operation and management) and V. Shelvaraj (Best and Crompton

Engineering Ltd.) before the CJM regarding violation of the Factories Act that provides for the notification to the Factory Inspector of any death at a factory within a period of 12 hours. Our Company Kahalgaon Unit, on behalf of the employee, filed a criminal miscellaneous petition (6415/1995) dated December 12, 1995, before Magistrate First Class, Bhagalpur praying *inter alia* i) quashing of the proceedings instituted by the Factory Inspector; and ii) challenged the validity of the complaint lodged and vide order date October 4, 1999 the proceedings instituted by the Factory Inspector were quashed. Further, our Company filed a petition (no 10458/95) dated January 4, 1996, under section 482 petition (no. 6335/95) to quash the proceedings of the Factory Inspector and vide order dated October 4, 1999, the Court quashed the proceedings. The matter is currently pending and the next date of hearing is not fixed. Thereafter, the vide order dated October 4, 1999, the High Court transferred the case to the court Sub Divisional Judicial Magistrate. The matter is pending and the next date of hearing has not been fixed.

61. The Provident Fund Commissioner filed an FIR (no.31/2008) dated February 7, 2008, against the GM of production of our Kahalgaon unit, before the Judicial Magistrate First Class, Bhagalpur for violation of Provident Fund Act and for criminal breach of trust under sections 405 and 406 of IPC on the ground that the provident fund was deducted from the salaries of security personnel who were employees of a third party security agency but were not deposited in their provident fund accounts at Kahalgaon Unit. Further, our Company has already deposited the amount in the respective PF accounts vide cheques dated February 7, 2008. The matter is pending and the next date of hearing has not been fixed.
62. The wife of the deceased filed an FIR dated June 3, 2009 before the CJM against two employees of our Company, who were in-charge of the ashdyke alleging criminal negligence on their end that led to the death of her husband by electrocution. Further, the wife of the deceased filed an Affidavit dated September 15, 2009 before the CJM Court claiming that the filing of FIR was a mistake as she was instigated by some people with vested interest and that the officials have no complicity in the matter and therefore charges may be dropped against them. The final charge sheet is yet to be submitted by the police. The matter is pending and the next date of hearing has not been fixed.
63. The wife of the deceased filed a criminal case (no. 139/2006) before the Sessions Court against our Company and the insurance company alleging negligence that resulted in the death of her husband in an accident by our Company vehicle. The matter is pending and the next date of hearing has not been fixed.
64. The Factories Inspector filed a Criminal Complaint (no. 01/07) dated November 27, 2006 before the CJM, against our Company, alleging that proper permission to construct a factory was not taken from the Factories Inspector. Subsequently, our Company was summoned on April 9, 2009 and on November 19, 2009 and has applied for the certified copy of the order sheet. The matter is pending and the next date of hearing has not been fixed.
65. The criminal complaint (no. 296/2009) was filed under Section 83 (1) of the Uttarakhand Police Act, 2007 before the CJM, against the GM of the Loharinag-Pala Hydro Power Project on grounds of non-compliance of the provisions of Section 52 (3) of the Uttarakhand Police Act, 2007 alleging non-compliance with the order of the Superintendent of Police, Uttarkashi to get the credentials of the workers verified due to increase in nefarious and terrorist activities in district Uttarkashi. The next date of hearing has been fixed for January 25, 2010.
66. The Inspector of Factories issued notices dated July 26, 1999 and November 1, 1999 before the Labour Court against our unit at Talcher TPP alleging absence of enough safety inspectors that need to be posted at the unit. Subsequently, the Factories Inspector filed a criminal complaint (no. 172/1999) against the Assistant GM for the violation of the Factories Act. The matter is pending and the next date of hearing has not been fixed.

67. The Factories Inspector filed a criminal case dated September 15, 2003 before the Labour Court, against the assistant GM for the violation of the Factories Act and negligence that resulted in death of the contract labourer employed by UB Engineering (the contractor of our Company) due to shock on use of machinery. The matter is pending and the next date of hearing has not been fixed.
68. The Air Pollution Control Board filed two criminal complaints (nos 101/2000 and 100/2000) dated December 23, 1991 before the CJM alleging pollution of air and water. Subsequently, our Company (Talcher Thermal Power Station) was made a party to the complaints. Our Company has filed a stay application dated February 23, 2004, on the grounds that our Company is in no manner responsible for the occurrence and continuation of the violation in 1990 when the unit was managed and controlled by Orissa SEB. The matter is pending and the next date of hearing has not been fixed.

Income Tax Proceedings

There are 22 income tax proceedings pending against our Company where the disputed amount is approximately Rs. 65,566.30 million of which Rs. 65,541.30 million has been paid. The details of the proceeding are mentioned below.

For the assessment year 1978-1979

The Inspecting Assisting Commissioner, Delhi, vide assessment order dated December 29, 1980, assessing taxable income of Rs. 1.99 million as depreciation was disallowed on construction equipments which were kept ready for use but not actually used during the year 1978-1979. Subsequently, our Company filed an appeal (no. 385/80/81/XI) before the Commissioner of Income Tax (“CIT”) (Appeals) who vide order dated January 14, 1982 re-enforced the order dated December 29, 1980. Our Company preferred an appeal before the Income Tax Appellant Tribunal (“ITAT”), who vides order (986/DEL/1982) dated January 31, 1985, rejected the appeal filed by our Company. Thereafter, our Company has filed an appeal (no. 268 of 1986) dated March 31, 1986, before the Delhi High Court on the ground that the machinery was purchased for the purpose of using it in the process of setting up power plants. The matter is currently pending and the next date of hearing has not been fixed.

For the assessment years 1979-1980 and 1980-1981

The Inspecting Assisting Commissioner, Delhi vide assessment order dated January 28, 1982, and September 15, 1982 disallowing the depreciation on construction equipments which were for the financial years 1978-1979 and 1979-1980, not used during the year, Rs. 0.29 million and Rs. 3.93 million respectively. Subsequently, our Company filed appeals (412/81-82 and 371/1981-82 respectively) before CIT (Appeals) on March 6, 1982 and November 5, 1982, respectively, and vide orders dated March 9, 1983 and February 22, 1983, respectively, the CIT (Appeals) rejected our Company’s appeal. Thereafter, Company filed an appeal (2239 and 2240/DEL/83) before ITAT Delhi, and ITAT vide order dated February 28, 1984, rejected our Company’s appeal. Thereafter, ITAT on request of our Company referred the matter to Delhi High Court on March 31, 1986. The matter is currently pending and the next date of hearing has not been fixed.

For the assessment year 1994-1995

The Assistant Commissioner of Income Tax, vide assessment order dated March 31, 2003, under section 148 of IT Act alleging income from banks interest as income from other sources. Our Company filed an appeal (20/2003-04) dated April 30, 2003 before CIT (A) vide order dated March 26, 2006 rejecting the claim made by the Assessing Officer (“AO”). The AO filed a second appeal (2047/D/06) dated June 2, 2006, before ITAT, New Delhi. The matter is pending for hearing.

For the assessment year 1997-1998

The Additional Commissioner of Income Tax, vide assessment order dated March 4, 2003, directed our Company to pay tax on interest earned from bank interest of Rs. 0.39 million. Our Company had filed an appeal (151/2002-03) dated March 27, 2006, before CIT (Appeals), who vide order dated March 26, 2006, quashed the order of the AO. However, the AO has filed a second appeal (2048/D/06) dated June 2, 2006, before ITAT, New Delhi. The matter is currently pending and the next date of hearing has not been fixed.

For the assessment years 1999-2000, 2000-2001, 2001-2002, 2002-2003 and 2003-2004

The Deputy Commissioner of Income Tax, has issued a notice dated February 3, 2006, initiating the reassessment proceedings for the assessment years 1999-2000 to 2003-04 (five years). Subsequently, the Deputy Commissioner of IT issued reassessment orders on August 4, 2006, for three years i.e. 1999-2000, 2000-2001, 2001-2002, directing our Company to pay a sum of Rs. 16,155.30 million towards additional demand of Income Tax on i) disallowance of exemption under section 80IA relating to gas unit; and ii) tax recoverable from the SEB as taxable income. Subsequently, our Company filed 5 writ petitions (no. 14458, 14562, 14688, 15693 and 15714) dated March 15, 2007, praying *inter alia* i) for a writ of certiorari for quashing the notice issued; ii) to issue a writ of mandamus to cancel or withdraw the notice; iii) for a writ of prohibition for restraining the reassessment. The matter is currently pending and the next date of hearing has not been fixed.

For the assessment year 2002-2003

The Income Tax ("IT") Officer, W-1, Dhananal, has issued a demand notice dated September 9, 2007 directing our Company to pay a sum of Rs. 0.62 million as Form 26C filed by our Company, for claiming deduction of tax at source for the period 2002-2003, against the payment made to IRCON International Limited for construction and supervision of doubling of MGR Track from Lingaraj mines too the plant, had to be claimed under section 194-J and not under section 194-C. Subsequently, our Company filed an appeal (no. 0098/2007-08) dated September 6, 2007, rejecting the claims on the ground of it being arbitrary. The ITAT, vide its order dated June 23, 2008, held that our Company had to submit the Form 26C under section 194-C. Aggrieved by the same our Company filed an appeal dated August 22, 2008 to the ITAT, Cuttack, Orissa, on the ground of it being arbitrary and violative of principle of natural justice. The matter is currently pending and the next date of hearing has not been fixed.

For the assessment year 2003-2004

The Income Tax Officer, W-1, Dhananal, has passed the assessment order along with a demand notice dated September 6, 2007, directing our Company to pay a sum of Rs. 6.33 million as Form 26C filed by our Company, for claiming deduction of tax at source for the period 2003-2004, against the payment made to IRCON pursuant to the contract for construction and supervision of doubling of MGR Track from Lingaraj mines too the plant, had to be claimed under section 194-J and not under section 194-C. Subsequently, our Company filed an appeal (no. 0095/2007-08) dated October 11, 2007 for quashing the order dated March 24, 2008. The CIT (Appeals), vide its order dated January 31, 2008, held that the Income Tax Officer, had to determine the liability as per provisions of section 194-C and not under section 194-J. Thereafter the Officer, passed its order dated March 24, 2008, directing our Company to pay a sum of Rs. 2.90 million. Our Company preferred an appeal (no.128/CTK/2008) along with an interim application for the stay of the realization of the tax before the ITAT, Cuttack, Orissa, for quashing the order dated March 24, 2008 on the ground of it being arbitrary and violative of principle of natural justice. Vide order dated May 2, 2008 the ITAT has stayed the realization of the tax imposed subject to deposition of Rs.0.05 million. The matter is currently pending and the next date of hearing has not been fixed.

For the assessment year 2004-2005

The AO passed an assessment order dated February 27, 2006, assessing taxable income of Rs 49,591.30 million as against returned income of Rs. 366.40 million. Subsequently, our Company filed an appeal (115/2005-06) dated March 26, 2008, before CIT (Appeals). The CIT (Appeals) vide order dated October 3, 2008, accepted our Company's complaint and directed the AO to recomputation of the income. However, the CIT filed a second appeal before ITAT Delhi. The matter is currently pending and the next date of hearing has not been fixed.

For the assessment year 2005-2006

1. The AO vide its order dated November 27, 2006 assessed the income to be Rs. 37,361.90 million as against Rs. 11,301.80 million and directed our Company to pay a sum of Rs. 7,756.30 million towards tax, on the assessed income. Subsequently, our Company filed an appeal dated December 19, 2006 against such order before CIT (Appeals) praying, *inter alia* i) disallowance of deduction towards gas unit; ii) taxability of income tax recoverable from SEBs; iii) taxability of pre-commission sales; iv) disallowance of expenses related with tax free income; v) disallowance of expenses on assets not owned by our Company. The matter is currently pending and the next date of hearing has not been fixed.
2. The CIT (Appeals-V) issued a notice dated October 19, 2007 under section 263 of the IT Act, directing the AO for revision of the assessment order for the year 2005-2006, on the grounds *inter alia* i) additional depreciation on new plant and machinery; ii) taxability of provisional sales. Our Company filed an appeal (no. 1438 /Del/09) dated April 13, 2009, before ITAT, Delhi, challenging the judicial power of the CIT directing the reassessment on the ground that there is no change in the facts and circumstance of the case considered by the AO previously. The matter is currently pending and the next date of hearing has not been fixed.

For the assessment year 2006-2007

The Additional Commissioner of Income Tax passed the assessment order dated November 27, 2007, directed our Company to pay a sum of Rs. 12,060.00 million for the year 2006-2007, towards i) Disallowance of tax holiday for gas units; ii) taxability of income tax recoverable from SEBs; iii) taxability of pre commissioning sales; iv) disallowance of expenses towards tax free income; disallowance of capital expenses on assets not owned by our Company; vi) taxability of provisional sales; vii) disallowance of additional depreciation on new plant and machinery; vii) disallowance of premium on purchase of securities. Subsequently, our Company made an appeal (no. 78/07/08) dated December 26, 2007, before CIT (Appeals- XVI). The matter is currently pending and the next date of hearing has not been fixed.

For the assessment year 2007-2008

1. The Additional Commissioner of Income Tax passed an assessment order dated February 27, 2009 making an assessment of income of the Company for the assessment year 2007-2008 and directed to pay an additional sum of Rs. 19,838.50 million. The total amount in dispute involved for the year is Rs. 19,190.30 million. The main issues involved in dispute are towards i) disallowance of tax holiday for gas units; ii) taxability of income tax recoverable from SEBs; iii) disallowance of profit of BTPS unit not received from the government; iv) disallowance of expenses towards tax free income; v) disallowance of capital expenses on assets not owned by Company; vi) taxability of provisional sales; vii) disallowance of additional depreciation on new plant and machinery; vii) disallowance of premium on purchase of securities etc. Subsequently, our Company has made an appeal dated April 2, 2009, before CIT (Appeals- XVI). The matter is currently pending and the next date of hearing has not been fixed.

2. The Income Tax Officer, Noida, vide order dated March 16, 2009 directed our Company to pay a sum of Rs. 1.31 million towards tax deducted at source (“**TDS**”) on payment to professionals and hiring of vehicles. Subsequently, our Company filed an appeal to Commissioner of Income Tax (Appeals), Ghaziabad. The matter is currently pending and the next date of hearing has not been fixed.

For the assessment year 2006-2007, 2007-2008 and 2008-2009

The Income Tax Officer, Palampur, Himachal Pradesh, issued three demand notices dated July 10, 2009, directing our Company to pay a sum a total sum of Rs. 0.09 million towards interest on the variation in the average rate of tax deducted on payment of salary to the employees under section 201. Our Company has filed an appeal dated August 7, 2009 before the CIT (Appeals), Solan, Himachal Pradesh. The matter is currently pending and the next date of hearing has not been fixed.

Others

1. The National Thermal Power Employees Union, Uttar Pradesh, through its General Secretary, filed a writ petition (no. 2348 of 2008) dated May 5, 2008, against Union of India and others including our Company before the High Court of Allahabad, praying, *inter alia* i) for a decree of mandamus directing Union of India and others not to include accommodation perk for the purpose of calculation of income tax in respect to the members of the petitioner union as it is violative of Article 14 of the Constitution of India; and ii) quashing the guidelines dated May 11, 2007 issued by the Company, directing all accounting units for valuation of perquisite of Housing accommodation. The Court vide its order dated April 15, 2005, directed the Union of India and others not to deduct taxes on the difference between the house rent and 7.5% of salary as perquisite. The matter is currently pending and the next date of hearing has not been fixed.

Also, three different writ petitions with same allegations had been filed by Diploma Engineers Association, ii) National Thermal Power Cooperative Power Karamchari Sangh and another against; and iii) National Thermal Power Cooperative Employees Union against Union of India and others including our Company. The Union of India and others including our Company have filed applications for dismissal of these writ petitions. Therefore, our Company has made three applications dated March 9, March 15 and March 11, 2005, requesting the High Court to dismiss the petitions.

2. M/s. Bridge & Roof Company India Limited (“**BRCIL**”) has filed a writ petition (no. 3311 of 1997) dated July 23, 1997 under Article 226 of the Constitution, before the High Court of Allahabad, Lucknow bench, against State of Uttar Pradesh and others including our Company, claiming *inter alia* i) refund of excess amount imposed on BRCIL towards deduction at source from its running bills for the fiscal 1997; ii) issue a writ of mandamus directing tax at source to be deducted at 4%. Our Company filed its reply dated August 5, 1997, 1997, rejecting the allegations so made. Further, our Company has filed an application on January 12, 2005, for deletion of its name as the opposite party on the ground that the contract has been executed containing clause of no liability on each side. The matter is currently pending and the next date of hearing has not been fixed.
3. The Commissioner of Income Tax Department has issued notice to our Company with regard to deduction of tax at source u/s 194-J for the payment being made to IRCON and raised a demand of Rs. 2.9 million. Whereas our Company’s view is that the TDS should be deducted u/s 194-C of IT Act. First appellate authority has rejected our view and the appeal has been filed before ITAT, Cuttack. The approval of Committed on Disputes has been obtained in the matter. The matter is currently pending and the next date of hearing has not been fixed.

Other Proceedings Relating To Tax and Statutory Charges

There are 123 proceedings relating to tax and statutory charges, (exclusive of the income tax proceedings described above) pending against our Company with an aggregate liability of approximately Rs. 4,241.35 million along with interest. The details are provided below.

1. The Sales Tax Officer, Dhenkanal Circle, Angul, Orissa, issued an order (no. 10940/CT/97) dated February 2, 1998, to explain the reason as to why a penalty of Rs. 50.26 million shall not be imposed under section 10(b) and 10(d) of the Central Sales Tax Act for mis-utilization of Form C on purchase of certain goods not mentioned in the registered certificate as goods to be used for the generation of electricity for the period 1993 to 1995. Subsequently, our Company filed an appeal before the Central Sales Tax Officer of the quantum of the compensation, to and vide order reduced the quantum of compensation to Rs. 46.51 million, and our Company deposited a sum of Rs. 15 million. Our Company preferred a writ petition before the High Court of Orissa, Cuttack (no. 7561 of 1998) on the grounds of audi alteram partem challenging the grounds of imposition of tax, who vide its decision dated February 7, 2002 directed the Sales Tax Officer to hear the case again. The Sales Tax Authority, vide its order dated January 31, 2005 directed our Company to deposit the penalty. Thereafter, our Company filed a revision petition (no. CU-II-78/ 04-05) rejecting the imposition of the penalty. The matter is currently pending and the next date of hearing has not been fixed.
2. The Sales Tax Officer, Dhenkanal Circle, Angul, Orissa, issued an impugned show cause notice, directing our Company to show cause as to why a penalty shall not be imposed on our Company under sections 10(b) and 10(d) of the Central Sales Tax Act for mis-utilization of Form C on purchase of certain goods not mentioned in the registered certificate as goods to be used for the generation of electricity for the period April 25, 1996 to March 12, 1999, issued to our Company, pursuant to section 10(b) and 10(d) of the Central Sales Tax Act. Subsequently, the Sales Tax Officer passed an order dated December 30, 1999, directing our Company to deposit a sum of Rs. 10.22 million. Subsequently, our Company filed an appeal (no. AA 120/DLC-99-3000), to the Assistant Commissioner of Sales Tax, Cuttack-II, Orissa, challenging the order dated December 30, 1999. ACST, quashed the claim of the STO vide order dated August 14, 2000, pursuant to which the Commissioner of Sale Tax, Orissa filed a petition (S.A. no. 76 (C) 2000-01) dated November 11, 2000, before the Sales Tax Tribunal, Cuttack, Orissa. Our Company filed the cross objection dated May 15, 2006. The matter is currently pending and the next date of hearing has not been fixed.
3. The Sales Tax Officer, Dhenkanal Circle, Angul, Orissa, passed an assessment order dated February 15, 2006 directing our Company to pay a sum of Rs. 0.13 million for not disclosing C declaration Form (on selling of certain goods to the registered dealers outside Orissa) for an amount of Rs. 1.412 million, for the period 2004-2005. Subsequently, our Company preferred a first appeal (AA/24/DLC/2006-07/CT) dated August 26, 2006, before the Additional Commissioner of Sales Tax, Cuttack-II Range, Orissa, on the grounds of it being violative of principles of natural justice and in violative of principles of statute. The Assistant Commercial Sales Tax (“ACST”), vide its order dated November 10, 2006, directed our Company to deposit a sum of Rs. 0.50 million on or before November 23, 2006 for the stay order. Our Company filed a revision petition (CUII-291/2006-2007) dated December 5, 2006, before the Additional Commissioner of Sales Tax, Central Zone, Cuttack for the full stay of realization of the tax demanded. Subsequently, ACST has vide its order dated October 17, 2007 stayed the realization of the tax. The matter is currently pending and the next date of hearing has not been fixed.
4. The Commissioner, Central Excise, Bhubaneswar passed an order (CCE/BBSR-1/02/2006) dated May 9, 2006, directing our Company to pay a penalty of Rs. 3.00 million alleging intentional suppression of facts of manufacturing goods inside the premises of canes/circles knowing that the goods were liable for confiscation. Subsequently, our Company filed an

appeal (no.450/06) dated August 3, 2006 before the Central Excise and Sales tax Appellant Tribunal (“CESTAT”), Kolkata and also filed an application dated May 9, 2007, to the Committee of Disputes for getting its mandatory clearance. The CESTAT vide order dated January 24, 2008 directed our Company to deposit a sum of Rs. 1.00 million. Aggrieved by the same, our Company filed a writ petition (no. 3020/08) challenging the order dated January 24, 2008. And vide order dated March 10, 2008 directed our Company to deposit a sum of Rs. 0.50 million with the Registrar, CESTAT and directed CESTAT to hear the matter. The matter is currently pending and the next date of hearing has not been fixed.

5. The Sales Tax Officer, Angul circle, Orissa issued an assessment order dated March 31, 2009, directed our Company to deposit a sum of Rs. 1,064,801 on grounds of mis-utilization of Declaration Form C by disclosing the purchase of certain items such as scrap brass, structural steel scrap, used burnt oil etc as on interstate sale for the year 2005- 2006 under section 12(5) of the Central Sales Tax (O) Rules. Subsequently, our Company filed an appeal dated October 1, 2009, on the ground of violation on principle of natural justice and for imposing tax of 10% to raise an illegal and arbitrary demand. Also, our Company filed a stay application vide (no. AA/07/DLC/AL/09-10) dated October 1, 2009 for realization of the tax. The matter is currently pending and the next date of hearing has not been fixed.
6. The Assessing Authority, Dhenkanal Circle, Angul, Orissa passed an assessment order dated December 30, 2004 directing our Company to pay sum of Rs. 32.32 million towards 1% entry tax on the purchase of coal for the financial year 2003-2004 on the ground that coal is a fuel and not raw material. Subsequently, our Company filed an appeal (no. AA 487/ET/DL/2004-05) dated July 25, 2006 before the Court of Assistant Commissioner of Commercial Tax, on the ground that the coal is used as a raw material in generation of electricity and through its vide order dated September 28, 2005, the ACST directed our Company to pay a sum of Rs. 27.32 million. Aggrieved by the order, our Company filed an appeal (no. 254/05-06) dated January 25, 2006 before the Sales Tax Appellant Tribunal, Cuttack, Orissa, on the ground that the coal is used as a raw material in generation of electricity. The matter is currently pending and the next date of hearing has not been fixed.
7. The Assessing Authority, Dhenkanal Circle, Angul, Orissa, vide assessment order dated February 18, 2006, has directed our Company to pay sum of Rs. 39.15 million towards 1% entry tax on the purchase of coal for the period April 1, 2005 to December 31, 2005 on the ground that coal is a fuel and not raw material. Subsequently, our Company filed an appeal (no. AA/ 353/ET/DL/2005-06) dated March 20, 2006, before the Court of Assistant Commissioner of Commercial Tax, on the ground that the coal is used as a raw material in generation of electricity and its vide its order dated January 31, 2007, the ACST re-enforced the decision of the Assessing Authority. Aggrieved by the order, our Company filed an appeal dated May 16, 2007 before the Sales Tax Appellant Tribunal, Cuttack, Orissa, on the ground that the coal is used as a raw material in generation of electricity. The matter is currently pending and the next date of hearing has not been fixed.
8. The Assistant Commissioner of Sales Taxes, Cuttack-II Range, Orissa, vide scrutiny order dated December 12, 2006 directing our Company to pay sum of Rs. 83.24 million towards the less payment of entry tax under sub rule 6 (b) of rule 10 of the Entry Tax Rules on the purchase of coal for the period Jan 1, 2006 to October 31, 2006 on the ground that coal is a fuel and not raw material and it does not find a mention in the consumable good of the registration certificate. Subsequently, our Company filed a revision petition (CU-II-AA/04/06-07) dated January 29, 2007 before the Court of Additional Commissioner of Sales Tax, on the ground that the coal is used as a raw material in generation of electricity and claimed for full stay on realization of coal. The matter is currently pending and the next date of hearing has not been fixed.

9. The Assistant Commissioner of Sales Taxes, Cuttack-II Range, Orissa, vide scrutiny order dated December 26, 2006 directing our Company to pay sum of Rs. 39.91 million towards the less payment of entry tax under sub rule 6 (b) of rule 10 of the Entry Tax rules on the purchase of coal for the period February 1, 2007 to October 31, 2007. Subsequently, our Company has filed an appeal dated January 7, 2009, before the Assistant Commissioner of Sales Tax (LTU) Cuttack-II, Orissa, for stay on the realization of the tax. Our Company preferred a second appeal before the Commissioner on Sales Tax, challenging the order issued on December 12, 2007 on the ground that coal is a raw material used for the production of electricity. The matter is currently pending and the next date of hearing has not been fixed.
10. The Assessment Commissioner, Cuttack-II Range, Orissa, of sales have issued an assessment notice February 7, 2004 along with the demand notice dated February 20, 2004 directing our Company to pay a sum of Rs. 3.51 million towards concessional rate of tax on purchase of diesel, lubricants and paints against the Declaration Form IV as they are not used in the generation of electricity for the fiscal 2002-2003. Subsequently, our Company filed a revision petition (no. CU-IIAA-DL-43/03-04) dated March 29, 2004, before the Additional Commissioner of Commercial Taxes, Cuttack, Orissa quashing the order date February 2, 2004 on the grounds that the same has been determined without proper finding and justification. ACCT vide its order dated March 29, 2004 has ordered that diesel shall be exempted and the matter was adjourned April 7, 2004. The matter is currently pending and the next date of hearing has not been fixed.
11. The Sales Tax Officer, Angul Circle, Orissa, vide assessment notice (no. 15265) dated December 31, 2007, along with the demand notice dated December 29, 2007, directing our Company to pay a sum of Rs. 20.86 million towards concessional rate of tax on purchase of diesel, lubricants, cement and paints against the Declaration Form IV as they are not used in the generation of electricity for the fiscal 2002-2003 under section 12 of Orissa Sales Tax Act, 1947. Subsequently, our Company filed an appeal (no. CU-IIAA-DL-43/03-04) dated February 19, 2008 before the Additional Commissioner of Sales Taxes, Cuttack-II Range, Orissa for quashing the order date December 29, 2007 as the same is passed in violation of Statute and is arbitrary in nature. Aggrieved by the same, our Company made an appeal before the Commissioner of Commercial Tax, Central Zone, Cuttack, dated March 17, 2008. The matter is currently pending and the next date of hearing has not been fixed.
12. The Assistant Commissioner, Commercial Tax Authority, Railway Sahaita Kendra, Allahabad, passed an impugned order dated March 12, 2008, directing Gati Limited, to pay a sum of Rs. 2.20 million as the goods carried for our Company were neither disclosed for inspection nor Form 38 and 39 were furnished resulting in tax evasion. Subsequently, our Company and Gati Limited, filed an appeal before Deputy Commissioner Enforcement, Commercial Tax, Allahabad Zone, who vide its impugned order dated May 22, 2008, directed the check post authorities, Railway Sahaita Kendra, Allahabad, to release the seized goods and directed our Company to deposit cash security equal to the liability of tax on the seized goods. Our Company preferred a second appeal (no. 250/2008) before the member Commercial Tax Tribunal, Allahabad Bench, Allahabad who through its vide order dated June 19, 2008 directed the officers of Railway Sahaita Kendra, Commercial Tax Allahabad, to endorse Form 38 on being presented by our Company and release the goods without security. Aggrieved with the order dated June 19, 2008, the Commissioner Commercial Tax, U.P., filed a revision petition before the High Court, Allahabad, dated September 22, 2008, to set aside the order on the grounds that the Tribunal has ultra vires its jurisdiction by passing such an order. The matter is currently pending and the next date of hearing has not been fixed.
13. The Deputy Commissioner, Rai Bareli issued two notices *inter alia* i) demand notice (no. 402941) dated March 30, 2009 directing our Company to pay a sum of Rs. 0.06 million as additional sales tax for sale of scrap/ fallen trees by the UP Forest Authority; and ii) demand notice (no. 402942) dated March 30, 2009, directing our Company to pay a sum of Rs. 0.11

million as additional interest on tax for late deposit of entry tax. Subsequently, our Company filed two separate appeals (no. 1154/09 & no. 1155/09) dated July 7, 2009 rejecting the demand made by the Deputy Commissioner on the grounds that the tax on the trees has been paid by the UP Forest Authority; that no show cause notice was issued on our Company and that no tax can be levied on freight. The matter is currently pending and the next date of hearing has not been fixed.

14. The Deputy Commissioner, Raibareli, issued a demand notice dated December 13, 2005 directing our Company to pay an additional sales tax of Rs. 0.06 million alleging *inter alia* i) short fall in admitted tax; and ii) purchase from the unregistered dealers for the year 2002-2003. Subsequently, our Company filed an appeal (no 89/06) before the Joint Commissioner (Appeal -II) praying for stay order. The Joint Commissioner vide order (no. 146) dated March 3, 2006, directed our Company to deposit 50% of the amount and stayed realization of the remaining amount. The matter is pending and the next date of hearing is not fixed. The matter is currently pending and the next date of hearing has not been fixed.
15. The Sales Tax Officer, Alappuzha issued two notices dated January 22, 2001 to our Company to show the reason as to why no sale tax penalty shall be imposed on the Company on alleged misuse of Form C, under the Central sales Tax Act, 1956 for the period 1996-1997 and 1997-1998. Our Company replied on February 14, 2001. Subsequently, sales Tax Officer vide its orders (nos. 13235205/96-97 and 13235205/97-98 respectively) dated February 15, 2001 imposed a penalty of Rs. 0.38 and Rs.1.78 million respectively. Pursuant to the same our Company filed two appeals before the Deputy Commissioner of Sales Tax, Alappuzha on March 15, 2001 questioning the orders. Separately, Sales Tax Officer (WC & LT) vide order (no.13235205/98-99) dated June 26, 2003 directing our Company to pay a sum of Rs. 2.01 million towards sales tax for the year 1998-1999. Subsequently, our Company has filed an appeal dated September 2, 2003 before the Deputy Commissioner of Sales Tax, Alappuzha and vide order dated June 27, 2009 re-enforced the order dated June 26, 2003. Aggrieved by the order, our Company preferred an appeal dated December 19, 2009 before the Sales Tax Appellate Tribunal, Kottayam, challenging the order dated June 27, 2009. The matter is currently pending and the next date of hearing is not fixed. The matter is currently pending and the next date of hearing has not been fixed.
16. The Deputy Commissioner of Trade Tax, Raibareli, Uttar Pradesh, issued two demand orders *inter alia* i) demand notice (no. 402) dated December 20, 2004, directing our Company to deposit a sum of Rs. 0.28 million as entry tax on plant and machinery imported valuing more than 1.00 million under Entry Tax Act for the year 2002-2003; and ii) demand notice (no. 403) directing our Company to pay Rs. 0.16 million towards sale of scrap and purchases made from the non-registered dealers for the year 2002-2003. Subsequently, our Company made two separate appeals (no. 173/05 and no. 173/05) on January 15, 2005, to the Joint Commissioner (Appeal) – II, questioning the imposition of the entry and sales tax. The Joint Commissioner passed two separate stay orders (nos 100 and 101, respectively) dated March 4, 2005, for 50% of the total tax imposed. Our Company paid the sales tax of Rs. 43,133. Thereafter the first appeal was disposed off on ground of lack of evidence. Our Company preferred a second appeal before the Sale Tax Tribunal, Lucknow, UP. The matter is currently pending and the next date of hearing has not been fixed.
17. The Deputy Commissioner of Trade Tax, Raibareli, Uttar Pradesh, has issued two demand orders *inter alia* i) demand notice (no. 243) dated February 28, 2003, directing our Company to deposit a sum of Rs. 2.50 million as sales tax on the turnover for the year 2000-2001; and ii) demand notice (no. 244) directing our Company to pay Rs.1.5 million as entry tax on plant and machinery imported valuing more than 1.00 million under Entry Tax Act for the year 2000-2001. Subsequently, our Company made two separate appeals ((no. 543/2003) and (no. 451/2003)) on May 5, 2003, to the Joint Commissioner (Appeal) - III, Trade Tax, questioning the imposition of entry and sale tax. The Joint Commissioner passed two separate stay orders

(no. 283 and 282, respectively) for 60% of the total tax imposed but asked our Company to pay 40% of the total tax imposed. Our Company preferred a second appeal (nos 276 and 293) before the Sales Tax Authority, Raibareli, Uttar Pradesh against the order of the Joint Commissioner dated July 4, 2003, who passed a stay order dated October 6, 2003, directing our Company to pay 10% of the total amount and then through a subsequent order (no. 146 and 147) dated June 29, 2006 directed our Company to pay a further 23% of the total dispute amount. Pursuant to the same, the Deputy Commissioner has issued two notices dated March 23, 2006 directing our Company to pay 90% of the total amount that is Rs. 3.60 million. The matter is currently pending and the next date of hearing has not been fixed.

18. The Assessing Commissioner, Sales Tax, Behrampore, vide assessment order along with a demand notice dated June 30, 2004 directing our Company to pay a sum of Rs. 1.38 million towards i) sale of certain items; and ii) non disclosures of the fixed assets in addition if any for the fourth quarter ending March 31, 2003. The matter is currently pending and the next date of hearing has not been fixed.
19. The Deputy Commissioner of Commercial Tax, Auraiya, Uttar Pradesh, issued demand notices dated February 27, 2008 directing our Company to deposit *inter alia* i) sum of Rs. 2,759.76 million towards entry tax on naphtha; ii) sum of Rs. 0.03 million towards development tax on net value of sale of scrap and cement. Subsequently, our Company filed two appeals (nos. 543 and 544 of 2008) dated August 3, 2008 before the Additional Commissioner (Appeal), Etawah. The Additional Commissioner vide its order dated November 3, 2009 directed our Company to deposit development tax and asked for reviewing of imposed entry tax as it is not being a heavy petroleum product. Our Company has paid the development tax and 0.02 million as entry tax. Our Company is therefore liable to pay a sum of Rs. 2,758.8 million. The matter is currently pending and the next date of hearing has not been fixed.
20. The Deputy Commissioner of Commercial Tax, Auraiya, Uttar Pradesh, issued demand notices dated February 27, 2008 directing our Company to pay *inter alia* i) sum of Rs. 299.76 million towards entry tax on naphtha; and ii) a sum of Rs. 0.16 million towards development tax on certain items like cement and sale of scrap. Subsequently, our Company filed two appeals (no. 580 and 581 of 2008) dated August 3, 2008 before the Additional Commissioner (Appeal), Etawah. The Additional Commissioner vide its order dated November 3, 2009, directed our Company for deposition of development tax and asked for reviewing of imposed entry tax as it is not being a heavy petroleum product. Our Company has paid the development tax and is therefore liable to pay the entry tax. The matter is currently pending and the next date of hearing has not been fixed.
21. The Assistant Commissioner Sales Tax, Cuttack-II, Range Cuttack, Orissa, passed an assessment order dated January 31, 2004, for the financial year 2000-01 directing our Company to pay a sum of Rs. 0.33 million towards less tax paid on sale of scrap to registered dealers for the financial year 200-01. Subsequently, our Company filed an appeal (CU-II-AA-DL-26/03-04) along with an application for staying the realization of tax dated February 19, 2004, before the Additional Commissioner of Sales Tax, Central Zone Orissa Cuttack, on the grounds of it being arbitrary. The ACST vide its order dated March 17, 2004, directed our Company to pay a sum of Rs. 0.05 million and granted a stay on the order. The matter is currently pending and the next date of hearing has not been fixed.
22. The Assistant Commissioner Sales Tax (“ACST”), Cuttack-II, Range Cuttack, Orissa, passed an assessment order dated March 11, 2005, for the financial year 2002-2003 directing our Company to pay a sum of Rs. 0.12 million towards less tax paid on sale of machinery parts such as scrap APH Basket and scrap plastic container to the registered dealers. Subsequently, our Company filed an appeal (no. CU-II-AA-DL-04/05-06) dated September 17, 2005, along with an application for staying the realization of Tax dated February 19, 2004, before the

Additional Commissioner of Sales Tax, Central Zone Orissa Cuttack, on the grounds that certain items sold should be treated as machinery parts and not scrap. The ACST vide its order dated August 31, 2005, directed our Company to pay a sum of Rs. 0.03 million and granted a stay on the order. The matter is currently pending and the next date of hearing has not been fixed.

23. The Assistant Commissioner Sales Tax, Angul Circle, Angul, Orissa, passes the assessment order dated January 12, 2009, directing our Company to pay a sum of Rs. 0.16 million for not submitting Form C on sale of scrap to inter states purchasers. Subsequently, our Company went on appeal along with a stay application (no. AA/08/DLCC/AL/09-10) before the Joint Commissioner of Commercial Taxes (“JCCT”), Angul Range, Angul, Orissa on the ground that submission of Form C is not applicable as the sale is getting completed within the State. The JCCT and vide its order dated November 4, 2009 directing our Company to pay Rs. 62,000 and granted a stay on realization of the remaining amount. The matter is currently pending and the next date of hearing has not been fixed.
24. The Deputy Commissioner, Trade Tax, issued a notice (no. 534) directing our Company to pay a sum of Rs. 0.11 million, towards sales tax dated March 30, 2007, entry tax of Rs. 0.79 million, on purchase of certain walkie-talkie, telephone wire and search light for the assessment year 2003-04. Subsequently, our Company filed appeals (no. 1031/2007) before the Joint Commissioner, Faizabad and who vide interim order dated September 27, 2007, directing our Company to deposit 50% of the amount. Our Company preferred second appeals (no. 223 and 224/2007) dated January 11, 2008, before Trade Tax Tribunal Faridabad, who vide order dated January 18, 2008, stayed the realization of the total amount. The matter is currently pending and the next date of hearing has not been fixed.
25. The Deputy Commissioner Trade Tax, Ambedkar Nagar, issued a notice (no. 349) dated November 5, 2008 directing our Company to pay a sum of Rs. 0.23 million towards penalty for mis-utilization of Form C on sale of certain materials for the assessment year 2004-2005. Subsequently, our Company filed an appeal (no. 422 of 2009) before Joint Commissioner, Faizabad and vide order dated August 18, 2009, directing the payment of 30% of the penalty. The matter is currently pending and the next date of hearing has not been fixed.
26. The Deputy Commissioner Trade Tax, Ambedkar Nagar, issued a notice (no. 183) dated March 30, 2007 directing our Company to pay a sum of Rs. 0.15 million for the assessment year 2004-2005. Subsequently, our Company filed an appeal (no. 1151/2007) dated September 15, 2007 before Joint Commissioner, Faizabad and vide order dated October 22, 2007, directing the payment of 50% of the penalty. Our Company preferred an appeal filed an appeal (no. 225/2007) and the Trade Tax Tribunal vide order dated January 1, 2008, stayed the realization of the amount. The matter is currently pending and the next date of hearing has not been fixed.
27. The Deputy Commissioner Trade Tax, Ambedkar Nagar, issued notice (no. 528) dated September 1, 2007, directing our Company to pay *inter alia* i) a sum of Rs. 1.67 million towards entry tax on purchase of certain items like coal machinery cement etc. ii) TDS directing our Company to deposit a sum of Rs. 0.09 million towards amount deducted from contractors agencies for the assessment year 2004-05. Subsequently, our Company filed appeals (no. 1152 and 1153/2007) dated September 15, 2007 before the Joint Commissioner, Faizabad and vide order dated October 22, 2007, directing the payment of 50% of the penalty in the notices. Our Company preferred an appeal filed three separate appeals (225-227/2007) and the Trade Tax Tribunal vide order dated January 1, 2008, stayed the realization of the amount. The matter is currently pending and the next date of hearing has not been fixed.
28. The Deputy Commissioner Trade Tax, Ambedkar Nagar, issued notice (no. 593) dated March 31, 2005 directing our Company to pay a sum of Rs. 0.41 million towards sales tax on sale of

scrap and timber and tax deducted at source (“TDS”), deducted from the contracting agency for the assessment year 2002-2003. Subsequently, our Company filed an appeal (no. 1299/2007) dated September 30, 2005, before the Joint Commissioner, Faziabad and vide order dated November 19, 2007, directing the payment of 40% of the amount. Our Company preferred second appeals (221/ 2007) before the Trade Tax Tribunal, Faziabad and vide order dated January 18, 2008, stayed the realization of the amount. The matter is currently pending and the next date of hearing has not been fixed.

29. The Deputy Commissioner Trade Tax, Ambedakar Nagar, issued notice (no. 594) dated March 31, 2005 directing our Company to pay a sum of Rs. 0.80 million, towards entry tax on purchase of machinery for plant and certain items against from 31, Form C, Form 3D and Form 3KH, for the assessment year 2002-03. Subsequently, our Company filed appeal an (no. 1298 of 2007) dated September 30, 2005, before Joint Commissioner, Faziabad and vide order dated November 19, 2007, directing the payment of 40% of the amount. Our Company preferred a second appeal (no. 222/2007) before the Trade Tax Tribunal, Faziabad and vide order dated January 18, 2008, stayed the realization of the amount. The matter is currently pending and the next date of hearing has not been fixed.
30. The Deputy Commissioner, Commercial Tax, Ambedakar Nagar, passed the assessment order including demand notice (no. 53) dated July 31, 2006 directing our Company to pay Rs. 0.08 million towards entry tax on paper and on heavy machinery which was purchased in the year 1999 before the enactment of UP Entry Tax Act. Subsequently, our Company paid Rs. 32,333 towards entry tax on paper and filed an appeal (no. 6501) dated October 4, 2006 for the entry tax imposed on machinery before Joint Commissioner (Appeals-I), Noida. The Joint Commissioner vide order dated November 30, 2006 issued an interim order for payment of 40% amount and interest and to furnish a bank guarantee for remaining 60% amount that is Rs. 0.03 million. Our Company has furnished the bank guarantee (no. 543/LG/212/2006) dated December 21, 2006 in favour of Trade Tax Officer, Noida and is valid up to June 20, 2010. The matter is pending and the next date of hearing is not fixed.
31. The Trade Tax Officer, Ghaziabad, passed an order dated July 30, 1987 directing our Company to pay a sum of Rs. 0.05 million on purchase of certain items like jeep, air conditioners and ceiling fans for the year 1986-1987 under Section 10A of CST Act. Our Company preferred an appeal against the order before the Assistant Commissioner (Judicial), Ghaziabad, who passed an order reducing the quantum of penalty to Rs. 0.05 million by reducing the liability imposed on the air conditioner. Subsequently, a second appeal (no.1447) was filed before the Trade Tax Appellant Tribunal, Ghaziabad challenging the order of the Assistant Commissioner and vide order dated November 18, 1993, granted stay on the realization of the penalty. Thereafter, the Commissioner, Sales Tax (UP) filed the revision petition before the High Court, Allahabad, against the order of Trade Tax Appellant Tribunal, Ghaziabad. The matter is currently pending and the next date of hearing has not been fixed.
32. The Sales Tax Officer, Ghaziabad, through its various orders, directed our Company to deposit a sum of Rs. 4.84 million towards trade tax on free issue of material to the contractors for the years 1986-1987, 1987-1988; 1998-1989; 1989-1990; 1990-1991 and 1991-1992, under Uttar Pradesh Trade Tax Act. Subsequently, our Company filed an appeal (no. 19) before the Assistant Commissioner (Judicial), Trade Tax, Ghaziabad, who vide order dated April 2, 1992 rejected the appeal. Thereafter, our Company filed a second appeal (no. 367/92) before the Trade Tax Appellant Tribunal, who vide order dated June 9, 1999 rejected the appeal. Our Company then preferred a revision appeal before the High Court of Allahabad, Allahabad bench and vide order dated February 12, 2005 remanded the case to the Trade Tax Tribunal Authority. The Trade Tax Appellant Authority, vide order (no. 523) dated September 6, 2007, had remanded the case to the Deputy Commissioner of Trade Tax. The matter is currently pending and the next date of hearing has not been fixed.

33. The Joint Commissioner, Corporate Circle, Trade Tax, Noida passed an order (no. 339) dated February 9, 2009 directing our Company to pay a sum of Rs. 4.66 million on the internal expenses incurred on coal and diesel for the year 2005-06. Our Company filed an appeal (no. 303/09) before Additional Commissioner (Appeal), Corporate Circle, Trade Tax, Noida. Subsequently, our Company filed a writ petition (no. 923 of 2003) dated March 31, 2009, before the High Court against the order of the Additional Commissioner, who vide order dated March 3, 2009 granted stay on the realization of the amount. The matter is currently pending and the next date of hearing has not been fixed.
34. The Joint Commissioner, Corporate Circle, Trade Tax, Noida passed an order (no. 65) dated March 30, 2009 directing our Company to pay a sum of Rs. 4.17 million towards entry tax on the internal expenses incurred on import of coal and diesel for the period 2006-07. Subsequently, our Company filed an appeal before Additional Commissioner, Corporate Circle, Trade Tax, Noida dated July 10, 2009. The matter is currently pending and the next date of hearing has not been fixed.
35. The Assistant Commissioner of Sales Tax, issued a notice dated February 22, 1992, directing our Company to pay a sum of Rs. 42.60 million towards entry tax on plant and machinery and building material purchased before commencement of the production. Subsequently, our Company has filed an appeal (no. 39-I/90) dated April 29, 1997 before Board of Revenue, Gwalior, February 22, 1992, quashing the order dated February 22, 1992 and vide order dated March 31, 1999, the Board of Revenue, remanded the case to Assistant Commissioner, Sales Tax, Satna. The matter is currently pending and the next date of hearing has not been fixed.
36. The Assistant Commissioner of Sales Tax, vide notice dated February 22, 1992, directed our Company to pay a sum of Rs. 4.26 million, towards entry tax on the plant and machinery and building material purchased before commencement of the production. Subsequently, our Company has filed an appeal (no. 39-I/90) dated April 29, 1997 before Board of Revenue, Gwalior, February 22, 1992, claiming for quashing the order dated February 22, 1992 and who vide order dated March 31, 1999, the Board of Revenue, remanded the case to Assistant Commissioner, Sales Tax, Satna. The matter is currently pending and the next date of hearing has not been fixed.
37. The Assistant Commissioner of Sales Tax, vide notice dated February 18, 1990, directed our Company to pay a sum of Rs. 22.21 million towards entry tax on plant & machinery and building material purchased before commencement of the production. Subsequently, our Company has filed an appeal (no. 196/94) before the Board of Revenue, Gwalior, February 28, 1990, claiming for quashing the order dated February 28, 1990, who vide order dated March 31, 1999 remanded the case to Assistant Commissioner, Sales Tax, Satna. The matter is currently pending and the next date of hearing has not been fixed.
38. The Assistant Commissioner of Sales Tax, vide its assessment order along with a demand notice dated December 24, 1997 directed our Company to deposit a sum of Rs. 9.82 million towards entry tax on steel, cement, plant and machinery that were purchased by our Company and issued to the Contractors. Subsequently, our Company filed an appeal before the Additional Commissioner, Commercial Tax, Jabalpur, who vide order dated June 26, 2003 rejected the appeal. Further, our Company filed a writ petition dated January 11, 2004 before the High Court of Madhya Pradesh, Jabalpur challenging the order of Additional Commissioner, Jabalpur. The matter is currently pending and the next date of hearing has not been fixed.
39. The Assistant Commissioner, Commercial Tax, Satna, vide re-assessment order (no. 12/ET/28(1) of 2005) dated November 28, 2007, directed our Company to pay a sum of Rs. 46.14 million towards entry tax on plant and machinery purchased for the construction of Stage II of the unit, pursuant to sections 3(2) of Madhya Pradesh Entry Tax Act, for the years

1997-1998. Subsequently, our Company filed a writ petition (2024 of 2008) dated February 13, 2008, before the Madhya Pradesh High Court, Jabalpur Bench under Article 226 and 227, and prayed for quashing the re-assessment order and 2) writ of mandamus directing refund the tax deposited with interest. Our Company has further claimed for interim relief against the order of re-assessment. The matter is currently pending and the next date of hearing has not been fixed.

40. The Commercial Tax Officer, Waidhan issued a notice dated July 5, 2006, directing our Company to deposit a sum of Rs. 12.95 million towards entry tax on plant and machinery items and on steel and cement procured for stage II of the unit for the period 2003-2004. Subsequently, our Company filed a writ petition before the High Court of Madhya Pradesh, Jabalpur, challenging the order of the Commercial Tax Officer. The matter is currently pending and the next date of hearing has not been fixed.
41. The Commercial Tax Officer, Waidhan, issued *inter alia* i) notice dated July 5, 2006, directing our Company to deposit a sum of Rs. 52.30 million towards entry tax on plant and machinery items and on steel and cement; and ii) notice (no. 695) dated October 11, 2006, directing our Company to deposit a sum of Rs. 70.55 million towards entry tax on entry of material to the local area procured for construction of Stage II of the unit. Subsequently, our Company filed a writ petition (no. 18018/ 2006) before the High Court of Madhya Pradesh, Jabalpur, challenging the order of the Commercial Tax Officer. The matter is currently pending and the next date of hearing has not been fixed.
42. The Assistant Commissioner Satna, Madhya Pradesh, passed the assessment order (no. 574 of 2009) dated March 26, 2009, directing our Company to pay a sum of Rs. 9.67 million towards entry tax on coal, steel, spare parts, lubricants and consumable, and for transfer to the other unit for the financial year 2005- 2006. Subsequently, our Company filed an appeal dated July 16, 2009 before the appellant authority, Commercial Tax, Satna. The matter is currently pending and the next date of hearing has not been fixed.
43. The Assistant Commissioner of Commercial Tax, Satna, Madhya Pradesh, passed an assessment order dated June 30, 2009 has directing our Company to deposit a sum of Rs. 12.28 million towards entry tax on purchase of coal, steel, spare parts, lubricants and consumable, and for transfer to the other unit for the year 2006-2007. Subsequently, our Company filed an appeal dated September 24, 2009 before the Appellant Authority Commercial Tax, Satna. The matter is currently pending and the next date of hearing has not been fixed.
44. The Commercial Tax Officer, Waidhan, Madhya Pradesh, issued a notice dated March 19, 2003 and directed our Company to deposit a sum of Rs. 16.77 million towards entry tax on entry of material into the premises of our Company, for construction of Stage III for the financial year 2006-2007. The matter is currently pending and the next date of hearing has not been fixed.
45. The Commercial Tax Officer, Waidhan, Madhya Pradesh, issued a notice directing our Company to pay a sum of Rs.14.36 million towards differential tax on the purchase of cement during the construction of stage-I as it was excluded from registration but procured by submitting bank guarantee. Subsequently, our Company filed a writ petition (no. 1756/1996). The matter is currently pending and the next date of hearing has not been fixed.
46. The Assistant Commissioner Commercial Tax, Satna, Madhya Pradesh, issued the assessment order dated April 15, 2004 and directed our Company to deposit a sum of Rs. 3.40 million as sales tax on inter state transfer of material to other units of our Company without furnishing Form F for the year 2001- 2002. Subsequently, our Company filed a revision application dated March 30, 2005 alleging that the furnishing of Form F had become mandatory pursuant

to the notification dated May 13, 2002, during the period of assessment issued by the commissioner of Sales Tax. The matter is currently pending and the next date of hearing has not been fixed.

47. The Department of Forest Madhya Pradesh had issued a notification (no. F 5/9/10-3/2001) dated May 28, 2001 directing the Northern Coal Field Limited, to deposit an amount of Rs. 7 per metric tone together with 4% interest on the coal supplied to Singrauli Super Thermal Power Plant, Rihand Super Thermal Project and Vindychal Super Thermal Power Station (“**Petitioner**”) on the coal excavated and transported with immediate effect and they in turn imposed the same amount on our Company pursuant to the notification dated May 28, 2001 for the period June 2001 to April 2007. Subsequently, our Company filed a writ petition (no. 612 of 2003) before the High Court of Madhya Pradesh, Jabalpur bench, divisional bench, challenging the constitutionality of notification under Article 226 of the grounds of the notification being Article 19 (1) for infringement freedom of trade and profession (A-G). By order dated May 14, 2007, the Court held the notification to be unconstitutional. The State has challenged this order in special leave petition (no. 8713 of 2008) dated April 7, 2008. Subsequently, the Court through its interim order dated April 2, 2008, has stayed the operation of the order dated May 14, 2007. The matter is currently pending and the next date of hearing has not been fixed.
48. The Assessing Officer, Trade Tax, division Sonbhadra, issued an demand order dated September 28, 2007 directed our Company to deposit a sum of Rs. 819.72 million excluding penalty towards entry tax by on the coal imported by our Company from NCAL, MP under the provisions of UP tax on Entry of Goods in to Local areas Ordinance, 2007 (no. 37 of 2007) through our Company’s own MGR railway system. Aggrieved by the order our Company filed an appeal (no. 135 to 141 of 2007) before the Appellant Tax Tribunal, Varanasi, and vide order dated June 7, 2007 the Appellant Tax Tribunal disposed our appeal. Our Company then made a revision petition (no. 1700 of 2007) dated September 24, 2007 in the High Court of Allahabad challenging the amount of the tax imposed. Vide order dated December 12, 2007 the High Court granted stay order till further order. Further, our Company also filed a writ petition (no. 1573 of 2007) challenging the constitutional validity of the UP tax on Entry of Goods in to Local areas Ordinance, under Article 302, on the grounds that the tax is compensatory in nature for the benefit provided by the State, however, the tax imposed is not justifiable as our Company is using its own MGR track. Vide order dated November 6, 2007, the High Court has stayed the matter. The matter is currently pending and the next date of hearing has not been fixed.
49. The Member of Commercial Tax, Tribunal Bench-4, Varansi vide order dated March 18, 2009 directed our Company to pay a three times penalty of Rs. 0.63 million towards difference in the concessional tax used for running locomotives for transport of coal. Subsequently, our Company filed an appeal before the Joint Commissioner (Appeals), who vide order dated March 31, 2008, re-enforced the imposition of penalty. Aggrieved by this order, our Company filed a revision petition (no. 290 of 2009) dated May 4, 2009, before the Allahabad High Court, who vide order dated May 8, 2009, granted a stay on the proceedings. The matter is currently pending and the next date of hearing has not been fixed.
50. The Assessing Provident Fund Commissioner, Titagarh, vide order directed our Company to deposit a sum of Rs. 4.50 million as contribution towards provident fund for the contract labours employed by it. Subsequently, our Company filed an appeal (no. ATA 989/15/2005) for the grant of stay against the order of the Assessing Provident Fund, before the Employee Provident Fund Appellant Tribunal, New Delhi, who vide its impugned order granted a stay. The matter is currently pending and the next date of hearing has not been fixed.
51. The Regional Provident Fund Commissioner, Titagarh, vide order directed our Company to deposit a sum of Rs. 43.20 million contribution towards provident fund for the contract

labours employed by it. Subsequently, our Company filed a petition for the grant of stay, before the High Court Kolkata, who vide its impugned order granted a stay. The High Court, vide order dated March 3, 1998, directed the provident fund authorities to include the contractors in their assessment. The matter is currently pending and the next date of hearing has not been fixed.

52. The Regional Provident Fund Commissioner, Varansi, issued a notice directing our Company to pay a sum of Rs. 0.90 million as contribution towards provident fund and damages under section 14B and 7Q of the Employee Provident Fund Act, 1952 (“**Employee Provident Fund, Act**”). Subsequently, our Company has filed a writ petition (no.3255/ 2003) before the Employee Provident Fund Appellate Tribunal, New Delhi, who vide its order granted a stay. The matter is currently pending and the next date of hearing has not been fixed.
53. The Assistant Provident Fund Commissioner, Indore, vide its order dated April 17, 2002, directed our Company to pay a sum of Rs. 1.53 million as contribution towards provident fund for the labour employed by our Company. Subsequently, our Company filed an appeal (no. 62(8) of 2003), before the Employee Provident Fund Appellant Authority, Raipur, alleging that the labourers are not the permanent employees of our Company and therefore, Company is not required to make contributions. The Employee Provident Fund Appellant Authority, Raipur, vide order granted stay to the proceedings. The next date of hearing is January 8, 2010.

Subsequently, our Company during the pendency of the case before the Employee Provident Fund Appellate Tribunal, filed a writ petition (no. 3255/ 2003) before the High Court, Chhattisgarh, for quashing the impugned order passed by the Assistant Provident Fund Commissioner, Raipur. The matter is currently pending and the next date of hearing has not been fixed.

54. The Employees’ State Insurance Corporation (the “**Corporation**”) has issued a notice dated January 30, 2006 under section 45-A of the Employees’ State Insurance Act, 1948, directing our Company to pay a sum of Rs. 40.13 million as Employees State Insurance Act, 1948, for period April 1, 1978 to September 1, 1995 within 15 days from the receipt of the order. Subsequently, our Company has filed a writ petition (no. 2025-06/2006) dated February 11, 2006 before the High Court of Delhi, against the alleged dues. The High Court vide order dated February 14, 2006 granted stay. The matter is currently pending and the next date of hearing has not been fixed.
55. The Command Area Development, Kota (“**CAD**”), has directed our Company to pay a sum of Rs. 35.08 million towards water charges for the usage of water from the canal. Subsequently, our Company filed an appeal before the Principal Secretary (Irrigation), Government of Rajasthan for settlement alleging that CAD has been raising inflated bills while imposing charges at a rate higher than the fixed. The matter is currently pending and the next date of hearing has not been fixed.
56. The Assessing Authority, (Water Cess), Rajasthan Pollution Control Board, Jaipur, vide its impugned notice directed our Company to deposit Water Cess and penalty of Rs. 12.60 million as penalty. Subsequently, our Company filed an appeal before Rajasthan Pollution Control Board, Jaipur, who upheld the order of the Assessing Authority. Our Company, thereafter, deposited the principal amount but has not deposited the interest. Further, no further demand notice for payment of penal interest has been received by our Company. The matter is currently pending and the next date of hearing has not been fixed.
57. The Assistant Commissioner, Sales Tax, has directed our Company to pay a sum of Rs. 3.50 million towards sales tax penalty on failure of the transporter namely M/s Balmer Lawrie Co. Ltd to carry relevant documents while transporting goods for our Company. Subsequently,

our Company has filed an appeal (no. CS/TD/02 of 2003-04) before the High Court, Kolkata, for the review of the matter who vide its impugned order directed the Deputy Commissioner to review the matter. Further, our Company filed a review petition (no. CS/TD/02 of 2003-04) before the Deputy Commissioner, Commercial Taxes. The matter is currently pending and the next date of hearing has not been fixed.

58. The Assistant Provident Fund Commissioner, had issued an order dated February 23, 2005 directing our Company to deposit a sum of Rs. 1.5 million, towards penalty for delay in deposit contribution towards the employees provident fund and scheme maintained by our Company. Our Company deposited Rs. 1.12 million. Subsequently, the Assistant Provident Fund Commissioner, Kota, issued notice dated May 13, 2005 attaching the immovable and movable property of our Company for the recovery of the balance amount of approximately Rs. 0.40 million. Our Company preferred an appeal (no. 541(12) 05) in the court of Employee Provident Fund Appellate Tribunal, New Delhi *inter alia* i) for quashing the order dated February 23, 2005 and notice dated May 13, 2005; ii) requesting a stay order against the same. Employee Provident Fund Appellate Tribunal, New Delhi vide order dated June 6, 2005 has stayed the order of the Assistant Provident Fund Commissioner, Kota. The matter is currently pending and the next date of hearing has not been fixed.
59. The Sub-Register, Tehsildar, Anta, District Baran issued demand notice dated November 8, 2006, under Section 47 and 49 of the Rajasthan Finance Act, 2006 demanding land tax Rs. 7.45 million for the period 2006-2007 and 2007-2008. Subsequently, Company has filed a writ petition (no. 6635/2008) dated June 6, 2008 before the High Court of Rajasthan, Jaipur Bench, challenging the demand notice dated November 8, 2006 and vide conditional order dated July 17, 2008, directed our Company to deposit 50% amount of demand notice and stayed the realization of the remaining amount. In the mean time, the Sub-Register, Tehsildar, Anta, District Baran have issued another demand notice (no. 369-70) dated May 26, 2009 directing our Company to pay a sum of Rs. 4.65 million towards development tax for the financial year 2008-2009, against which our Company has filed a writ petition (no. 6679/08) dated July 17, 2008, before the High Court of Rajasthan, Jaipur Bench. Vide conditional order dated our Company was directed to deposit 50% and the realization of the remaining amount was stayed. Again, for the financial year 2009-2010, the Sub-Register, Tehsildar, Anta, District Baran, has issued a demand notice dated May 18, 2009 directing it to pay a sum of Rs. 4.65 million towards development tax and our Company has filed a writ petition (no. 6753/09) dated June 12, 2009, challenging the demand notice dated May 18, 2009, before High Court of Rajasthan, Jaipur. The matter is currently pending and the next date of hearing has not been fixed.
60. The Nagar Palika Anta, District Baran issued demand notices dated May 29, 2009 directing our Company to pay a total sum of Rs. 56.24 million towards development tax, for the periods 2007-2008, 2008-2009 and 2009-2010 pursuant to notifications dated August 29, 2007. Subsequently our Company filed three writ petitions before the High Court of Rajasthan, Jaipur, alleging that under the provisions of the Rajasthan Municipality Act, 1959 our Company is under jurisdiction of Gram Panchayat and tax can be imposed only by the said authority. The matter is currently pending and the next date of hearing has not been fixed.
61. The Municipal Corporation of Singrauli, Madhya Pradesh, has issued a notice (no. 911/Bh. Ne./99) dated May 31, 1999 directing our Company to pay an amount of Rs. 441.34 million as building permission fee. Also, the authority has issued notices (no. 9061, 9063, 9065 of 2001) dated December 13, 2001 and (no. 590/2000) March 21, 2000 and (no. 10299/2002) January 1, 2001 (“**Notice**”) threatening to demolish the construction of the power plant and other buildings at Stage I. Subsequently, our Company filed a writ petition (no. 4414 of 2002) dated August 12, 2002 challenging the above notices. The Court vide its order dated September 6, 2002 has granted a stay in the matter. The Municipal Corporation replied on

November 11, 2002 and our Company filed its rejoinder on August 11, 2003. The matter is currently pending and the next date of hearing has not been fixed.

62. The Municipal Corporation of Singrauli, Madhya Pradesh, has issued a notice (no. 967/Bh Ne/2008) dated May 14, 2008, directing our Company to pay an amount of Rs. 144.95 million towards a building permission fee. Also, the authority has issued notices (no.1720/NN/Plan/2008) August 28, 2008 (“**Notice**”) threatening to demolish the construction of the power plant and other buildings at Stage III. Subsequently, our Company filed a writ petition (no. 8021 of 2008) dated July 5, 2008 challenging the above notices. The Court vide its order dated July 9, 2008 has stayed the matter. The matter is currently pending and the next date of hearing has not been fixed.
63. The Municipal Corporation Singhrauli, issued demand notice (no. 3865/Revenue./2008) dated October 7, 2008; notice dated (no. 3524/Revenue/2008) dated September 23, 2008; and notice (no. 3202) dated August 14, 2007 directing our Company to deposit a sum of Rs. 22.2 million of Municipal Corporation (“**MC**”), Singrauli, towards the export tax on electricity transmitted through wire outside the municipal limits for the period from December, 2006 to June, 2007 (“**Notices**”). Our Company filed a writ petition against the Notices. The Court by its order dated November 6, 2008 has directed for payment of 50% of demand of the amount within a period of one month. Subsequently, our Company filed a special leave petition (“**SLP**”) (no. 20708/2008) dated December 1, 2008 to quash the order dated November 6, 2008. During the pendency of the SLP, the MC has issued another notice dated October 7, 2008 for the attachment of the property for the realisation of the arrears. The amount of Rs. 11.10 million was paid under protest on January 6, 2001. Subsequently, our Company filed an SLP (no. 28708 of 2008) before the Supreme Court, who vide its interim order dated January 23, 2009 directed the MC to refund the deposited amount. The MC has made its reply on January 27, 2009. The matter is currently pending and the next date of hearing has not been fixed.
64. The Municipal Corporation, Singrauli, issued demand notice (no. 4276/Revenue/2008) dated November 19, 2008; directing our Company to deposit a sum of Rs. 41.12 million towards an export tax on electricity transmitted through wire outside the municipal limits for the period from July 2007 to August 2008. The Court vide its interim order dated December 17, 2008 has directed for stay of realization of the demand. The MC has made its reply on June 22, 2009. The matter is currently pending and the next date of hearing has not been fixed.
65. The Municipal Corporation, Singrauli, issued a demand notice (no. S409) for Rs. 2.56 million towards Samekitkar Tax and another notice (no. S401) dated November 6, 2003 towards Education cess for the financial year 2003-2004. Our Company then filed two appeals (no. 10/2004 and 11/2004, respectively) dated May 12, 2004, before the Court of District Judge, Sidhi, Madhya Pradesh, who vide order dated April 16, 2004 rejected the appeal on the grounds that the appeal is barred by law of limitation. Our Company then filed a writ petition (no 3905/2005) dated May 20, 2005 challenging the above order of the district judge, High Court Madhya Pradesh, Jabalpur by its order dated June 28, 2008 quashed the order dated April 16, 2004 and remanded back for fresh hearing. The matter is currently pending and the next date of hearing has not been fixed.
66. The Sub-divisional officer issued two notices (no. 42/R-2/2001) and (no. 43/R- 2/2001) dated October 13, 2000 directed our Company to pay diversion tax of Rs. 11.33 million for land admeasuring 75.500 hectares situated in village Piparalal, Singrauli, Madhya Pradesh. Company filed its reply on November 10, 2000 and November 17, 2000 for quashing notices. The matter is currently pending and the next date of hearing has not been fixed.
67. The Municipal Corporation Singrauli, issued demand notices (no. 3865/Revenue/2008) dated October 7, 2008 and notice (no. 3524/Revenue/2008) dated September 23, 2008; and notice dated (no. 3202/Revenue/2008) dated August 14, 2007 directing our Company to deposit a

sum of Rs. 22.2 million towards export tax on electricity transmitted through wire outside the municipal limits for the period from December 2006 to June 2007. The Court then its vide order dated November 6, 2008 has directed for the payment of 50% of demand of the amount within a period of one month. Subsequently, our Company made a SLP (no. 20708/2008) dated December 1, 2008, during the pendency of SLP, Municipal Corporation has issued a notice dated October 7, 2008 for the attachment of the property. Subsequently, our Company filed an SLP (no. 28708 of 2008) before the Supreme Court, who vide its interim order dated January 23, 2009 directed the MC to refund the deposited amount. The MC has made its reply on January 27, 2009. The matter is currently pending and the next date of hearing has not been fixed.

68. The Sub-Divisional Officer of Village Chanduli, Singrauli, MP, issued a demand notice dated October 22, 2005, directing our Company to pay a sum of Rs. 41.64 million towards diversion tax for the land admeasuring 649.38 acres situated in Village Chanduli. Our Company filed its reply dated October 9, 2008, to quash the order since the matter is pending before the High Court of Madhya Pradesh. The matter is currently pending and the next date of hearing has not been fixed.
69. The Sub-Divisional Officer of Village Matwai, Singrauli, MP, issued a demand notice dated October 10, 2005, directing our Company to pay a sum of Rs. 23.51 million towards diversion tax for the land admeasuring 366.67 acres situated in Village Chanduli. Our Company filed its reply dated October 9, 2008, to quash the order since the matter is pendent lite before the High Court. The matter is currently pending and the next date of hearing has not been fixed.
70. The Sub-Divisional Officer, Singrauli, issued six orders dated May 28, 2002 directing our Company to pay the diversion tax at the rate of Rs. 2.40 per sq. mt, premium at the rate of Rs. 15 per sq. mt. penalty at the rate of Rs. 200 in respect of six villages namely Juwadi, Telegaon, Sarshwalal, Jaitpur, Pipararaja and Parjasari in Tahsil Singrauli, District, Sidhi, Madhya Pradesh, pursuant to sections 59(2), 59(5) and 172 of the Madhya Pradesh Land Revenue Code, 1959. Our Company, therefore, filed six appeals before the additional Collector, Sidhi, who vide order dated September 29, 2004 directed our Company to pay further interest at the rate of 13% on the land revenue assessed. Our Company filed six appeals before the Commissioner Rewa, praying for interim stay. The Commissioner, vide order dated November 8, 2007, denied the stay pursuant to which Company filed six revision petitions before the Board of Revenue, who vide order dated December 8, 2004, directed our Company to deposit 25% of the said amount. Hence, our Company had to pay a sum of Rs. 1,778.13 million. Further, our Company filed six writ petitions before the High Court of Madhya Pradesh, who vide order dated March 1, 2005 directed our Company to deposit a sum of Rs. 40 million and stayed the realization of the remaining amount. The Board of Revenue vide common order dated August 28, 2006 dismissed the appeals and subsequently, the High Court vide order dated May 8, 2007, disposed off the six writ petitions. Aggrieved by the same, our Company filed the present six writ petitions challenging the orders of the Board of Revenue and High Court, who vide order dated June 28, 2007, directed our Company to pay an additional sum of Rs. 20 million. The matter is currently pending and the next date of hearing has not been fixed.
71. The Sub-Divisional Officer, Singrauli issued eight orders directing our Company to pay a sum of Rs. 47.64 million including diversion tax the rate of Rs. 2.40 per sq. mt., premium at the rate of Rs. 15 per sq. mt. and penalty at the rate of Rs. 200 per mt. in respect to 141.25 acres of land acquired in eight villages namely, Judi, Deorikala, Churchuria, Atraila, Shahpur, Kathuar, Amrata and Uska in Tahsil Singrauli, District Sidhi, Madhya Pradesh, pursuant to sections 59(2), 59(5) and 172 of the Madhya Pradesh Land Revenue Code, 1959. Subsequently, our Company filed eight appeals before the Additional Collector, Siddhi who vide order dated December 13, 2001, dismissed the appeals and then eight second appeals before the Commissioner, Rewa, who vide order dated March 20, 2003 dismissed the appeals.

Our Company filed eight appeals before the Board of Revenue, who vide order dated March 30, 2005 dismissed the appeals. Thereafter, our Company filed eight writ petitions before the High Court of Madhya Pradesh, who vide order dated July 12, 2005 directed our Company to deposit 50% of the claim amount. The matter is currently pending and the next date of hearing has not been fixed.

72. The Deputy Inspector General of Stamps, Warangal, issued a demand notice (no. SAR/D-9/95-96) dated January 5, 2000, directing our Company to pay a sum of Rs. 0.82 million towards deficit stamp duty on account of mortgaging the title deeds by the employees of our Company on taking house building allowance under section 48 of the Indian Stamp Act, 1908. Subsequently, our Company filed a writ petition (no. 6252/2001) praying for a writ of mandamus to declare the demand as illegal and arbitrary. The matter is currently pending and the next date of hearing has not been fixed.
73. The Deputy Director has issued a notice dated March 6, 2002, directing our Company to pay a penalty of Rs. 4.83 million for the period from October 1, 2000 to October 31, 2001 along with interest of Rs. 0.56 million towards employees insurance to the contract labour within 15 days of the order. Our Company filed a petition (no. 36 of 2002) before the Employee Insurance Court to quash the order dated March 6, 2002 on the ground that the notice was violative of principle of natural justice (section 75 (2b) of the ESI Act. The Court vide its order dated April 9, 2002 granted a stay on the order subject to deposition of Rs. 1 million. Further, our Company was also instructed to start complying with the provisions of ESI, by deducting employer and employee share from wages with effect from May, 2002. Subsequently, our Company deposited Rs. 1.00 million. Our Company preferred an appeal (no. 2143 of 2002) dated June 10, 2002 before the High Court against the second part of the order dated April 9, 2002. The High Court vide its order dated July 31, 2002, granted stay till further directions. The matter is pending with the Employee Insurance Court and the next date of hearing is January 19, 2010.

Subsequently, the Deputy Director, Hyderabad issued notice (no. MEC/52 19860 – 95) dated December 5, 2006 directing our Company to pay interest of Rs. 5.39 million on Rs. 3.28 million for the period March 1, 2002 to September 30, 2005 and October 1, 2005 to November 11, 2006. Our Company filed an interim application (no. 1) dated December 10, 2006 and vide order dated December 15, 2006, our Company was granted stay on the realization of the 60% of the amount. Thereafter, a fresh notice (no. A/MEC/52-19860-95) dated December 5, 2006, was issued directing our Company to deposit Rs. 23.65 million towards contributions for the period from November 1, 2001 to September 30, 2006 on adhoc basis. The matter is currently pending and the next date of hearing has not been fixed.

74. The Commissioner of Ramagundam Municipality issued a letter (no. G2/482/2001) dated August 24, 2006, directing our Company to pay Rs. 191.84 million towards the construction permission fees and betterment charges for the construction of Unit VII of Ramagundam. Subsequently, our Company filed a writ petition dated praying for a writ of mandamus declaring the action of the Municipal Corporation and others including their representatives of organising demonstration, dharnas etc., against the petitioner and stopping ingress and egress of men and material, and thereby causing hindrance to carry out the power generation and construction activity of VIIth Unit as illegal, arbitrary and contrary to the principles of natural justice. The matter is currently pending and the next date of hearing has not been fixed.
75. The Commissioner, Ramagundam Municipality issued a notice (no. A/1177/2001-05) dated March 24, 2006 directing our Company to pay a sum of Rs. 180.39 million towards vacant land tax. The notice has been opposed by our Company through a letter dated April 7, 2006, on the grounds that our Company is paying *nala* tax to the Revenue Department and also property tax to the municipality amongst various other grounds. The matter is currently pending and the next date of hearing has not been fixed.

76. The Collector of Stamps had passed an order (no. 13/B/103/01-02) dated January 9, 2004, seeking payment of stamp duty amounting to Rs. 0.21 million in relation to certain land located at Singrauli (acquired for the construction of the discharge canal) transferred by the Government of Madhya Pradesh to our Company (Singrauli). Accordingly, our Company has filed a revision application with the Chief Revenue Controller Authority, Gwalior, Madhya Pradesh. The revision application is still pending before the Chief Revenue Controller Authority, Gwalior, Madhya Pradesh. Our Company has made a payment of Rs. 0.21 million to the concerned authorities on December 14, 2006. Upon payment of this amount the land was registered in the name our Company on December 19, 2006. Accordingly, our Company has not pursued with the revision application. The matter is currently pending and the next date of hearing has not been fixed.
77. The Collector of Stamps had passed an order (no. 14/B/103/01-02) dated January 9, 2004, seeking payment of stamp duty amounting to Rs. 0.17 million in relation to certain land transferred at Singrauli by the Government of Madhya Pradesh to our Company (Singrauli). Accordingly, our Company has filed a revision application with the Chief Revenue Controller Authority, Gwalior, Madhya Pradesh. The revision application is still pending before the Chief Revenue Controller Authority, Gwalior, Madhya Pradesh. Our Company has made a payment of Rs. 0.17 million to the concerned authorities on December 14, 2006. Upon payment of this amount the land was registered in the name our Company on December 19, 2006. Accordingly, our Company has not pursued with the revision application. The matter is currently pending and the next date of hearing has not been fixed.
78. The Assistant Record Officer by its order dated June 14, 1989 had wrongly recorded the title in relation to our Company's land at village Chilka Dand in Sonebhadra UP, in the name of third parties during the period of survey settlement undertaken by it. As a result our Company has filed an appeal (no. 796/1990) with the Records Officer, Sonebhadra, for rectification of this mistake on December 19, 1991. The matter is currently pending and the next date of hearing has not been fixed.
79. The revenue authorities had not entered the village Jainagar, Singrauli, MP in the name of our Company while recording the mutations of the lands acquired by our Company pursuant to the acquisition of land for our Company. As a result, our Company has filed an application (no. 01/A-5/2004-05) for correction of the revenue records with the Additional District Magistrate (Sub-Divisional Magistrate, Waidhan, MP) on September 20, 2004. The total acreage of the land is 23.90 acres. The matter is currently pending and the next date of hearing has not been fixed.
80. The revenue authorities had wrongly recorded the old Khata/Khatoni Nos. of the land located in village Jainagar that had been acquired by our Company (Singrauli). In accordance with the instructions of the Tahsildar our Company has filed an application (Application nos. 67 to 71 A/06/06-07) with the Additional District Magistrate (Sub-Divisional Magistrate, Waidhan, MP) for recording the mutation of land in its favour on January 1, 2007. The total acreage of the land is 23.9 acres. The matter is currently pending and the next date of hearing has not been fixed.
81. Our Company had made six applications under the Amnesty Scheme – 2008 of the Bombay Stamp Act, 1958 in relation to stamp duty of certain flats acquired by it from Maharashtra Housing and Area Development Authority for purposes of providing accommodation to its employees. However, the said documents were impounded by the Collector of Stamps, Kurla, vide, demand notices issued pertaining to the six applications respectively. The Collector directed our Company to pay a sum of Rs. 11.87 million. The matter is currently pending and the next date of hearing has not been fixed.

Further, our Company has filed an application before the Chief Controlling Revenue Authority for the State of Maharashtra under section 53 of the Bombay Stamp Act, 1958 on March 30, 2009, challenging demand notices issued by the Collector of Stamps, Kurla, as mentioned above. The matter is currently pending and the next date of hearing has not been fixed.

82. District Supply Officer (“DSO”), conducted an inspection at our Company’s petrol pump in the Jhanor Gandhar plant on July 18, 1999 and found various irregularities. Pursuant to this inspection, the DSO passed an order of confiscation (no. 159/99) on October 27, 1999 and confiscated petrol worth Rs. 0.01 million. Further, our Company was also directed to obtain Retail Selling Licence (“RSL”) under Essential Commodities Act, 1955 from Mamlatdar, Bharuch. Aggrieved by the DSO’s order of confiscation and direction, an appeal (no. 159/99) was filed by our Company in the District Court, Bharuch, on the ground that no RSL was required for using the petrol for its plant & employees only because of captive consumption and no retailing is being done. The appeal of our Company has now been reserved for judgement.
83. The Office of the Notified Area Officer vide assessment order dated April 24, 1998 directed our Company to deposit a sum of Rs. 60.83 million (Rs. 5.82 million for the township and Rs. 55.00 million for plant area) and had raised a tax demand (bill nos. 65-70) on April 12, 1999 and April 15, 1999 on our Company, Kawas unit. Aggrieved by the imposition of tax on the land and building (for both our Company’s Township and Company’s plant area), our Company had filed a writ petition (no. 7385/99) in the High Court
84. The Assistant Commissioner of Commercial Tax, Kahalgaon, had based on an assessment issued a demand notice (no. VHED/4029) to our Company (Kahalgaon) dated February 12, 1998 for the payment of Rs. 8.18 million as electricity duty. Further, pursuant to the correction made on February 26, 1998 in the demand notice dated February 12, 1998, penalty to the tune of Rs. 2.32 million had been imposed. Aggrieved by the demand notices our Company had filed a writ petition (no. 2483/1998) in the High Court of Patna challenging the imposition of the electricity duty by the electricity boards of the following states namely, (i) Bihar, (ii) Orissa, (iii) West Bengal, and (iv) Sikkim. Our Company has contended that the SEBs do not have any jurisdiction to impose the above levy. The Supreme Court had granted stay (no. 3112/90) on the levy vide its order dated July 23, 1990. The matter is currently pending and the next date of hearing has not been fixed.
85. Assessing Officer, Trade Tax, division Sonebhadra, issued an demand order dated September 28, 2007 directed our Company to deposit a sum of Rs. 819.72 million excluding penalty towards entry tax by on the coal imported by our Company from NCAL, MP under the provisions of UP Ttrade Tax on Entry of Goods in to Local Areas Ordinance, 2007 (ordinance No. 37 of 2007) through our Company’s own MGR railway system. Aggrieved by the order our Company filed an appeal (no. 135 to 141 of 2007) before the Appellant Tax Tribunal, Varanasi, and vide order dated June 7, 2007. Our Company then made a revision petition (TTR no. 1700 Of 2007) dated September 24, 2007 in the High Court of Allahabad challenging the amount of the tax imposed. The High Court vide its order dated December 12, 2007 the High Court granted stay order till further order. The matter is currently pending.
86. Our Company filed a writ petition (no. 129/2008) dated January 22, 2008, claiming a writ of certiorari to restrain the forest department from demanding transit fee on the transportation of fly ash generated at Rihand Super Thermal Power unit. The Court through its order dated January 24, 2008 granted stay. The matter is currently pending and the next date of hearing has not been fixed.
87. The Joint Commissioner Trade Tax, Sonebhadra, Allahabad vide its order dated September 20, 2007, directed our Company to pay penalty of Rs. 9.02 million on difference of the

concessional tax used for running locomotive for transport of coal. Subsequently, our Company preferred an appeal (no. 599/2007), before the Joint Commissioner who vide its order dated March 31, 2008, confirmed the order dated September 20, 2007. Our Company preferred a second appeal (no. 185/2008) dated May 6, 2008 and vide order dated March 18, 2009 upheld order dated May 6, 2009. Thereafter, our Company filed a commercial tax revision petition (no. 599/2009) dated May 4, 2009 on the ground that high speed diesel has been mentioned in the recognition certificate granted in respect of the MGR system of our Company and therefore, it is liable for exemption. The matter is currently pending and the next date of hearing has not been fixed.

88. The Special Land Acquisition Officer has issued a letter (no. 416/NTPC/L.A) dated September 12, 2002, directing our Company to deposit a sum of Rs. 10.53 million towards stamp duty and registration fees to execute the conveyance deed on the acquisition of land for admeasuring 3700.24 acres of land for the construction of plant in Kaniha. Subsequently, our Company filed a writ petition (no. 4570/2003) for quashing the letter dated September 12, 2002 and vide order dated May 16, 2003, quashed the letter and directed the Board of revenue to re-examine the issue. Additionally, Stamp Revenue Authority-cum- Member initiated stamp duty case (no. 1/03) dated March 30, 2003 to re-examine the issue. The Board of Revenue, vide order dated February 4, 2005, has directed our Company to make an application for forwarding them the requisite documents as the necessary documents have already been forwarded to them. Further, our Company has filed a writ petition (no. 2944/05) dated March 2, 2005, along with miscellaneous application (no. 2818/2005) praying *inter alia* i) a declaration that the Stamp Reference (no. 1/03) pending before the Board of Revenue has not been instituted pursuant to the directions of the High Court mentioned in the order dated May 16, 2003; and ii) quashing the impugned order dated February 4, 2005 as the documents were not received by them. The matter is currently pending and the next date of hearing has not been fixed.
89. The Forest Range Officer, Pipri, Renukut, UP had issued a demand notice (no. 179/ Anpara/ 37) dated November 21, 2007, pursuant to the letter issued by the forest range Officer, Renukut, dated November 17, 2007, directing our Company to pay a sum of Rs. 38 per tone of fly ash towards transit fee transported by our Company, to others and for filling low lying areas. Our Company made a writ petition (no. 1754/2007) dated December 12, 2007 on the ground that it is a waste material and not forest produce. The Court vide order dated December 17, 2002, has stayed the levy of such tax. The matter is currently pending and the next date of hearing has not been fixed.
90. The Divisional Forest Officer, Pipri, Renukut, issued a letter (no. 126/ Renukut/10 writ) dated October 9, 2007, directing our Company to pay commercial tax on the mitti excavated from the Rihand Reservoir. Further, the Department of Forest UP issued a demand notice (no. 1269/ Anpara/ 10 writ) dated October 9, 2007 directing our Company to pay a sum of Rs. 38 per ton of mitti excavated from Rihand Reservoir towards transit fee transported to our Company's project site at Singrauli for raising of ashdyke. Our Company and M/s R. Projects Limited (R Projects limited was liable to transport the mitti) filed a writ petition (no. 3274/2008) dated February 19, 2008, praying for a writ of mandamus to quash the notice dated October 9, 2007. The matter is currently pending and the next date of hearing has not been fixed.

Public Interest Litigation

There are 20 Public Interest Litigations ("PILs") proceedings filed against our Company. Details of All the pending PIL cases have been captured below.

1. 'Prakriti Kunda Pratapgarh', an NGO filed a writ petition (no. 1435 of 2002 (M/B)) before the High Court of Allahabad, Allahabad, against Feroze Gandhi Unchahar Thermal Power

Project and Pollution Authorities and others, alleging that the Feroze Gandhi Unchahar Thermal Power Project of our Company causes *inter alia* (i) air pollution causing health concerns among the local residents; and (ii) water pollution due to the ash discharge into the river Ganga. The Prakriti Kunda Pratapgarh, have sought imposition of certain checks and measures on the air and water pollution caused by our Company. The counter affidavit has been filed by our Company. The matter is currently pending and the next date of hearing has not been fixed.

2. Our Company is one of the respondents in the case (W.P no. 3727 of 1985) filed by M.C. Mehta against the Union of India in the Supreme Court of India concerning the pollution caused in the adjacent areas by the Singrauli Super Thermal Power Station, the Rihand Super Thermal Power Station and the Vindyanchal Super Thermal Power Station. An interim application (I.A 343/99) was filed by the petitioners on December 10, 1999. The Supreme Court of India, has directed our Company to file a reply on the status of the pollution control measures adopted by our Company in its power stations located in the Singrauli region. Pursuant to above direction, our Company has filed its reply on September 28, 2006. The matter is currently pending and the next date of hearing has not been fixed.
3. A PIL (W.P no. 328/1999) has been filed by Power Crisis NCT of Delhi, a NGO against Union of India in the Supreme Court of India. The petitioners are seeking a direction to achieve, *inter alia* 24 hours continuous power supply in Delhi. The Supreme Court of India has admitted the case and continuously sought updates on the improvements undertaken by the state government for electricity supply. The Government of Delhi has sought time to file affidavit as on February 11, 2009. The matter is currently pending and the next date of hearing has not been fixed.
4. Nagrik Upbhogta Margdarshak Manch has filed a PIL (no. 4316/2008) against our Company in the High Court of Madhya Pradesh. Our Company's Super Thermal Power Station at Sipat has faced water shortages due to the cancellation of allocation of water previously awarded to it by Government of Chhattisgarh and due to that the electricity generation from the plant was delayed which added to the power crisis in the state. Accordingly Nagrik Upbhogta Margdarshak Manch has prayed that the High Court of Madhya Pradesh direct the relevant authorities, State Government of Madhya Pradesh, State Government of Chhattisgarh and Union of India, to cooperate and release the water to our Company's Super Thermal Power Station at Sipat, so that electricity can be generated from the said station. Our Company has filed its reply on June 17, 2008. The matter is currently pending and the next date of hearing has not been fixed.
5. The State Public Interest Protection Council, an NGO, and others have filed a PIL (no. OJC 3157/2001) in the High Court of Orissa against the State of Orissa, OERC, our Company and six other parties challenging the arbitrary hike in electricity charges and for ensuring proper supply of electricity and reviewing the process of privatization. Our Company has filed an affidavit before the High Court of Orissa providing the details of the power generation at our Company's Talcher Super Thermal Power Station. The matter is currently pending and the next date of hearing has not been fixed.
6. Mr. Debesh Das has filed a writ petition (W.P (C) no 4437 of 2003) against our Company and others, in the High Court of Orissa with respect to regulation of supply of power to GRIDCO. The High Court of Orissa passed an order dated July 3, 2003, whereby a committee was setup to look into the reasons as to why the bills of our Company were not being paid by GRIDCO despite collection of monies from customers. Further, the committee was also required to look into certain aspects such as the (i) reasons for non payment; (ii) whether the price charged by the central public sector undertaking is sustainable in view of the manufacturing cost incurred by it; and (iii) whether the clauses of the agreement entered into by the GRIDCO with its suppliers (including the price charged for purchase of electricity) are sustainable in law.

Aggrieved by the above order, our Company has filed a special leave petition (SLP no. 13909 of 2003) in the Supreme Court of India challenging the order to setup the committee. The Supreme Court has directed to dissolve the committee vide order dated February 13, 2009. The matter is currently pending and the next date of hearing has not been fixed.

7. Vikalpa, an NGO, has filed a writ petition (W.P no (c) 4162/2003) in the nature of a PIL against the GoI, State of Orissa and others, in the High Court of Orissa. The petitioner has challenged the signing of the Tripartite Agreement between the State of Orissa, the Reserve Bank of India and the GoI on March 21, 2003. As per the terms of the tripartite agreement the state government has agreed to assume the liability to discharge the payment obligations of GRIDCO, in the event GRIDCO defaults in honouring its payment obligations under the agreements signed between the GRIDCO and our Company. The petitioner has alleged that the signing of such an agreement is detrimental to the interests of the people of Orissa who are not consumers of electricity. Our Company has filed an application for adding itself as a party, on July 4, 2003 as the case affects its rights. The matter is currently pending and the next date of hearing has not been fixed.
8. Upendra Pandey has filed a PIL (W.P. no 298/05) in the High Court of Madhya Pradesh against the Union of India and our Company and has sought relief with respect to the alleged air and water pollution caused by our Vindhyachal Super Thermal Power Project and the non implementation of the R&R Policy by our Company. Our Company has filed its reply on November, 11 2008. The matter is currently pending and the next date of hearing has not been fixed.
9. Satna Truck Owners Association has filed a PIL (W.P. 8385/2008) against the State of Madhya Pradesh and others, including our Company praying for appropriate directions to the state authorities requiring them to adopt necessary steps to prevent overloading of vehicles transporting cement from the cement manufacturers. Our Company has filed an application on January 15, 2009 for deletion of our name as respondent. The matter is currently pending and the next date of hearing has not been fixed.
10. Satna Motor Transport Association has a filed a PIL (W.P 1372/2009) against the State of Madhya Pradesh and others, including our Company. The Satna Motor Transport Association has prayed that the High Court of Madhya Pradesh issue appropriate directions from the concerned authorities to prevent overloading of vehicles transporting cement from the cement manufacturers. The matter is currently pending and the next date of hearing has not been fixed.
11. Masoom Raja has filed a PIL (W.P 12618/2008) against the State of Madhya Pradesh and our Company before the High Court of Madhya Pradesh, challenging the notice issued by our Company dated July 4, 2008 requiring the unauthorized occupants to vacate the premises owned by our Company. The High Court of Madhya Pradesh has given an interim order dated October 17, 2008 to maintain the status quo. The matter is currently pending and the next date of hearing has not been fixed.
12. U.P. Kisan Sabha has filed a PIL (W.P No. 200/2000) in the High Court of Allahabad against the State of Uttar Pradesh and our Company, amongst others, to quash the notification dated January 14, 2000 issued by the Government of Uttar Pradesh regarding the taking over of the Tanda Thermal Power Station by our Company. Our Company has filed its reply and the matter is pending. The matter is currently pending and the next date of hearing has not been fixed.
13. V.K Verma Patel has filed a PIL (W.P no 6222/2004) in the High Court of Allahabad, to quash of the notification dated January 14, 2000 passed by Government of Uttar Pradesh regarding taking over of the Tanda Thermal Power Station by our Company and associated

public grievances *inter alia* crop compensation and employment to Uttar Pradesh SEB employees. The matter is currently pending and the next date of hearing has not been fixed.

14. Rakesh Kumar Verma has filed a PIL (W.P no 5695/06) against the State of Uttar Pradesh and our Company, amongst others before the Allahabad High Court in relation to the taking over of the Tanda Thermal Power Station by our Company and associated public grievances *inter alia* crop compensation and employment. Our Company has filed. The matter is currently pending and the next date of hearing has not been fixed.
15. We have been made a party in the case filed by Central of India and Trade Union and Others, through Mr. Anthony against the State of Uttar Pradesh (Writ-C 13523 of 2003) at the High Court of Allahabad. The case concerns the removal of labourers employed by TATA (a contractor of our Company) and who at the time of their removal by TATA were working in the second phase of the Rihand project pursuant to the contract awarded to TATA by our Company. The labourers have claimed retrenchment benefits for their removal by TATA. The matter is currently pending and the next date of hearing has not been fixed.
16. Sanjeev Dutta and others have filed a case (W.P no 105/2001) in the High Court of Chhattisgarh against our Company. The petitioner have alleged that the Super Thermal Power Project being established by our Company at Sipat is being built on forest lands, irrigated agricultural lands, public utility lands and have prayed for quashing of the transfer of forest land to our Company on grounds alleged non compliance with the provisions of the Forest Conservation Act, 1980 and Madhya Pradesh Panchayat Raj Adhiniyam, 1993. Our Company has filed a reply in the High Court of Chhattisgarh. The High Court of Chhattisgarh has passed an interim order dated February 27, 2001 whereby it has directed that there should be no fresh felling of trees by us. The interim order has been vacated by the High Court of Chhattisgarh vide order dated October 31, 2001 and our Company has deposited a sum of Rs. 6.5 million to compensate the loss arising due to the proposed felling of trees. Subsequently, the petitioners have filed a special leave petition (SLP no. 4702/2002) before the Supreme Court of India against the order of the High Court dated October 31, 2001 and the Supreme Court has dismissed the same. The matter is currently pending and the next date of hearing has not been fixed.
17. Rama Shakar Gurudwan has filed a case (W.P 778/2001) against our Company filed at the High Court of Chhattisgarh. The petitioner alleged non-compliance by our Company of the terms and conditions of the environmental clearance given by MoEF. The High Court of Chhattisgarh vide order dated August 1, 2001 has observed that a similar petition (W.P 105/2001) is already pending before it. Accordingly, the High Court of Chhattisgarh has decided that it would determine the issue of maintainability of the petition filed by Rama Shakar Gurudwan. The matter is pending at the High Court of Chhattisgarh.
18. Mahamanab Nirved Satya Dhama (“MNSD”) has filed a case (OJC No. 3805 of 1996) against our Company in the High Court of Orissa. MNSD has alleged that the Talcher Thermal Power Station and Talcher Super Thermal Power Project have caused pollution in the river Brahmani. Therefore, the petitioners have prayed that our Company may be directed to take steps to prevent such water pollution. Our Company has filed its reply stating our Company has taken adequate measures for control of pollution. The matter is currently pending and the next date of hearing has not been fixed.
19. Ganga Mahasabha has filed case (no 101 of 2009) against the Union of India and others, at the High Court of Uttarakhand. Ganga Mahasabha has prayed for issuance of *inter alia* a writ, order or direction in the nature of mandamus to stop the work at three projects, namely, (a) Bhairav Ghati; (b) Palamaneri; and (c) Lohari Nagpala and any other project on Bhagirathi and Ganga rivers forthwith, in order prevent the ecological imbalance caused to the river Ganga by these projects.

Ganga Mahasabha has also filed a stay application (CMSA no. 6732 of 2009) before the High Court of Uttarakhand praying for issuance of an ad-interim mandamus (i) commanding the Respondents to stop work at the above mentioned projects and (ii) to honour and adhere to their undertakings dated June 19, 2008 and February 19, 2009. Our Company has filed a counter affidavit dated August 25, 2009 praying inter alia for dismissal of the aforesaid writ petition along with the stay application, with special costs.

Maheshwari Bhatt has filed a PIL (Writ Petition (PIL) no. 110 of 2009 M/B) against the Union of India and our Company, amongst others. Maheshwari Bhatt has been filed the PIL praying for issuance of inter alia (i) writ, order or direction in the nature of mandamus to revoke the environmental clearance granted to Loharinag Pala Hydro Electric Power Project; (ii) writ, order or direction in the nature of mandamus to carry out detailed study on the impact on the sustainability of water resources due to receding glaciers as originally stipulated in the environmental clearance letter dated February 8, 2005; (iii) writ, order or direction in the nature of mandamus directing the Respondents to review the environmental clearances granted to all similar projects and the EIA reports of the same keeping in view the cultural and religious importance of River Ganga and how the same is going to be adversely impacted due to the series of dams; (iv) writ, order or direction in the nature of mandamus to carry out detailed study on cumulative impact assessment on the series of dams coming up on Ganga river specially with respect to the issuer of flow of water; and (v) writ, order or direction in the nature of mandamus commanding our Company to undo the damage caused to the ecology of River Ganga in accordance with the 'polluter pay principle'.

The same has been prayed on the grounds alleging inter alia that (i) our Company failed to implement the provisions of the specific and general conditions of the environmental clearance letter dated February 08, 2005 issued by the MoEF; (ii) no proper study of the impact of the proposed project on the culture and religious value had been conducted; and (iii) the action of our Company and the Union of India is in violation of the precautionary principle.

Maheshwari Bhatt has also filed an interim relief application (reference no. 7505 of 2009) before the High Court of Uttarakhand, praying inter alia for grant of stay on the ongoing construction relating to the dam and all ancillary activities and also on the operation of the environmental clearance dated February 08, 2005. The matter is currently pending and the next date of hearing has not been fixed.

Consumer Cases

There are 21 consumer proceedings pending against our Company. The financial implication involved is approximately Rs. 9.14 million. These cases primarily relate to deficiency in services including medical negligence and mutation of birth certificates.

Labour Cases

There are 622 labour proceedings filed against our Company. The financial implication involved is approximately Rs. 239.82 million excluding interest. These cases primarily relate to reinstatement and regularisation of contract labour, employment of land oustees, payment of wages, salaries and other service matters.

Arbitration Cases

A total of 111 arbitration related matters are pending against our Company before the arbitration tribunals and the courts. The total value of the claims made against our Company is approximately, Rs. 7,918.51 million, excluding Deutsche Mark 44.11 million, Rs. 42.41 million per month as onsite and offsite costs and interests. The aggregate of the counter-claims made by our Company in the above mentioned cases amounts to approximately, Rs. 7,698.28 million excluding Deutsche Mark 63.40 million, USD 0.19 million, EURO 0.21 million and interest. The material cases concerning arbitration related disputes are set out below:

1. M/s. Raj Kishan & Co. has initiated arbitration proceedings against our Company at Dadri in relation to the dispute arising out of the tender granted for the construction of general civil works for the main plant i.e. Package Name LOA (No. 01/CC/6110-322-9/1881) dated March 21, 1989. M/s. Raj Kishan & Co. has made a total claim of approximately, Rs. 150.00 million against our Company including others i) for non-payment; ii) short payment; iii) escalation costs; iv) damages; and v) amounts withheld, etc. In response to M/s. Raj Kishan & Co. claims our Company has also made counter-claims of approximately Rs. 38.14 million against M/s. Raj Kishan & Co. on grounds of contractual recovery for wastage and excess consumption, supervision and administration costs, etc.

The Arbitrator vide its award dated November 13, 2009 directed our Company to pay a sum of Rs. 15.63 million plus interest to M/s. Raj Kishan & Co.

Further, our Company filed a clarification application dated December 10, 2009 with the Arbitrator (arbitration no. 369 of 2003), seeking rectification of the amount to be paid, on the grounds that Rs. 15.43 million has already been paid to RJC. The matter is currently pending and the next date of hearing has not been fixed.

2. Italian-Thai Development Public Company Limited (“**ITD**”) initiated arbitration proceedings, against our Company in relation to the work contracts in LOA (nos. CS-5501-901 and CS-LOA-4252) dated December 12, 2003, awarded to ITD for the construction of the dam, spillway and power intake package for Koldam Hydro Electric Power Plant (4×200 MW). The claimants claimed a total amount of approximately Rs. 3,742.64 million, excluding quantified interest amounting to Rs. 38.62 million, Rs.42.41 million per month as onsite and offsite costs and interest against our Company alleging *inter alia* i) wrongful and incorrect determination of rates by our Company/its engineer; and ii) delay resulting in escalation of costs to ITD, etc. Our Company has filed its additional submissions and statement of defense rejecting the claims made by the claimant.

ITD has filed its statement of claim dated September 3, 2009 along with an application for an interim award. Our Company has filed its reply in relation to the application for interim award to the arbitration tribunal on December 10, 2009. The claimant is yet to file its rejoinder. The next date of hearing is February 5, 2010.

3. M/s. AFCONS – R.N Shetty & Co. Pvt. Ltd. Joint Venture, has initiated arbitration proceedings against our Company in relation to the certain disputes arising in respect of construction of desilting arrangement (Package – II) vide agreement (no. CS/5501/905/2/CS/COA/4503) dated March 11, 2005, claiming an amount of approximately Rs. 695.27 million plus interest against our Company in its statement of claims. Our Company has not counter claimed any amounts. The arbitrators on October 31, 2009 had fixed the schedule for the arbitration proceedings, the fee for the arbitrators and the manner of sharing travel expenses by the parties. The next date of hearing is April 17, 2010. The matter is currently pending and the next date of hearing has not been fixed.
4. M/s. Om Metal Infra Projects Ltd. (“**OMIL**”) has initiated an arbitration proceedings against our Company in relation to the Hydro-Mechanical Package for Koldam HEPP concerning contract (i) (nos.CS-55-1-902-2SV-COS-4234) dated September 10, 2003 and (ii) (no. CS-

5501-902-2er-cos 4235) dated September 10, 2003. M/s OMIL has filed its claims and the total value of the claim amounts to approximately Rs. 243.70 million. The total value of the counter-claim filed by our Company is nil. The matter is currently pending and the next date of hearing has not been fixed.

5. M/s. Tarapore & Co. initiated arbitration proceedings against our Company as a result of the disputes arising from the contract agreement awarded to it by our Company for the construction of the ash bund structure for fly ash disposal for the Stage I of our Farakka Unit. M/s. Tarapore & Co. had claimed approximately Rs. 1197.90 million before the arbitrator whereas our Company had made a counter-claim of approximately Rs. 642.60 million. The arbitrator passed its award on March 14, 2008. An amount of Rs. 1.17 million was awarded in favour of the claimant and Rs.25.52 million was awarded in favour of our Company.

Subsequently, M/s Tarapore & Co. filed a case (CS (OS) 790 OF 2008) against our Company before the High Court of Delhi, under section 14 of the Arbitration Act, 1940 for remitting the arbitration proceeding records and award to the Court. The matter has been dismissed by the High Court of Delhi.

Our Company has also filed an appeal (OMP No. 408 of 2008) in the High Court of Delhi challenging the award dated March 14, 2008. The matter has been scheduled for hearing on March 9, 2010. Furthermore, M/s. Tarapore & Co. has filed another case (CS (OS) No. 1499 of 2008) in the High Court of Delhi challenging the award dated March 14, 2008 u/s. 33 of the Arbitration Act, 1940. The matter has been scheduled for hearing on March 9, 2010.

6. M/s. Shiv Singh Amar Singh & Co. (“SSASC”) has initiated arbitration proceeding against our Company on August 6, 1987, in relation to the dispute arising out of the contract (no. RTF-33-104/LOA) dated March 26, 1984, awarded to it, for the construction of certain structures such as mill and bunker building, coal handling structure etc., within the scheduled time. Our Company terminated the said contract on March 30, 1987 alleging various breaches of the provisions of the contract by SSASC including non-adherence to the time schedule prescribed under the contract. Upon cancellation of the contract, SSASC invoked the arbitration clause under the contract and submitted its statement of claims for approximately Rs. 30.00 million and 18% interest per annum for outstanding balance payment, loss due to extensive deviation from the original design. Our Company has also raised counter-claims amounting to approximately Rs. 56.54 million, on grounds of unrecovered amounts due from SSASC for materials drawn by it, expenses with respect to balance work to be completed by third party agencies. The next date of hearing is fixed on January 12, 2010.
7. Siemens Aktiengesellschaft (Germany) (“**Siemens**”) initiated arbitration proceeding against our Company (Dadri) in the International Court of Arbitration, International Chamber of Commerce (Case No.11728/ACS) sitting at New Delhi. The case concerns breaches arising from 3 contracts awarded in relation to the main plant package (Spec. No. CC-6210-100) of the Dadri Gas Based Combined Cycle Power Project (“**Project**”) through the 3 letter of intents dated September 30, 1989 and the 3 agreements dated December 6, 1989. The above mentioned package was required to be executed under the overall supervision of Siemens.

The total amount claimed by Siemens is approximately Deutsche Mark 44.11 million excluding interest. Siemens had based its claim on the grounds such as, increase in costs, additional travel, and loss of profit. Our Company had raised a counter claim amounting to approximately Deutsche Mark 63.40 million, USD 0.20 million, Rs. 2,672.04 million and EURO 210,307 as compensation for losses borne by it due to the delay in completion.

A partial award was passed in favour of Siemens on July 31, 2002. According to this order, the tribunal found the claimant’s claim to be admissible while it rejected the counter-claim made by our Company on grounds that the settlement reached previously between the parties

was binding. Aggrieved by this order our Company approached the High Court of Delhi who vide order (OMP No. 462/2003) dated May 24, 2005, re-enforced the partial award. Aggrieved, our Company filed an SLP (SLP No. 17700/2005) in the Supreme Court of India, challenging the order of the High Court. The Supreme Court of India has disposed the SLP filed by our Company in favour of Siemens on November 28, 2007.

Subsequently, the arbitration proceedings were conducted before the arbitration tribunal and the arbitration tribunal passed its final award on 6 January, 2009. A total of 8 claims (excluding 1) of Siemens were upheld by the arbitrators and the total value of the claim awarded by the arbitrators amounts to Deutsche Mark 25.75 million plus USD 0.88 million. Further, the arbitrators have made the partial awards dated July 31, 2002 a part of the final award.

Aggrieved by the final award of the arbitrators, our Company has filed 2 writ petitions (Objection Petitions Nos. 229-230, of 2009) in the High Court of Delhi challenging the partial and final awards. Notices have been issued to the parties. The case is pending before the High Court of Delhi and the next date of hearing has not been fixed.

The Coastal Project Private Limited initiated proceedings against our Company before the High Court of Uttarakhand, for settlement of dues with respect to termination of the agreement (on the ground of delay in execution of the project) for construction of 3 adits to the HRT package for Loharinag Pala Hydro Electric Power Project (4×150MW) Uttarakhand. Subsequently, the Coastal Projects Private Limited made an application (Petition no. 23 of 2006) for the appointment of an arbitrator, which is pending before the High Court of Uttarakhand (Nainital Bench). Further, Coastal Projects Private Limited has also made an application seeking an injunction to restrain our Company from appointing alternative persons from completing the contract without settling the outstanding dues, approximately Rs. 365.99 million in relation to the project. Our Company has filed its reply rejecting the allegations and praying for dismissal of the miscellaneous petition with costs. The matter is currently pending and the next date of hearing has not been fixed.

8. The High Court had vide its order (no. 115 of 2004) dated April 7, 2004, appointed an arbitrator and directed him to preside over the application made by BALCO for interim measures relating to supply of water by our Company (Korba) needed by BALCO, for captive power plant and the amount payable for the common facilities/services provided by our Company, untill the time BALCO makes an alternative arrangement for the same. BALCO has claimed an amount of approximately Rs. 751.21 million as costs borne by BALCO towards development of the common facilities, expenses borne by it in relation to the executive employees, cost of raw materials, and the mineral area development cess paid by BALCO to our Company. Our Company has also made counter-claims for an amount of approximately Rs. 4,128.55 million towards water charges, charges towards usage of common facilities, and consultancy charges payable to it by BALCO.

The arbitrator passed an interim order dated April 28, 2004 directing our Company *inter alia* (i) to continue the water supply facilities; and (ii) to permit the usage of the approach road to the quarters. The arbitration proceedings are pending before the arbitrator and the next date of hearing is January 21, 2009. The matter is currently pending and the next date of hearing has not been fixed.

9. M/s Gammon Ence Consortium JV (“**Gammon**”) has filed an application (T. No. 74 of 2009) against our Company and M/s. RITES Ltd. before the High Court of Calcutta seeking an order of injunction restraining our Company and M/s. RITES Limited, from terminating the contract and invoking the bank guarantees on the grounds of delay in execution of the contract for undertaking ‘earth work in formation, construction of bridges and permanent way worth in connection with linking of Barh/Railway Station with in-plant yard and construction

of in-plant yard (Package-1) for Barh STPP Stage-I(300x 660 MW) in Bihar. The Calcutta High Court vide *ex parte* interim order dated November 3, 2009 restrained our Company from invoking the bank guarantees. Further, the High Court of Calcutta vide order dated December 15, 2009 has held the letter of invocation of the bank guarantees to be bad in law.

Our Company has filed an appeal before a division bench of the High Court of Calcutta and the same is pending for consideration. It may be noted that prior to filing of this application, an arbitrator was appointed on July 16, 2009 as the sole arbitrator. The matter is currently pending and the next date of hearing has not been fixed.

Legal Notices

Our Company has received a total of 20 legal notices. The total value of the claims raised in such legal notices is approximately Rs. 3,916.42 million plus interest. Our Company has made counter-claims in relation to two notices that it has received and the value of the counter-claim is approximately Rs. 88.16 million. The details of the material notices are set out below.

1. M/s. Shriram Tower Tech Ltd. (“STTL”) has issued a letter dated July 2, 2008 to our Company. STTL has sought the initiation of the arbitration proceedings and has alleged to have suffered losses to the tune of Rs. 97.100 million on account of the conduct of our Company. The above mentioned letter was issued by STTL in relation to the civil works contract (LOA (No. 6466) and LOA (No. 6465)) granted to it by our Company for the supply and erection of the R&M Cooling Tower of TTPS Stage – I, dated April 21, 2004. Our Company vide its letter dated January 3, 2009 has replied to the above mentioned letter stating that our Company has incurred losses aggregating to Rs. 87.95 million due to the non-performance of the contract by M/s. Shriram Tower Tech Ltd. The matter is currently pending and the next date of hearing has not been fixed.
2. The Commissioner, Rewa, has issued a letter dated February 10, 2006 in relation to the land acquired from the Government by our Company, for the MGR in 1984-85 from the Government of M.P. The office of the Commissioner, Rewa has demanded Rs. 335.76 million along with a premium of Rs. 25.18 million (total liability: Rs. 360.94 million) as land revenue in relation to 150.519 hectares of land in 15 villages. The matter is currently pending and the next date of hearing has not been fixed.
3. The Divisional Forest Department, Renukot, has sought a payment of Rs. 258.07 million as net present value in relation to 280.508 hectares (proposed initially to be utilized as plant area and ash dyke area) at the rate of Rs. 0.92 million per hectare from our Company (Rihand). Our Company has vide its letter dated April 9, 2009 intimated that it has paid an amount of Rs. 0.06 million in relation to the area measuring 62.889 hectares that it has utilized as plant area. The matter is currently pending and the next date of hearing has not been fixed.
4. Our Company has received a letter dated August 24, 2006 from the Commissioner, Ramagundam Municipality, requesting payment of Rs. 191.84 million towards the construction permission fees and betterment charges for the construction of Unit VII of Ramagundam. Pursuant to deliberations with the concerned authorities, our Company has deposited an amount of Rs. 2.00 million towards agreed items. However, in relation to the items not agreed to by our Company, a detailed representation was submitted to the Commissioner and Director of Municipal Administration, Government of Andhra Pradesh on July 25, 2007. The matter is currently pending and the next date of hearing has not been fixed.
5. Our Company has received a letter dated March 24, 2006 from the Ramagundam Municipality for the payment of Rs. 180.84 million towards vacant land tax as per section 85(3) and 87(4) of the A.P. Municipalities Act, 1965, for the period 1998-99 to 2004-2005.

6. Our Company has received a legal notice dated December 5, 2009, in relation to the partition suit pending before the Sub-Judicial Magistrate–I, in Suit No. 203/2009, Hazaribag, concerning Khata No. 226 in Pakri Barwadi measuring a total of 143.46 acres at Pakri Barwadi.
7. The Municipal Corporation Vindyanchal, has issued a notice dated September 10, 2009 directing the Company to pay a sum of Rs. 36.22 million towards export tax on electricity transmitted through wires, out of the municipal limits. Our Company has vide its letter dated September 29, 2009 replied to the above mentioned notice stating that it has filed two writ petition (nos 12767/2008 and 14799/2008) in relation to previous imposition of similar tax and the same are pending before the High Court Madhya Pradesh, Jabalpur Bench.
8. The Commissioner, Customs & Central Excise, has issued a letter dated August 11, 2009 to our Company. According to the contents of the notice, our Company has not paid total service tax on the “business auxiliary services” provided by us to M/s BALCO, Korba as coal handling charges for the period September 2004 - June 2005. Our Company has been directed to show cause as to (i) why an amount of Rs.4.18 million should not be assessed, demanded and recovered from it as service tax; and (ii) why penalty on grounds of failure to pay service tax and suppression of value of taxable service should be imposed, amongst others.
9. The Central Empowered Committee has vide its notice dated October 4, 2006, (File No. 1-26/CEC/SC/2006 – Pt. XVIII) directed the Chief Secretary, Government of Himachal Pradesh, to ensure that no area falling in the Majathal Wildlife Sanctuary is utilized for any project including Koldam without appropriate permission under the Forest (Conservation) Act first having been obtained from the concerned authorities. Further, the Chief Secretary, Government of Himachal Pradesh has been directed to stop any work that is being undertaken in violation of the Supreme Court of India’s order dated February 14, 2000 in IA No. 548. The above letter has been issued pursuant to our Company’s additional affidavit dated September 29, 2006, wherein our Company had averred that the forest land involved in the construction of the Koldam Project has been underestimated and thickly wooded forest areas containing over 40,000 trees in the Majathal Wildlife Sanctuary had been previously left out. It may be noted that the directions have been issued to Chief Secretary, Government of Himachal Pradesh and a copy of the letter has been sent to our Company.
10. The GoI has issued two public notices (no. 38 Re-991/1997-2002) dated November 5, 1999, and Public Notice no. 42 dated October 10, 2002, directed the Company to repay a sum of Rs. 2,768 million towards export benefits paid by the GoI to the contractors for the Talcher Super Thermal Power Station. Subsequent to the notice, the Company has repaid Rs. 2,696 million.

Land acquisition cases

There are 3,572 court proceedings relating to our various projects. A majority of these proceedings relates to, *inter alia*, i) demands for enhanced compensation by outsees; and ii) employment due to land acquisition. The aggregate of claim filed against us is approximately Rs. 19,510.08 million. The details of the material cases in this regard are as follows:

1. Our Company has acquired 4,222 bhigas of land in 41 villages in four districts namely, Bilaspur, Mandi, Solan and Shimla, for our Koldam Hydro Electric Project. There are 894 cases against our Company in this regard wherein the total amount of claims and contingent liability is Rs. 16,148.40 million inclusive of statutory interest as prescribed in the Land Acquisition Act, 1894. The details are as follows:
 - (i) 12 cases have been filed by land oustees against the decision of the District Court, Simla before the High Court of Himachal Pradesh, Shimla. The land oustees have

claimed an approximate amount of Rs. 44.7 million for approximately 44.05 bhigas of land. These cases are pending for rejoinders and framing of issues.

- (ii) 882 cases are pending in the District Court of Shimla, Mandi, Bilaspur and Solan by the land oustees against the Land Acquisition Collector Koldam, District Collector, Bilaspur, and our Company in the court of District Judge, Mandi. These cases are pending for submission of documents relied upon and are pending for hearing.

Separately, our Company has filed 44 appeals against the orders of the District Courts for enhancing the compensation at the rate of Rs 0.5 million per bhiga of land. The cases are pending for filing of reply and are pending hearing and final adjudication.

2. Our Company has acquired land admeasuring approximately 325 acres in five villages in Haryana for the Faridabad Gas Power Project. The Collector of Land Acquisition has fixed the rate of compensation payable to land oustees at the rate of Rs 0.2 million per acre for non irrigated lands and Rs 0.25 million for irrigated lands. 15 land oustees have filed suits before the Civil Judge, Junior Division, claiming employment in the Company due to acquisition of land.
3. Our Company has acquired 227.33 acres of land in district Surat, Gujarat belonging to private parties for the Kawas Gas Power Station. The land acquisition officer categorized the land into three categories and awarded compensation ranging from Rs. 3 to Rs. 3.5 per square metre. Aggrieved by this order, the land oustees filed an appeal before the District Court, Surat which awarded compensation of Rs. 20 per square meter and directed the payment of additional compensation and additional market value and their claim cumulatively comes to Rs.1,200 million. Also, solatium at the rate of 30% per annum was imposed on the aforesaid enhanced compensation. Our Company filed appeals against the order of the District Court on the ground of enhancement of compensation and the oustees filed appeals claiming increase in the quantum of compensation before the High Court of Gujarat. The High Court of Gujarat vide its order dated September 15, 2000, finalized the award at about Rs. 22 per square meter. The High Court held that the claimants shall not be entitled to the solatium. 22 land oustees have filed three sets of special leave petitions in the Supreme Court of India (21068 to 21070 of 2001, 21961 to 21965 of 2001 and 22034 of 2001) against the order of the High Court of Gujarat. The petitioners claimed compensation of a sum of Rs. 250 per square meter and have stated that the wrong basis of computation has been taken and incorrect deductions have been made. The total amount claimed by all the petitioners earlier was Rs. 475.04 million. The Supreme Court has admitted the said petitions and the same have not come up for hearing in the Supreme Court of India.

In addition, the petitioners have filed execution petitions no. 133/04 to 140/04 and 2/04 to 14/04 in the court of civil judge (senior division), Surat claiming payments as per the High Court order and also interest on solatium special leave petition (no. 1080/2004) has been filed before the Supreme Court in relation to the land acquisition cases for which we have received notice

4. There are 245 cases in relation to land acquired by our Company for Rihand Super Thermal Power Project. In this regard, the Supreme Court of India had directed in **Banwasi Seva Ashram v. State of Uttar Pradesh and others**, writ petition (criminal no. 1061 of 1982), the District Judge to determine the compensation payable to land oustees. The petitioners have filed their claims before District Judge, Sonbhadra. Compensation amounting to Rs 165.67 million has been claimed against our Company. Our Company has stated that the land acquired in Bijpur village is only 65 acres and is willing to pay compensation for the same. Our Company has claimed that we are in the process of surrendering the land in villages Jhilo and Khamaria and is not evicting any persons from these lands and therefore our Company is

not liable to pay any compensation. The matter is pending before the District Judge, Sonbhadra.

5. There are 191 cases in relation to land acquired by our Company for the National Capital Power Station, Dadri. The land has been acquired by our Company under the Land Acquisition Act, 1894 and compensation has already been paid. The claimants are claiming revised amounts of compensation under Section 18 of the Land Acquisition Act, 1894. The total amount of claims by the claimants amounts to Rs 328.83 million exclusive of interest. The cases are pending in the courts of Ghaziabad and Gautam Budh Nagar, Uttar Pradesh. The matters are at various stages. The cases includes:

- i. 31 cases have been filed by land oustees before the Additional Judge (VI) Ghaziabad, against the Sub-Land Acquisition Officer, village Ooncha Amirpur, for enhancing the compensation at the rate of Rs 50 per sq. yd. Sub-Land Acquisition Officer had awarded as compensation at the rate of Rs. 2 to Rs. 6 per square yard. The total financial implication involved is Rs. 65.44 million. These cases are pending for arguments.
- ii. Eight land oustees have made applications before the Additional Judge (IX) Ghaziabad, against the Sub-Land Acquisition Officer, village Roopvas praying for enhancement of compensation at the rate of Rs. 500, per square yard. Sub-Land Acquisition Officer had awarded a compensation at the rate of Rs. 49.78 per sq yd. The total financial implication involved is Rs. 40.08 million. The total financial implication involved is Rs. 51.16 million. These cases are pending for arguments.
- iii. 28 land oustees have made applications before the Additional Judge (IX) Ghaziabad, against the Sub-Land Acquisition Officer, village Rasulpur Dasna praying for enhancement of compensation at the rate of Rs. 200, per square yard. Sub-Land Acquisition Officer had awarded a compensation at the rate of Rs. 4.58 to Rs. 8.78 per square yard. The total financial implication involved is Rs. 40.08 million. These cases are pending for arguments.

Additionally, our Company has filed 208 appeals against the decision of the Additional Judge, at various levels, challenging the enhanced compensation. The total financial implication involved is Rs. 186.68 million. The cases include:

79 land acquisition references before the Additional Judge, Ghaziabad, praying for reduction of the enhanced compensation before District Court, Ghaziabad. Further, our Company has filed 11 appeals with respect to village Amka against the award of ADJ Ghaziabad (XIV) for the increase in the rate of compensation was enhanced from the Rs. 0.15 million per bigha to Rs. 0.34 million per bigha at Rs.115 per sq. yard.

6. There are 113 cases in relation to land acquired by our Company for the Auraiya Gas Power Station, Uttar Pradesh. The cases are pending before the High Court of Allahabad, District Court, Etawah and before the special land acquisition officer, Etawah. The cases are in various stages of hearing. The total amount of claims against our Company is Rs. 171.40 million.
7. We have acquired approximately 264.85 acres of land for the Kayamkulam Gas Power Station. 26 land oustees have filed cases before the District Court, Mavelikara, seeking enhancement of compensation under the Land Acquisition Act, 1894. The total amount of claims against our Company is approximately Rs.0.26 million. Additionally, our Company has filed 73 cases against our Company before the High Court of Kerela, against the judgment of the District Court, Mavelikara.

8. The Department of Forest has claimed that the land, which was granted to us by the State Government, was part of a reserved forest and hence, directed our Company to handover 760 acres of land in addition to Rs. 0.02 million per acre towards the cost of afforestation. Subsequently, our Company filed a writ petition, WP (no. 12512 of 1992), before the High Court of Andhra Pradesh, challenging the claims of the Department of Forest, Government of Andhra Pradesh on the grounds that the land admeasuring 380 acres was granted to our Company by the Government of Andhra Pradesh, for the construction of ash pond. The aggregate amount of the disputed claim is approximately Rs. 11.40 million. The High Court vide order dated April 5, 2006 imposed an amount of Rs. 23.31 million towards costs of the land and development charges. Aggrieved by order, our Company preferred a writ appeal (no. 708/2006) dated May 15, 2006 praying for the quashing of the order dated April 5, 2006. Further, our Company filed a writ application (no. 6642/2006) claiming stay on the order dated April 5, 2006. The matter is currently pending and the next date of hearing is not fixed.
9. The Government of Karnataka has issued a notice dated September 28, 2006 to our Company stating that they will acquire 30.28 acres of land from the total 97.25 acres that was initially awarded to our Company and allot the same to M/s Suzlon Private Limited for undertaking a government project. Subsequently, our Company filed a writ petition (no. 5013/2007) dated March 23, 2007, challenging the acquisition of a portion of land and claimed Rs. 207.80 million and additional interest of 17% calculated from October 1, 1995 to September 3, 1995 (as this amount had been deposited by our Company), towards acquisition of the total land admeasuring 97.25 acres and claimed a compensation for Rs. 207.80 million. Further, our Company filed an interlocutory application dated May 8, 2008, to prohibit the government from taking the possession of the land and carry out demolition and levelling work. The High Court of Karnataka vide order dated June 12, 2009 directed our Company to accept the compensation of Rs. 15.41 million for the land measuring 30.28 acres and further directed our Company to file a petition under section 18 of the land Acquisition Act. Aggrieved by the order, our Company has filed objections dated July 29, 2009 requesting the Court to review its order.
10. 173 oustees have filed petition pertaining to nine awards, claiming enhancement of compensation under section 18 of the Land Acquisition Act. Subsequently, the Principal District Judge, Bharuch, vide administrative order dated November 5, 2009, has transferred all the cases before the Court of Single Judge. The financial implication involved in the case is Rs. 1,151.50 million. The matter is pending and the next date of hearing is not fixed.
11. Our Company has acquired land for construction of Kahalgaon Super Thermal Power Project. Different rates have been fixed for the compensation for the land oustees. There are a total 1,526 land acquisition cases pending before various forums. Out of the above cases, in 1,479 cases decided by Land Acquisition Judge and our Company has agreed with the award of the court and those amounts were paid. These matters are pending before the High Court. Also 42 execution proceedings have been filed before the Supreme Court for realization of the compensation amount. Also, five cases have been filed challenging the acquisition of land and are pending before the High court of Bhagalpur. However, in 43 cases, in which the claims were enhanced up to 3 to 4 times, our Company has filed appeals in the High Court of Bihar and the aggregate responsibility involved is approximately Rs. 28.36 million.

Civil Cases

There are 217 civil proceedings against our Company and the aggregate financial implication of these claims against us in these proceedings is approximately Rs. 317.42 million, plus interest. The cases primarily relate to recovery of money, injunction suits, bank guarantees and insurance suits.

Pending application under the RTI Act

Applications for information from any public authority in India can be submitted under the RTI Act, to the Public Information Officer (“**PIO**”) of such public authority with a nominal application fee. The PIO is expected to reply within 30 days, else the application is deemed refused. The applicant can ordinarily submit an appeal within 30 days from the receipt of the public authority’s response, before a designated officer senior in rank to the PIO in such public authority. In certain exceptional cases, the PIO is given additional time to furnish the requested information. An appeal may be filed on grounds including non-receipt of sufficient information or rejection of the application. Presently, there are 16 RTI applications being processed by our Company’s PIO.

Further, we have filed an appeal against order of the Central Information Commission, the details of which are given below:

The Central Information Commission (“**Commission**”) vide order dated June 16, 2008, directed, *inter alia* i) the Chief Public Information Officer of our Company, to provide all the correspondence relating to the field service carried out by our Company for the purpose of providing employment to at least one member of the ousted families in the Farakka Power Plant between our Company and the MoP; and ii) directed our Company to pay Mr. Mohammad Samad Khan, a sum of Rs. 1.13 million towards compensation for loss of job for want of information. Subsequently, our Company filed a writ petition (no. 5403 of 2008) dated May 1, 2009, before the High Court of New Delhi on May 1, 2009, against the order of the Commission. Further, Company also filed an application praying for ad interim stay on the order of the Commission. The next date of hearing is January 10, 2010.

C. PENDING LITIGATION FILED BY OUR COMPANY

Criminal Cases

Our Company has filed five criminal cases before the various forums. Details of all the cases are given below.

1. Our Company filed a criminal case (no. 1211/09) dated June 18, 2009, before the Judicial Magistrate First Class, Dudhi against Mr. A. Bose, an ex-employee of our Company, alleging cheating on non payment of a loan of a sum of Rs. 0.28 million and then absconding at the time of repayment. The Court vide order issued summons to Mr. A. Bose. The matter is currently pending and the next date of hearing is not fixed.
2. Our Company filed FIRs (nos. 1287/2005 and 1292/2005) with the Police at Sipat against Ramesh Singh and others for forceful trespass on our property. The State of Madhya Pradesh, has taken on the matter against Ramesh Singh and all others accused. The matter is currently pending and the next date of hearing is not fixed.
3. Mr. BK Singh, the then Deputy Manager (Civil) lodged an FIR for destruction of property the unit at Pakri Barwadih. During the course of investigation, the police made certain arrests, one such arrest was of a Mr. Deepak Das, against whom the state proceeded (no. PS/139/06) Mr. Singh gave statements to the Court relation to the matter, however Mr. Das now has been acquitted. Several accused are still absconding.
4. An FIR (no. 549/02) was lodged on June 2, 2002 by the guard of the property, for the destruction of property at our unit at Barh. The matter was heard at the District Magistrate’s Court and final orders are awaited for the same.
5. Our Company filed an FIR (P.S. 432/2006 and GR/3466/06) dated November 21, 2006 alleging stealing of the tyres of vehicle owned by our Company. After investigation the items were recovered and are presently kept in the police custody. Saroj Udawar surrendered before the Court and filed a bail application dated May 24, 2007 and the Court vide order dated June

1, 2007, granted the bail. The matter is currently pending and the next date of hearing is not fixed.

Consumer cases

There are four consumer cases filed by our Company as on date in various consumer redressal forums in India. The financial implication involved is approximately Rs. 2.52 million.

Labour cases

There are 47 labour proceedings filed by our Company before various judicial forums in India. The financial implication involved is approximately Rs. 16.91 million excluding interest. These cases primarily relate to reinstatement and regularisation of contract labour, employment of land oustees, payment of wages, salaries and other service matters.

Arbitration Cases

A total of 16 arbitration related matters have been initiated by our Company against various contractors and are pending before the arbitrators and the various courts in India. The total value claimed by our Company in these cases is approximately Rs. 661.04 million and we have received approximately Rs. 386.88 million from the Orissa Power Corporation Limited. The total value of the counter-claims against our Company in the above mentioned proceedings is approximately Rs. 0.15 million. The details of the material cases initiated by our Company are set out below.

The High Court vide its order dated December 10, 2008 in the writ petition (WP (C) No.6551 of 2002), referred the dispute between our Company and the Orissa Power Corporation Limited (initially known as “**Orissa State Electricity Board**” and “**GRIDCO**”) to the Accountant General of Orissa. The dispute was for ascertaining *inter alia* i) the quantum of compensation payable by Orissa Power Corporation Limited to meet employees’ liability such as pensions, gratuity, leave and half pay; ii) challenging the method of computation i.e. the actuary method, adopted by the Orissa Power Corporation Limited pursuant to the takeover of TTPS. Our Company has claimed an amount of Rs. Rs.630.20 million as employees liability and Orissa Power Corporation Limited, has paid a sum of Rs. 386.88 million. The matter is currently pending and the next date of hearing has not been decided.

Legal notices

Our Company has also issued a legal notice to New India Insurance Company Limited claiming an amount of approximately Rs. 1.00 million towards insurance liability of materials in transit.

Civil cases

There are 66 civil proceedings filed by our Company and the aggregate value of the claims made by us in these proceedings is approximately 160.65 million, plus interest. The detail of the material case is below.

1. Our Company filed a suit (no. (2) 3484 of 2005) dated December 20, 2005, before the High Court of Bombay, for specific performance and declaration against Reliance Industries Limited praying, *inter alia*, i) a declaration of a valid, concluded and binding contract between the parties for supply of gas of 132 Trillion British thermal unit annually for a period of 17 years between them; ii) an injunction order to restrain RIL, its servants and agents from supplying and entering into any contract, arrangement or making of any commitment, for any part of the 132 trillion BTU of gas from its gas field situated at KG Basin (Block KG-DWN-98-3). The next date of hearing is January 14, 2010.

2. CERC has issued tariff orders applicable from April 1, 2004 dated for tariff for the period April 2004 to March 2009. The regulations provide for various norms for determination of tariff for power which could have adverse effect on the revenues of our Company. We have filed two review petitions before the CERC against the tariff orders issued for some of our stations and 22 appeals before the ATE against the CERC orders issued for our stations for the different tariff periods i.e. 1997-2001, 2001-2004, 2004-2009. Our Company has also filed 8 appeals before the Supreme Court with regard to the orders of various stations pertaining to tariff periods 2001- 2004 and 2004-2009. Further, our customers have filed 14 appeals before the ATE. Also, 17 writ petitions have been filed before various High Courts and 60 appeals before the Supreme Court on some of the tariff related issues which are pending. In these cases we have recognized revenue of approximately Rs. 19,193 millions. To the extent these cases are settled against us the revenue may have to be de-recognized.

D. PENDING LITIGATION INVOLVING OUR SUBSIDIARY

NVVN

Civil Cases

There are two writ petitions filed against NVVN and the details of which are given below:

1. Shree Cement has filed a writ petition (no. 2214/2007) dated March 2, 2007, before the High court of Delhi under Article 226 of the Constitution, alleging that NVVN have sold fly ash through floating of the tender (no. NVVN/ASH-SUPPLY/DOM/06-07/01) dated November 30, 2006, contrary to the notification dated September 14, 1999 issued by the MoEF stipulating that the fly ash shall be sold free of cost for a period of ten years from the date of notification and has prayed for quashing the tender and directing NVVN to continue the supply of fly ash. Our Company has filed its reply on August 20, 2007 denying the allegations. The High Court vide its order dated April 21, 2009, has referred the matter to the divisional bench. The matter is currently pending.
2. RMC Readymix (India) Private Ltd has filed a writ petition (no. 7901/2007) dated October 12, 2007, before the High Court of Delhi, under Article 226 of the Constitution, alleging that NVVN is selling fly ash to it pursuant to the tender (no. NVVN /ASH-SUPPLY/DOM/06-07/01) dated November 30, 2006, contrary to the notification dated September 14, 1999 issued by the MoEF stipulating that the fly ash shall be sold free of cost for a period of ten years from the date of notification and has prayed for *inter alia* i) issue of writ of mandamus directing NVVN and our Company to abide by the notification; ii) quashing the tender. Our Company has filed its reply on April 22, 2008 denying the allegations. The High Court vide its order dated May 1, 2009, has referred the matter to the divisional bench. The matter is currently pending and the next date of hearing has not been fixed.

E. PENDING LITIGATION INVOLVING OUR JOINT VENTURE COMPANIES

I. UPL

Criminal cases

There is one criminal proceedings filed against UPL. The details of the criminal cases are set out below:

Labour Enforcement Officer, Central has filed a criminal case, Case No. 2C/cc/40/2001 against R.B. Sahi (Chairman, UPL) and Diwakar Pandey (Resident Manager, UPL), in the court of Sub-divisional Judicial Magistrate, Talcher. The case relates to violation of the provisions of Contract Labour (Regulation and Abolition) Act, 1970. The primary argument is that UPL cannot be considered a

principle employer under the said act. Our Company has taken the argument that they have already obtained registration as a principle employer from the district labour authority, Government of Orissa. The matter is currently pending and the next date of hearing has not been fixed.

Labour cases

There are 407 cases filed against our Company and the aggregate financial implication is mentioned Rs. 55.47 million. The details of such cases are mentioned below;

1. 57 contract labourers employed by various contractors of UPL filed a suit (no. 16/2009 ref: 320/2009) against UPL and its various contractors in the Labour Court, Bhagalpur towards default in deposit of provident fund, non-payment of leave and bonus benefit. The aggregate claim by the contract labourers inclusive of interest is Rs. 10.39 million. The case is still pending before the Labour Court, Bhagalpur and the next date of hearing has not been fixed.
2. 100 contract labourers employed by various contractor of UPL filed a petition (no. 17/2009 ref: 321/2009) against UPL and its various contractors before the Labour Court, Bhagalpur towards default in deposit of provident fund, non-payment of leave and bonus benefit etc. The aggregate claim by the contract labourers inclusive of interest is Rs. 18.23 million. The case is still pending before the Labour Court, Bhagalpur and the next date of hearing has not been fixed.
3. 150 contract labourers employed by various contractors of UPL filed a petition (no. 19-33/2009 ref: 305-319/2009) against UPL and its contractors before the Labour Court, Bhagalpur towards default in deposit of provident fund, non-payment of leave and bonus benefit. The aggregate claim by the contract labourers inclusive of interest is Rs. 26.85 million. The case is still pending before the Labour Court, Bhagalpur and the next date of hearing has not been fixed.

Litigation by UPL

There is one case pending against our Company, the details of which are given below.

UPL has filed a Writ in the High Court, Ahmedabad against the Criminal Case No. 6907 of 2000 filed by the Labour Enforcement Officer, Central against UPL. The criminal case relates to whether UPL shall be required to obtain license and registration under the State Act or the Central Act. The High Court, Ahmedabad has stayed the proceedings of the criminal case vide its order dated November 24, 2000. The matter is currently pending and the next date of hearing has not been fixed.

II. NTPC Alstom

Other Tax and Statutory cases

There is one case filed against our Company and the aggregate financial implication is mentioned Rs. 15.45 million. The details of this case is mentioned below.

The Assistant Excise and Taxation Commissioner, Mohali, vide its order dated June 27, 2008 disallowed the refund claim of NTPC Alstom Power Services Pvt. Ltd., of Rs. 14.54 million towards excess input tax credit for the assessment year 2005-2006 under Punjab Value Added Tax Act and Rules made hereunder. Subsequently, NTPC Alstom, made an appeal to the Deputy excise and taxation Commissioner (Appeals), Division Patiala, Patiala, who vide its order (Appeal No. 108/2008-09) dated February 19, 2009, reinforcing the order dated June 27, 2008. Aggrieved by the same, our Company Alstom, made an appeal (VAT) (No. 341 of 2009) dated, to Value Added Tax Tribunal, Punjab, Bench Chandigarh, who vide its order dated November 30, 2009 remanded the case to the

Assessing authority to finalise the assessment within a period of three months. The matter is currently pending and the next date of hearing has not been fixed.

III. NTPC-SAIL

Criminal Cases

Against NTPC- SAIL

There are five cases that have been filed against our Company, the details of which are as mentioned below.

1. On July 20, 2007 there was a fatal accident at the unit where a contract labourer fell from a height of 17 meters and died. On July 25, 2007 (886/07), the Factory Inspector filed a case against the GM of NTPC- SAIL for negligence. We were summoned on December 13, 2007 and on appearance filed an application for exemption from personal appearance of the GM, this application was rejected. The next date of hearing is February 19, 2010.
2. On March 18, 2008 there was a fatal accident at the unit where a contract labourer was grievously injured and finally succumbed to these injuries. On March 19, 2003 (515/08), the Factory Inspector filed a case against the GM of NTPC- SAIL for negligence. We were summoned on January 28, 2009 and on appearance filed an application for exemption from personal appearance of the GM, which was rejected. The matter is currently pending and the next date of hearing has not been fixed.
3. On July 29, 2008 there was a fatal accident at the unit where a contract labourer got electrocuted and died. On August 11, 2008 (762/08), the Factory Inspector filed a case against the GM of NTPC- SAIL for negligence. We were summoned on May 9, 2009 and on appearance filed an application for exemption from personal appearance of the GM which was rejected. The next date of hearing is January 20, 2010.
4. On July 24, 2007 there was a fatal accident at the unit where a piece of machinery fell on a contract labourer who died. On July 6, 2007 (883/07), the Factory Inspector filed a case against the GM of NTPC- SAIL for negligence. We were summoned on July 13, 2007 and on appearance filed an application for exemption from personal appearance of the GM, which was rejected. The next date of hearing is January 20, 2010.
5. On November 27, 2006 the Factories Inspector filed a Criminal Complaint (01/07) against the unit, stating that proper permission to construct a factory was not taken from the Factories Inspector. NTPC- SAIL was summoned on April 09, 2009 and on November 19, 2009 and has applied for the certified copy of the order sheet. The next date of hearing is January 19, 2010.

Income Tax cases

There are nine income tax litigation proceedings pending against NTPC- SAIL. The financial implication is approximately 1,177.05 million.

Litigation by NTPC- SAIL

1. The AO has issued a demand notice along with the assessment order dated February 27, 2004, has asked the NTPC- SAIL to pay a sum of Rs. 8.96 million towards disallowance of depreciation and deduction of ROC fees for increasing authorized capital from profit and loss account for the assessment year 2001-2002. Subsequently, NTPC- SAIL filed an appeal

(203/03-04) dated March 24, 2004 before CIT (Appeal-X) and vide order dated November 3, 2004 re-enforced the order dated February 27, 2004. Further, NTPC- SAIL filed an application dated February 2, 2005, to the committee on disputes, who vide its order dated January 24, 2006 allowed NTPC- SAIL to appeal on only one of the ground being disallowance of depreciation. Subsequently, NTPC- SAIL filed a second appeal (no. 03/Del/05) before the ITAT, Bench E, Delhi challenging the order dated March 24, 2004 for amount of Rs. 5.70 million. The matter is currently pending and the next date of hearing has not been fixed.

2. The AO has issued a demand notice along with the assessment order dated March 29, 2003 and has asked the NTPC- SAIL to pay a sum of Rs. 247.15 million towards disallowance of depreciation for the assessment year 2002-2003. Subsequently, NTPC- SAIL filed an appeal (29/05-06) dated April 25, 2005 before CIT (Appeal-XVI). The matter is currently pending and the next date of hearing has not been fixed.
3. The AO has issued a demand notice along with the assessment order dated December 20, 2005 and has asked NTPC- SAIL to pay a sum of Rs. 246.09 million towards disallowance of depreciation for the assessment year 2003-2004. Subsequently, NTPC- SAIL filed an appeal (82/05-06) dated December 10, 2006 before CIT (Appeal-XVI). The matter is currently pending and the next date of hearing has not been fixed.
4. The AO has issued a demand notice along with the assessment order dated September 29, 2006, and has asked NTPC- SAIL to pay a sum of Rs. 229.73 million towards disallowance of depreciation for the assessment year 2004-2005. Subsequently, NTPC- SAIL filed an appeal (61/06-07) dated November 9, 2006 before CIT (Appeal-XVI). The matter is currently pending and the next date of hearing has not been fixed.
5. The AO has issued a demand notice along with the assessment order dated November 15, 2007, and has asked NTPC- SAIL to pay a sum of Rs. 242.86 million towards disallowance of depreciation for the assessment year 2005-2006. Subsequently, NTPC- SAIL filed an appeal (70/07-08) dated December 19, 2007 before CIT (Appeal-XVI). The matter is currently pending and the next date of hearing has not been fixed.
6. The AO has issued a demand notice along with the assessment order dated March 7, 2008 and has asked NTPC- SAIL to pay a sum of Rs. 115.03 million towards disallowance of depreciation for the assessment year 2006-2007. Subsequently, NTPC- SAIL filed an appeal (240/07-08) dated March 26, 2008 before CIT (Appeal-XVI). The matter is currently pending and the next date of hearing has not been fixed.
7. The AO has issued a demand notice along with the assessment order dated March 24, 2009 and has asked NTPC- SAIL to pay a sum of Rs. 84.11 million towards disallowance of depreciation for the assessment year 2004-2005. Subsequently, NTPC- SAIL filed an appeal dated April 22, 2009 before CIT (Appeal-XVI). The matter is currently pending and the next date of hearing has not been fixed.
8. The Deputy Commissioner of Income Tax, Circle 2 (1), Delhi, issued a show cause notice (file no. DCIT/Cir.2(1)/Penalty Notices/20080-09) dated May 5, 2008, under section 271 (1) (c) of the IT Act, 1961, directing the Bhilai Electric Supply Company Private Limited (merged with NTPC- SAIL in 2005) to show the reason as to why penalty shall not be imposed on NTPC- SAIL, on account of difference of income in the return and assessment order. NTPC- SAIL replied to on May 22, 2008. However, in the mean time, the case was transferred to the Deputy Commissioner of Income Tax, Circle 13 (1), Delhi who without prior intimation to the NTPC- SAIL, vide its assessment order dated May 30, 2008 directed our Company to pay a sum of Rs. 6.30 million. Subsequently, NTPC- SAIL filed an appeal (mo. 49/08-09) dated July 2, 2008 before CIT (Appeals- XVI) questioning the order dated

May 30, 2008, on the ground that no prior notice has been served and that disallowance of an expense does not amount to concealment of income. Further, NTPC- SAIL filed an appeal dated April 22, 2009 before CIT (Appeal-XVI). The matter is pending and the next date of hearing is not fixed.

9. The Deputy Commissioner, Income Tax, Circle 13(1), passed an assessment order dated December 24, 2008 under section 115WE(3) of IT Act directing NTPC- SAIL to pay a sum of Rs. 0.08 million towards fringe benefits including interest rate for the assessment year 2007-08. NTPC- SAIL filed an appeal dated January 21, 2009 before the CIT (Appeal- XVI) for quashing the above assessment order. The matter is currently pending and the next date of hearing has not been fixed.

Arbitration Matters

Only one arbitration proceeding has been initiated against NTPC- SAIL and is pending. The total value of the claim is Rs. 7.82 million plus interest.

IV. Aravali Power

Land acquisition cases

1. The Additional District Judge (“ADJ”), Jhajjar, has issued a notice dated August 12, 2009, intimating Aravali Power of 60 land acquisition cases litigation have been filed before the District Revenue Officer cum Land Acquisition Officer, Jhajjar. Subsequently, the ADJ, Jhajjar, has issued a legal notice (LAC 83/09) dated October 23, 2009 directing Aravali Power to appear on December 12, 2009. The matter is currently pending and the next date of hearing has not been fixed.
2. The ADJ, Jhajjar, has issued a notice September 14, 2009, intimating Aravali Power of the 57 land acquisition cases litigation have been filed before the District Revenue Officer cum Land Acquisition Officer, Jhajjar. Subsequently, the ADJ, Jhajjar, has issued a legal notice (LAC 20/09) dated November 18, 2009 directing Aravali Power to appear on February 12, 2010.
3. Rampal and others have filed a suit before the Court of Civil Judge, Jhajjar praying for a decree of mandatory injunction directing Aravali Power to re-measure the constructed area admeasuring 2 acres and to be valued at the present market rate Rs. 200 per square feet. The Civil Judge Jhajhar, has issued summon orders dated October 1, 2009 directing Aravali Power to appear in person on November 6, 2009. Aravali Power is yet to file its reply. The matter is currently pending and the next date of hearing has not been fixed.
4. Mr. Jagat Singh and others have filed a suit (no. March 17, 2007) dated May 7, 2007, against the State of Haryana through Collector Jhajjar and others under section 30 and 31 of the Land Acquisition Act, 1894, claiming the title of the land admeasuring 8 acres 4 kanal and 7 marla in village Gorla. Aravali Power is yet to file its reply. The matter is currently pending and the next date of hearing has not been fixed.

Arbitration matters

Only one arbitration proceeding has been initiated against Aravali Power and is pending. The aggregate of the claims made against Aravali Power in this case is Rs. 3.23 million plus interest. The aggregate of the counter-claims made by Aravali Power is Rs. 2.39 million plus interest.

Legal Notices

1. Additional District Judge (“ADJ”), Jhajjar, has issued a legal notice (LAC 143/09) on November 11, 2009 intimating Aravali Power that 13 land acquisition cases have been filed against our Company under section 18 of Land Acquisition Act, 1894, and further directed Aravali Power to appear on January 22, 2010.
2. ADJ, Jhajjar, has issued a legal notice (LAC 157/09) on October 30, 2009 intimating our Company that 43 cases have been filed against Aravali Power under section 18 of Land Acquisition Act, 1894, and further directed Aravali Power to appear on January 15, 2010.
3. Sub Divisional Officer cum Land Acquisition Officer, Kosli, Rewari, has issued a notice (502-504) on June 25, 2009, intimating Aravali Power of the 11 litigation initiated by SDO in the Court of District Judge Rewari under section 18 of Land Acquisition Act, 1894,.
4. Sub Divisional Officer cum Land Acquisition Officer Kosli, Rewari, has issued a notice (422-424) on June 25, 2009, intimating Aravali Power of the 23 litigation initiated in the Court of by Sub Divisional Officer cum Land Acquisition Officer in the Court of District Judge Rewari under section 18 of Land Acquisition Act, 1894.
5. The Forest Department, Aravalli, has issued two notices on August 4, 2008 and July 22, 2008 imposing a sum of Rs. 0.09 million for cutting the trees on the forest land acquired by Aravali Power.

Amount owed to Small Scale Undertakings/Creditors

Our Company does not owe any amount to any micro, small and medium enterprises which are outstanding for more than 30 days.

Material Developments

Except as stated in “*Management’s Discussions and Analysis of Financial Condition and Results of Operations*” on page 161, in the opinion of the Board, there have not arisen, since the date of the last financial statements disclosed in this Red Herring Prospectus, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

We have received the necessary consents, licenses, permissions and approvals from GoI and various governmental agencies required for our present business and except as disclosed in this Red Herring Prospectus no further material approvals are required for carrying on our present business operations.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing activities.

A. APPROVAL FOR THE OFFER

I. Approval from the GoI

The MoP through its letter no. 3/7/2007-Th.I dated January 6, 2010 conveyed the approval granted by the GoI to the Offer.

B. APPROVALS/LICENSES FOR PROJECTS

I. Approvals/Licenses for Completed Projects

(i) Gas Based Power Projects

1. Faridabad Gas Power Station, Faridabad, Haryana, (430 MW)

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Authorization for management and handling of bio-medical waste	Regional Officer, Ballabgarh	HPSPCB/DR/2009/10521-22	April 1, 2009	March 31, 2012

Consents/Licenses for which renewals have been applied:

- (a) Renewal application dated November 18, 2009 made to Chief Inspector of Factories, Haryana, for registration and license to operate a factory, no. FBP/N-85/7510-6746 which expired on December 31, 2009.
- (b) Renewal application dated January 30, 2009 made to the Haryana SPCB for combined consent to operate under Air Act and Water Act, authorization for operating a facility for generation, collection, reception, storage, transport, treatment, disposal of hazardous wastes.

2. Anta Gas Power Station, Baran, Rajasthan (413 MW)

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Factory Approvals					
1.	Registration and license to operate the factory of our project	Chief Inspector of Factories, Rajasthan	RJ. 15966	February 6, 2008	March 31, 2013
Environmental Approvals					
1.	Consent to	Sr.	F.12(24-2)RPCB/Gr. I/537	July 1, 2007	June 30,

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
	operate under the Air Act	Environmental Engineer, Group-I, Rajasthan SPCB			2010
2.	Consent to operate under Water Act	Sr. Environmental Engineer, Group-I, Rajasthan SPCB	F.12(4-2)RPCB/Gr. I/533	July 1, 2007	June 30, 2010
3.	Consent to operate residential colony under the Water Act	Sr. Environmental Engineer, Group-I, Rajasthan SPCB	F.12(24-2)RPCB/Gr. I/540	October 1, 2007	September 30, 2010
4.	Authorization for management and handling of bio-medical waste	Regional Officer, Rajasthan SPCB	RPCB/ROK/KBA-84/3616	November 2, 2007	December 31, 2010
5.	Authorization for operating a facility for generation, collection, reception, storage, transport, treatment, disposal of hazardous wastes	Group In Charge, Rajasthan SPCB	F(HSW)/Baran(Anta)/1(1)/2009-2010/2150/2154	November 16, 2009	October 30, 2014
Boiler Approvals					
1.	Certificate for use of a boiler	Rajasthan State Boiler Department.	RJ 662	February 2, 2009	January 3, 2010
2.	Certificate for use of a boiler	Rajasthan State Boiler Department.	RJ 663	January 23, 2009	January 3, 2010
3.	Certificate for use of a boiler	Rajasthan State Boiler Department.	RJ 664	January 9, 2009	January 8, 2010
4.	Certificate for use of a boiler	Rajasthan State Boiler Department.	RJ 665	January 9 2009	January 8, 2010
5.	Certificate for use of a boiler	Rajasthan State Boiler Department.	RJ 666	January 6, 2009	January 5, 2010
6.	Certificate for use of a boiler	Rajasthan State Boiler Department.	RJ 667	January 6, 2009	January 5, 2010

3. *Jhanor Gandhar Gas Power Station, Bharuch, Gujarat (648 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Factory Approvals					
1.	Registration and license to work the factory of our project	Deputy Director of Factories, Jhanor	99155	February 9, 2007	December 31, 2011
Environmental Approvals					
1.	Authorization for management and handling of bio-medical wastes	Senior Scientific Officer, Gujarat SPCB, Jhanor	12037	April 26, 2008	April 25, 2011
2.	Consent to operate under Air Act and Water Act and authorization for operating a facility for generation, collection, reception, storage, transport, treatment, disposal of hazardous wastes	Environmental Engineer, Gujarat SPCB	AWH 33648	July 21, 2009	March 26, 2014
Boiler Approvals					
1.	Certificate for use of boiler	Gujarat Boiler Inspection Department	GT 3433	July 1, 2009	June 30, 2010
2.	Certificate for use of a boiler	Gujarat Boiler Inspection Department	GT 3437	May 26, 2009	May 25, 2010
3.	Certificate for use of a boiler	Gujarat Boiler Inspection Department	GT 3438	May 26, 2009	May 25, 2010
4.	Certificate for use of a boiler	Gujarat Boiler Inspection Department	GT 3434	July 1, 2009	June 30, 2010
5.	Certificate for use of a boiler	Gujarat Boiler Inspection Department	GT 3435	September 12, 2009	September 11, 2010
6.	Certificate for use of a boiler	Gujarat Boiler Inspection Department	GT 3436	September 12, 2009	September 11, 2010

4. *Kawas Gas Power Station, Surat, Gujarat (645 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Consent Order for Water Act ,Air Act and authorisation for operation of a facility for generation, collection, reception, storage, transport, treatment, disposal of hazardous wastes	Senior Environmental Scientist, Gujarat SPCB	CCA/SRT-573/25655	July 12, 2005	March 7, 2010
2.	Authorization for handling and management of bio-medical wastes	Senior Scientific Officer, Gujarat SPCB	12400	June 13, 2008	July 18, 2010
Boiler Approvals					
1.	Certificate for use of a boiler	Gujarat Boiler Inspection Department	GT 3094	January 22, 2009	January 21, 2010
2.	Certificate for use of a boiler	Gujarat Boiler Inspection Department	GT 3095	January 22, 2009	January 21, 2010
3.	Certificate for use of a boiler	Gujarat Boiler Inspection Department	GT 3069	May 15, 2009	May 14, 2010
4.	Certificate for use of a boiler	Gujarat Boiler Inspection Department	GT 3070	May 15, 2009	May 14, 2010
5.	Certificate for use of a boiler	Gujarat Boiler Inspection Department	GT 3071	May 22, 2009	May 21, 2010
6.	Certificate for use of a boiler	Chief Inspector of Boilers, Surat	GT 3072	May 22, 2009	May 21, 2010
7.	Certificate for use of a boiler	Gujarat Boiler Inspection Department	GT 3103	August 22, 2009	August 21, 2010
8.	Certificate for use of a boiler	Gujarat Boiler Inspection Department	GT 3104	August 22, 2009	August 21, 2010

Consents/Licenses for which renewal has been applied for:

- (a) Renewal application dated October 21, 2009 made to the Chief Inspector of Factories for registration and license to work factory no. 83395 which expired on December 31, 2009.

5. *Auraiya Gas Power Station, Auraiya, Uttar Pradesh (652 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Authorization for handling and management of bio-medical waste	Regional Officer, Uttar Pradesh SPCB	1356/BMW-6/09 dated 25.11.2008	January 28, 2008	December 31, 2010
2.	Authorization for operating a facility for generation, collection, reception, storage, transport, treatment, disposal of hazardous wastes	Chief Environmental Officer, Uttar Pradesh SPCB	C-2/Haz. Order/394/18-30/10/2009	October 30, 2009	October 30, 2010
Boiler Approvals					
1.	Certificate for use of a boiler	Assistant Director of Boilers, Kanpur	UP/4722	May 27, 2008	May 26, 2010
2.	Certificate for use of a boiler	Deputy Director of Boilers, Kanpur	UP/4803	January 12, 2009	January 11, 2010
3.	Certificate for use of a boiler	Deputy Director of Boilers, Kanpur	UP/4802	January 12, 2009	January 11, 2010
4.	Certificate for use of a boiler	Deputy Director of Boilers, Kanpur	UP/4724	February 2, 2009	February 10, 2010
5.	Certificate for use of a boiler	Deputy Director of Boilers, Kanpur	UP/4725	February 11, 2009	February 10, 2010
6.	Certificate for use of a boiler	Deputy Director of Boilers, Kanpur	UP/4804	February 27, 2009	February 26, 2010
7.	Certificate for use of a boiler	Deputy Director of Boilers, Kanpur	UP/4805	February 27, 2009	February 26, 2010
8.	Certificate for use of a boiler	Deputy Director of Boilers, Kanpur	UP/4723	May 27, 2008	May 26, 2010

Consents/Licenses for which renewals have been applied:

- Renewal application dated November 6, 2009 made to the Uttar Pradesh SPCB for Consent to operate under Air Act under the Air Act no. 867/Air/264 which had expired on December 31, 2009.
- Renewal application dated November 6, 2009 before the Uttar Pradesh SPCB for Consent to operate under the Water Act no. F47934C-2/Water/1181/09 which had expired on December 31, 2009.
- Renewal application dated October 27, 2009 made to Chief Inspector of Factories, Uttar Pradesh for registration and license to work factory no. EWH-351, which expired on December 31, 2009.

6. *Badarpur Thermal Power Project, Badarpur, New Delhi (705 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Consent to operate under the Air Act	Environmental Engineer, Planning and Co-ordination	DPCC/PLG/2007/17997	July 27, 2007	March 21, 2010

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
		Cell, Delhi Pollution Control Board			
2.	Consent to operate under the Water Act	Environmental Engineer, Planning and Co-ordination Cell, Delhi Pollution Control Board	DPCC/PLG/2007/17997	July 27, 2007	March 21, 2010
3.	Authorization under the provisions of Bio medical waste (Management and Handling) Rules, 1998 Amended Rules, 2000	Environmental Engineer (Bio medical waste), Delhi Pollution Control Board	D PCC/S-151/BMW/4477	September 3, 2007	July 30, 2010
Boiler Approvals					
1.	Certificate for use of a boiler	Delhi Boiler Inspection Department	D609/DBL-CIB/09/1218	February 18, 2009	February 17 2010
2.	Certificate for use of a boiler	Delhi Boiler Inspection Department	D788/DBL-CIB/09	April 15, 2009	April 14, 2010
3.	Certificate for use of a boiler	Delhi Boiler Inspection Department	D597/DBL/CIB/09/1158	August 31, 2009	August 30, 2010

Consents/Licenses for which renewals have been applied:

- Renewal application dated November 5, 2009 made to the Chief Inspector of Factories, Delhi for registration and license to operate factory no. DFL-2793 dated May 4, 1974 which expired on December 31, 2009.
- Renewal application dated December 7, 2009 made to the Director of Boilers, Delhi for certificate for use of a boiler no. D-997 which expired on November 21, 2009.
- Renewal application dated December 12, 2009 made to the Director of Boilers, Delhi for certificate for use of a boiler no. D-627 which expired on October 13, 2009.
- Renewal application dated June 30, 2008, made to Delhi SPCB for authorization for operating a facility for generation, collection, reception, storage, transport, treatment, disposal of hazardous wastes.

7. *Rajiv Gandhi Combined Cycle Power Project, Alappuzha, Kerala (350 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Consent to operate under Air Act, Water Act and authorization for operating a facility for generation, collection, reception, storage, transport, treatment, disposal of hazardous wastes	Chairman, Kerala SPCB	PCB/HO/ALPA/ICO/R1/15/09	September 10, 2009	June 30, 2012
Electrical Approvals					

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
1.	Consent to energize electrical equipments	Superintending Engineer, Central Electricity Authority	37/34/98-RIO-864	October 23, 1998	-
2.	Consent to energize electrical equipments	Superintending Engineer, Central Electricity Authority	37/38/98-RIO	October 26, 1998	-
3.	Consent to energize electrical equipments	Superintending Engineer, Central Electricity Authority	37/44/98-RIO	October 28, 1998	-
4.	Consent to energize electrical equipments	Superintending Engineer, Central Electricity Authority	37/44/99-RIO/1622	March 23, 1999	-
5.	Consent to energize electrical equipments	Superintending Engineer, Central Electricity Authority	37/38/99-RIO	April 19, 1999	-
6.	Consent to energize electrical equipments	Superintending Engineer, Central Electricity Authority	37/38/99-RIO/3296	October 21, 1999	-
7.	Consent to energize electrical equipments	Superintending Engineer, Central Electricity Authority	37/38/99-RIO/3330	October 28, 1999	-
8.	Consent to energize electrical equipments	Superintending Engineer, Central Electricity Authority	37/38/99-RIO3563	November 4, 1999	-
9.	Consent to energize electrical equipments	Superintending Engineer, Central Electricity Authority	37/38/99-RIO/3560	November 4, 1999	-
10.	Consent to energize electrical equipments	Superintending Engineer, Central Electricity Authority	37/38/98-RIO	November 16, 1998	-
11.	Consent to energize electrical equipments	Superintending Engineer, Central Electricity Authority	37/44/98-RIO	October 21, 1998	-
12.	Consent to energize electrical equipments	Superintending Engineer, Central Electricity Authority	37/44/99-RIO/2782	July 30, 1999	-
13.	Consent to energize electrical equipments	Superintending Engineer, Central Electricity Authority	37/44/2004-RIO/1148	August 9, 2004	-
14.	Consent to energize electrical equipments	Superintending Engineer, Central Electricity Authority	37/38/2008-RIO/2699	November 5, 2008	-

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Boiler Approvals					
1.	Certificate for use of a boiler	Office of the Inspector of Factories and Boilers, Allapuzha, Kerala	K823	May 30, 2009	May 29, 2011
2.	Certificate for use of a boiler	Office of the Inspector of Factories and Boilers, Allapuzha, Kerala	K824	May 30, 2009	May 29, 2011
3.	Certificate for use of a boiler	Office of the Inspector of Factories and Boilers, Allapuzha, Kerala	K821	July 7, 2009	July 3, 2011
4.	Certificate for use of a boiler	Office of the Inspector of Factories and Boilers, Allapuzha, Kerala	K822	July 7, 2009	July 3, 2011

Consents/Licenses for which renewal has been applied for:

(a) Renewal application dated October 27, 2009 made to Chief Inspector of Factories, Kerala for Registration and License to work factory, which expired on December 31, 2009.

(ii) *Coal Based Power Projects*

1. *Singrauli Super Thermal Power Project, Sonbhadra, Uttar Pradesh (2,000 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Authorization for operating a facility for generation, collection, reception, storage, transport, treatment, disposal of hazardous wastes	Member Secretary, Uttar Pradesh SPCB	10/C-2/Haz/201/Auth/2008	March 3, 2008	March 3, 2010
2.	Consent to operate under the Water Act	Member Secretary, Uttar Pradesh SPCB	EI/Sidhi/2006/MPPCB/06/47/74	July 1, 2009	June 30, 2010
3.	Consent to operate under the Air Act	Member Secretary, Uttar Pradesh SPCB	5738	July 1, 2009	June 30, 2010
Boiler Approvals					
1.	Certificate for use of a boiler	Deputy Director of Boiler, Kanpur	UP-3881	January 24, 2009	January 23, 2010
2.	Certificate for use of a	Deputy Director of	UP-3958	April 1, 2009	April 2,

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
	boiler	Boiler, Kanpur			2010
3.	Certificate for use of a boiler	Deputy Director of Boilers, Kanpur	UP-4024	August 13, 2009	August 12, 2010

Consents for which renewal has been applied:

- Renewal application dated July 11, 2008 made to the Director of Boilers for certificate to use Boiler no. UP-3885 which expired on April 16, 2009.
- Renewal application dated October 10, 2009 made to the Director of Boilers for certificate to use a Boiler no. UP-3930 which expired on October 24, 2009.
- Renewal application dated October 10, 2009 made to the Director of Boilers for Certificate to use a Boiler no. UP-4042 had expired on November 4, 2009.
- Renewal application dated November 2, 2009, made to Director of Boilers for certificate to use Boiler no. UP-4312 which expired on November 2, 2009.
- Renewal application made to Director of Boilers for certificate to use a Boiler no. UP-4346 which expired on July 27, 2009.
- Renewal application dated December 21, 2009 made to Regional Officer Uttar Pradesh Pollution Control Board for authorization for handling and management of bio-medical waste (no. 494/2008-2009), which expired on December 31, 2009.
- Renewal application dated December 21, 2009 made to Asst. Director of Factories, Varanasi, Uttar Pradesh for Registration and license to work the factory, (no SBR-116) which expired on December 31, 2009.

2. *Tanda Thermal Power Project, Ambedkar Nagar (440 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Authorization for operating a facility for generation, collection, reception, storage, transport, treatment, disposal of hazardous wastes	Member Secretary, U.P. SPCB, Lucknow	141/Hzd/9/Fzd	June 17, 2009	June 16, 2010
Boiler Licenses					
1.	License to use a boiler	Directorate of Boilers, Kanpur	UP-4787	July 22, 2009	July 26, 2010
2.	License to use a boiler	Directorate of Boilers, Kanpur	UP-4863	May 6, 2009	May 5, 2010

Consents for which renewal has been applied:

- Renewal application dated September 14, 2009 made to Director of Boilers for certificate to use Boiler no. UP-4311 which expired on November 4, 2009.
- Renewal application dated October 8, 2008 made to Director of Boilers for certificate to use Boiler no. UP-4479 which expired on December 23, 2009.
- Renewal application dated November 26, 2009 made to the Uttar Pradesh SPCB, for consents to operate under Water Act and Air Act, which expired on December 31, 2009.

- (d) Renewal application dated October 27, 2009 made to the Chief Inspector of Factories, Uttar Pradesh for registration and license to operate factory which expired on December 31, 2009.
- (e) Renewal application dated November 28, 2009 made to the Uttar Pradesh SPCB for authorization handling and management of bio-medical waste, which expired on December 31, 2009.

3. *Feroze Gandhi Unchahar Thermal Power Project (1,050 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Factory Approvals					
1.	Registration and license to work the factory	Deputy Director of Factories, Lucknow	RBV-103	January 1, 2003	December 31, 2010
Environmental Approvals					
1.	Authorization for management and handling of bio-medical waste	Regional Officer, U.P. SPCB	490/Bio-Med/R/0910	August 11, 2009	August 10, 2010
Boiler Approvals					
1.	Certificate for use of a boiler	Directorate of Boilers, Kanpur	UP-5529	April 25, 2008	April 24, 2010
2.	Certificate for use of a boiler	Directorate of Boilers, Kanpur	UP-4466	July 7, 2008	July 1, 2010
3.	Certificate for use of a boiler	Directorate of Boilers, Kanpur	UP-5560	June 10, 2009	May 24, 2010
4.	Certificate for use of a boiler	Directorate of Boilers, Kanpur	UP-4347	August 21, 2009	August 17, 2010

Consents/Licenses for which renewals have been applied:

- (a) Renewal application dated November 21, 2009 made to the Uttar Pradesh SPCB for consent to operate under Air Act and Water Act which expired on December 31, 2009.
- (b) Renewal application dated October 15, 2009 made to the Director Boilers, Kanpur, Uttar Pradesh for certificate for use of a boiler (no. UP-6197) which expired on November 16, 2009 for certificate for use of a boiler.

4. *Farakka Thermal Power Project (1,600 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Authorization for the generation, collection, reception, storage, transportation, disposal of hazardous waste	Senior Environmental Engineer, Waste Management Cell, for Member Secretary, West Bengal SPCB	149/2S(HW)-1144/2001	September 7, 2006	September 30, 2011
2.	Authorization for the handling and management of bio-medical waste	Assistant Environmental Engineer, West Bengal SPCB	700WPB/BMW/MRO/MLD/09/07	August 31, 2007	August 31, 2010
3.	Consent to operate for health Care establishments under Section 25 and 26 of	West Bengal SPCB	699/WPB/CON/MRO/MID/08/07	August 31, 2007	August 31, 2010

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
	the Water Act and the Air Act				
Boiler Approvals					
1.	License for the use of boiler	Chief Inspector of Boilers, West Bengal	WBL/11006	April 21, 2009	April 20, 2010
2.	License for the use of boiler	Chief Inspector of Boilers, West Bengal	WBL/11067	May 15, 2009	May 14, 2010
3.	Exemption from inspection Order for boiler	Chief Inspector of Boilers, West Bengal	WBL/11078	July 15, 2009	January 14, 2010
4.	Provisional order for the Use of boiler.	Chief Inspector of Boilers, West Bengal	WBL/11230	August 12, 2009	February 11, 2010

Consents/Licenses for which renewals have been applied:

- Renewal application dated August 12, 2009 made to the Director of Boilers, West Bengal for certificate to use boiler no. WBL-11190 which expired on September 18, 2009.
- Renewal application dated December 16, 2009 made to the Chief Inspector of Factories, West Bengal for registration and license (no. 46/R/28/2008-E3) to operate factory which expired on December 31, 2009.
- Renewal application dated October 24, 2009 made to the West Bengal SPCB for consent to operate under the Air Act and Water Act which had expired on December 31, 2009.

5. Kahalgaon Thermal Power Project (2,340 MW)

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Authorization for handling and management of bio-medical wastes	Member Secretary, Bihar SPCB	BMW/62/0114-412	November 29, 2007	November 28, 2010
2.	Consent to operate under Air Act	Assistant Environmental Engineer, Patna	PT/1-2096/92	April 1, 2009	March 31, 2010
3.	Consent to operate under Water Act	Assistant Environmental Engineer, Patna	PT1-1091/84	April 1, 2009	March 31, 2010
Boiler Approvals					
1.	Provisional order to use a boiler	Inspector of Boilers, Bihar	Maker No. 0629	March 18, 2009	March 17, 2010
2.	Provisional order to use a boiler	Inspector of Boilers, Bihar	BR/8756 (Extension vide CIO/070/09)	May 22, 2009	May 21, 2010
3.	Provisional order to use a boiler	Inspector of Boilers, Bihar	BR/8757(Extension vide CIO/071/09)	May 22, 2009	May 21, 2010
4.	Provisional order to use a boiler	Inspector of Boilers, Bihar	Maker No. 0676 (Extension vide CIO/119/09)	June 23, 2009	June 22, 2010

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
5.	Provisional order to use a boiler	Inspector of Boilers, Bihar	BR/8754	September 30, 2009	March 30, 2010
6.	Provisional order to use a boiler	Inspector of Boilers, Bihar	Maker No. 0627 (Extension vide CIO/070/09)	October 28, 2009	October 27, 2010

Consents/Licenses for which renewals have been applied:

- Renewal application dated August 24, 2009 made to Director of Boilers, Bihar for Auxiliary Boiler numbered AP-1684 which expired on August 27, 2009.
- Renewal application dated November 26, 2008 made to Chief Inspector of Factories, for registration and license (no.62681/BLR) which expired on December 31, 2009.
- Renewal application dated January 23, 2009 made to Member Secretary, Bihar SPCB for renewal of Authorization for operating a facility for generation, collection, reception, storage, transport, treatment, disposal of hazardous wastes for license (no. AOF-17/2001/T6388), which expired on January 11, 2009.
- Renewal application dated August 24, 2009 for licence to use auxiliary boiler (no.AP-1684) which expired on August 27, 2009.

6. Talcher Thermal Power Project (460 MW)

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Factory Approvals					
1.	Registration and license to work the factory	Chief Inspector of Factories, Bhubaneswar	AN-31	January 1, 2009	December 31, 2013
2.	Registration and license to work the factory	Chief Inspector of Factories, Bhubaneswar	AN-101	January 1, 2009	December 31, 2013
Environmental Approvals					
1.	Consent to operate under Air Act	Member Secretary, Orissa SPCB	493/ State Pollution Control Board/BBSR-IND-1(CON)-90	January , 2007	March 31, 2011
2.	Consent to operate under Water Act	Member Secretary, Orissa SPCB	495/ State Pollution Control Board/BBSR-I-IND (CON)-90	January 8, 2007	March 31, 2011
3.	Authorization for handling and management of bio-medical waste	Member Secretary, Orissa SPCB	10523/ State Pollution Control Board/Authorization-BMW/INd-IV/-BW-322	May 1, 2007	April 11, 2010
Boiler Approvals					
1.	Provisional order for use of boiler	Inspector of Boilers, Orissa	OR-215	October 10, 2009	April 10, 2010
2.	Provisional order for use of boiler	Inspector of Boilers, Orissa	OR-220	October 14, 2009	April 14, 2010
3.	Provisional order for use of boiler	Inspector of Boilers, Orissa	OR-373	July 18, 2009	January 17, 2010
4.	Provisional order for use of boiler	Inspector of Boilers, Orissa	OR-322	August 28, 2009	February 27, 2010

Consents/Licenses for which renewals have been applied:

- (a) Renewal application dated March 24, 2009 made to Orissa SPCB for license no. IND-IV-HW-287/7059 for operating a facility for generation, collection, reception, storage, transport, treatment, disposal of hazardous wastes which expired on March 29, 2009.
- (b) Renewal application dated September 1, 2009 made to Director of Boilers for license for the use of Boiler no. OR-221 which expired on September 12, 2009.
- (c) Renewal application dated September 1, 2009 made to Director of Boilers for license for the use of Boiler OR-222 which expired on September 2, 2009.
- (d) Renewal application dated March 16, 2009 made to Orissa SPCB for consent for Stage-II under the provisions of Air (Prevention and Control of Pollution) Act, 1981 And Water Act (no. 16572/IND-I-CON-90-57) which expired on March 31, 2009.

7. *Talcher Kanhia Thermal Power Project (3,000 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Consent to operate under Air Act	Orissa SPCB	3362/ State Pollution Control Board/BBSR-IND-1(CON)-105	February 20, 2002	March 31, 2011
2.	Consent to operate under Water Act	Orissa SPCB	3364/ State Pollution Control Board/BBSR-IND-1(CON)-105	February 20, 2002	March 31, 2011
3.	Authorization for operating a facility for generation, collection, reception, storage, transport, treatment, disposal of hazardous wastes	Orissa SPCB	IND-IV-HW-149-11013	July 8, 2009	March 31, 2011
4.	Authorization for management and handling of bio-medical waste for our project	Orissa SPCB	13668/SPC/Authorization (Biomedical Waste)/IND-I-BW-325	August 27, 2009	March 31, 2012
Boiler License					
1.	Certificate for use of a boiler	Director of Factories and Boilers, Orissa	OR-749	June 12, 2009	June 11, 2010
2.	Provisional order for use of boiler	Inspector of Boilers, Orissa	OR-748	July 22, 2009	January 22, 2010
3.	Provisional order for use of boiler	Inspector of Boilers, Orissa	OR-514	August 1, 2009	February 1, 2010
4.	Provisional order for use of boiler	Inspector of Boilers, Orissa	OR-706	August 26, 2009	February 26, 2010
5.	Provisional order for use of boiler	Inspector of Boilers, Orissa	OR-697	August 31, 2009	February 30, 2010
Coal Licenses					
1.	License for trading in coal	Deputy Director, Mines, Talcher	3191	April 8, 2009	April 7, 2011

Consents/Licenses for which renewals have been applied:

- (a) Renewal application dated October 21, 2009 made to Chief Inspector of Factories for registration and license for operation of factory (no. AN-62) which expired on December 31, 2009.
- (b) Renewal application dated August 20, 2009 for certificate for use of boiler no. OR-505 had expired on September 30, 2009.

8. *Korba Thermal Power Project, Korba, Chattisgarh (2,100 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Authorization under management and handling of bio-medical wastes	Member Secretary, Chattisgarh Environment Conservation Board, Raipur	11167/BMW/HO/CECB/2009	July 20, 2009	July 19, 2010
Boiler Approvals					
1.	Certificate for use of a boiler	Chhattisgarh Boiler Inspection Department	MP-3542	April 25, 2008	March 31, 2010
2.	Certificate for use of a boiler	Chhattisgarh Boiler Inspection Department	MP-3825	August 22, 2008	April 30, 2010
3.	Certificate for use of a boiler	Chhattisgarh Boiler Inspection Department	MP-3748	October 11, 2008	February 28, 2010
4.	Certificate for use of a boiler	Chhattisgarh Boiler Inspection Department	MP-3569	June 24, 2009	June 23, 2010
5.	Certificate exempting boilers MP-3542 and MP-3825 from inspection	Special Secretary, Government of Chattisgarh	F8-5/2006/11(6)	November 1, 2009	March 31, 2010 and April 30, 2010
6.	Certificate for use of a boiler	Chhattisgarh Boiler Inspection Department	MP-3799	August 22, 2009	August 21, 2010
7.	Certificate for use of a boiler	Chhattisgarh Boiler Inspection Department	MP-3522	September 14, 2009	September 13, 2010

Consents/licenses for which renewal has been applied for:

- (a) Renewal application dated November 25, 2009 made to the Chief Inspector of Factories, Chattisgarh for registration and license to work factory which expired on December 31, 2009.
- (b) Renewal application dated June 12, 2009 made to Chhattisgarh State Environment Conservation Board for consents to operate under Water Act and Air Act (no. 10986/TS/CECB/2009 and no. KS/EMS/EMG/R-07/731(10988/TS/CECB/2009 respectively) which expired on October 31, 2009.

- (c) Renewal application dated July 14, 2009 made to Chattisgarh Environment Conservation Board for authorization for operating a facility for generation, collection, reception, storage, transport, treatment, disposal of hazardous wastes which expired on November 21, 2009.

9. *Sipat Super Thermal Power Project, Bilaspur, Stage-II, Chattisgarh (1,000 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	No Objection Certificate to establish Stage-I of our project	Director, MoEF	No.13011/10/96-IA-II(T)	April 30, 2002	-
2.	No Objection Certificate to establish Stage-II of our project	Additional Director, MoEF	No.J-13011/5/2002IA-II(T)	June 8, 2004	-
3.	Consent to operate under Water Act for Stage-II Unit-IV of our project	Member Secretary, Chattisgarh Environment Conservation Board	No.1688/TS/CECB/2009	May 1, 2009	April 30, 2010
4.	Consent to operate under Air Act for Stage-II Unit-IV of our project	Member Secretary, Chattisgarh Environment Conservation Board	No.1690/TS/CECB/2009	May 1, 2009	April 30, 2010
5.	Authorisation for management and handling of bio-medical wastes for our project	Member Secretary, Chattisgarh Environment Conservation Board	No.1010/BMW/H.O/CECB/2009	May 14, 2009	May 13, 2010
6.	Consent to operate under Water Act for Stage-II Unit-V of our project	Member Secretary, Chattisgarh Environment Conservation Board	No.1684/TS/CECB/2009	August 1, 2009	April 30, 2010
7.	Consent to operate under Air Act for Stage-II Unit-V of our project	Member Secretary, Chattisgarh Environment Conservation Board	No.1686/TS/CECB/2009	August 1, 2009	April 30, 2010
Boiler License					
1.	Provisional order for use of a boiler	Boiler Inspectorate, Chhattisgarh, Raipur	CG 268 B/134/08	August 31, 2009	March 18, 2010
2.	Provisional order for use of a boiler	Boiler Inspectorate, Chhattisgarh, Raipur	CG 269 B/130/08	October 9, 2009	February 18, 2010
3.	Provisional order for use of a boiler	Boiler Inspectorate, Chhattisgarh, Raipur	CG 270 B/102/08	November 20, 2009	May 19, 2010

Consents/Licenses for which grant has been applied for:

- (a) Application dated October 24, 2009 for the approval of plans and for permission to construct factory.

10. *Vindhyachal Super Thermal Power Project, Singrauli, Madhya Pradesh (3,260 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Consent to operate 1000 MW super thermal power plant under Water Act for Stage-II of our project	Member Secretary, Madhya Pradesh Pollution Control Board	4033/TS/MPPCB/2007	July 1, 2007	June 30, 2010
2.	Consent to operate 1260 MW super thermal power plant under Water Act for Stage-I of our project	Member Secretary, Madhya Pradesh Pollution Control Board	4029/TS/MPPCB/2007	September 1, 2007	August 31, 2010
3.	Consent to operate 1260 MW super thermal power plant under Air Act for Stage-I of our project	Member Secretary, Madhya Pradesh Pollution Control Board	4039/TS/MPPCB/2007	September 1, 2007	August 31, 2010
4.	Consent to operate 1000 MW super thermal power plant under Water Act for Stage-III of our Project	Member Secretary, Madhya Pradesh Pollution Control Board	5136/TS/ZI/MPPCB/RW A/2008	December 1, 2007	November 30, 2010
5.	Consent to operate 1000 MW super thermal power plant under Air Act for Stage-III of our project	Member Secretary, Madhya Pradesh Pollution Control Board	5138/TS/ZI/MPPCB/RW A/2008	December 1, 2007	November 30, 2010
6.	Consent to operate 1000 MW super thermal power plant under Air Act for Stage-II of our project	Member Secretary, Madhya Pradesh Pollution Control Board	4035/TS/MPPCB/2007	July 1, 2007	June 30, 2010
Boiler Approvals					
1.	Certificate for use of a boiler	Madhya Pradesh Boiler Inspection Department	MP-3743	April 27, 2009	April 26, 2010
2.	Certificate for use of a boiler	Madhya Pradesh Boiler Inspection Department	MP 3867	May 26, 2009	May 25, 2010
3.	Certificate for use of a boiler	Madhya Pradesh Boiler Inspection Department	MP 4656	June 15, 2009	June 14, 2010
4.	Certificate for use of a boiler	Madhya Pradesh Boiler Inspection Department	MP 4645	July 11, 2009	July 10, 2010
5.	Certificate for use of a boiler	Madhya Pradesh Boiler Inspection Department	MP 4525	August 25, 2009	August 24, 2010
6.	Certificate for use of a boiler	Madhya Pradesh Boiler Inspection Department	MP-3830	September 10, 2009	September 9, 2010
7.	Certificate for use of a boiler	Madhya Pradesh Boiler Inspection	MP 3818 (Auxiliary Boiler)	September 10, 2009	June 29, 2010

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
		Department			
8.	Certificate for use of a boiler	Madhya Pradesh Boiler Inspection Department	MP 3781	October 14, 2009	April 13, 2010
9.	Certificate for use of a boiler	Madhya Pradesh Boiler Inspection Department	MP 3891	November 11, 2009	November 8, 2010
10.	Certificate for use of a boiler	Madhya Pradesh Boiler Inspection Department	MP 3936	November 20, 2009	November 16, 2010

Consents/Licenses for which renewal has been applied for:

- Renewal application dated July 18, 2009 made to Madhya Pradesh SPCB for authorization for operating a facility for generation, collection, reception, storage, transport, treatment, disposal of hazardous wastes (no. 1535HOPBC/HSMD/2007) which expired on January 10, 2009.
- Renewal application dated November 13, 2009 made to Chief Inspector of Factories for registration and license to operate factory (no. 142/10252/SDH2mi) which expired on December 31, 2009.
- License dated September 21, 2007 for the use of Boiler number MP-4476 is expired on September 21, 2008 for which hydraulic test has been done on August 16, 2009 and granted provisional permission to steam up to August 15, 2010.

11. Ramagundam Thermal Power Project, Karimnagar, Andhra Pradesh (2,600 MW)

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Consent to operate 2,600 MW power plant under Water Act and the Air Act	Member Secretary, Andhra Pradesh SPCB	APPCB/HYD/RGM/65/HO/2008-1557	September 4, 2008	June 30, 2011
2.	Authorization for operating a facility for generation, collection, reception, storage, transport, treatment, disposal of hazardous wastes	Member Secretary, Andhra Pradesh SPCB	APPCB/HYD/RGM/65/HO/2008-1557	September 4, 2008	June 30, 2011
3.	Authorization for handling and management of bio-medical waste	Member Secretary, Andhra Pradesh SPCB	Order No. 1001/APPCB/BMWA/RGM/2002	June 2, 2009	March 31, 2012
Boiler Approvals					
1.	Certificate for use of a boiler	Andhra Pradesh Boiler Inspection Department	AP-2118	August 1, 2009	July 1, 2010
2.	Certificate for use of a boiler	Andhra Pradesh Boiler Inspection Department	AP-2115	June 2, 2009	June 1, 2010
3.	Certificate for use of a boiler	Andhra Pradesh Boiler Inspection	AP-3863	July 2, 2009	July 1, 2010

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
		Department			
Radioactive Substances Licenses					
1.	License for handling Iridium (192 Source) up to 1.85 Tbq (50Ci) in Teletron SU-50 for industrial radiography exposure	Atomic Energy Regulation Board	Ref. No.AERB/RSD/444/IR/SR-116/R-1/2007/1813	February 5, 2007	December 31, 2011
Electricity Licenses					
1.	Consent to energize 3x200 and 4x500 MW power station, 400 KV switch yard, HT/MV switch gears and MV Loads	Superintending Engineer, Central Electricity Authority	37/15/2007/RIO	April 1, 2008	-

Consents/Licenses for which renewal has been applied for:

- Renewal application dated December 11, 2009 made to the Chief Inspector of Factories, Andhra Pradesh for registration and license to work factory which expired on December 31, 2009.
- Renewal application dated August 26, 2009 made to Director of Boilers for license Number AP-1680 to use a Boiler which expired on September 1, 2009.
- Renewal application dated November 25, 2009 made to Director of Boilers for the use of Boiler no. AP-1747 which expired on December 1, 2009.
- Renewal application dated June 25, 2009 made to Director of Boilers for license for the use of Boiler no. AP-2117 which expired on July 1, 2009.
- Renewal application dated October 7, 2009 made to Director of Boilers for license for the use of Boiler no. AP-2116 which expired on October 1, 2009.

12. Simhadri Thermal Power Project, Vishakapatnam, Andhra Pradesh (,1000 MW)

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
1Environmental Approvals					
1.	Consent to operate under the Air Act and the Water Act	Member Secretary, Andhra Pradesh SPCB	APPCB/VSP/198/HO/20 07-1148	August 24, 2007	April 30, 2011
2.	Authorization for operating a facility for generation, collection, reception, storage, transport, treatment, disposal of hazardous wastes	Member Secretary, Andhra Pradesh SPCB	APPCB/VSP/198/HO/20 07-1148	August 24, 2007	April 30, 2011
3.	Authorization for management and handling of bio-medical waste	Joint Chief Environmental Engineer, Andhra Pradesh SPCB	18043/PCB/ZO/VSP/Tec h/2009-0615	February 2, 2009	December 31, 2011
Boiler Approvals					
1.	Certificate for use of a boiler	Andhra Pradesh Boiler Inspection	58 (AP3598)	August 2, 2009	August 1, 2010

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
		Department			
2.	Certificate for use of a boiler	Andhra Pradesh Boiler Inspection Department	72 (AP3618)	September 2, 2009	September 1, 2010
3.	Certificate for use of a boiler	Andhra Pradesh Boiler Inspection Department	82 (AP3619)	October 3, 2009	October 1, 2010
Electricity Licenses					
1.	Consent to Energise installation of our project	Superintending Engineer for Chief Electrical Inspector, Central Electricity Authority	47/30/2008/R10/2682	November 4, 2008	-
2.	Consent to Energise installation of our project	Superintending Engineer for Chief Electrical Inspector, Central Electricity Authority	47/30/2009/R10/1231	October 13, 2009	October 12, 2011

Consents/Licenses for which renewal has been applied for:

- (a) Renewal application dated December 8, 2009 has been made to the Chief Inspector of Factories, Andhra Pradesh for Registration and License to work factory (no.42453, which expired on December 31, 2008).

13. Rihand Nagar Super Thermal Power Project (2,000 MW)

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Authorization for operating a facility for generation, collection, reception, storage, transport, treatment, disposal of hazardous wastes	Member Secretary, U.P. SPCB	F32322/CE/H-47/2008	April 30, 2008	April 30, 2010
Boiler Approvals					
1.	Certificate for use of a boiler	Deputy Director of boiler, Kanpur	UP-4510	August 13, 2009	August 12, 2010
2.	Certificate for use of a boiler	Deputy Director of boiler, Kanpur	UP-4677	September 3, 2009	September 2, 2010

Consents/Licenses for which renewals have been applied:

- (a) Renewal application dated October 8, 2009 made to the Chief Inspector of Factories, Uttar Pradesh for registration and license to operate factory no. SBR-119 which expired on December 31, 2009.

- (b) Renewal application dated January 17, 2009 made to the Uttar Pradesh SPCB for authorization handling and management of bio-medical waste, which expired on December 31, 2009.
- (c) Renewal application dated October 28, 2009 made to the Uttar Pradesh SPCB for consent to operate under Air Act and Water Act which expired on December 31, 2009.
- (d) Renewal application dated March 3, 2009 made to Deputy Director of Boilers, Kanpur, Uttar Pradesh for issue of certificate to use boiler (no. UP-5991) which expired on August 21, 2009.
- (e) Renewal application dated September 30, 2009 made to Deputy Director of Boilers, Kanpur, Uttar Pradesh for issue of certificate to use boilers (no. UP-6085) which expired on September 16, 2009.

(iii) *Coal and Gas Based Projects*

1. *Dadri Coal and Gas Power Station, Dadri, Gautam Buddh Nagar, Uttar Pradesh (1,657 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	No Objection to operate our project	Member Secretary, U.P. SPCB, Lucknow	F 04055/C-1/N/NOC/28/2006/39	July 20, 2006	Jul 19, 2011
2.	Authorization for management and handling of bio-medical wastes.	Member Secretary, U.P. SPCB, Lucknow	N-87/hacorder-156/09	November 20, 2009	November 19, 2011
Boiler Licenses					
1.	Certificate for use of a boiler	Assistant Director of Boilers, Kanpur	UP-5105	March 23, 2009	March 22, 2010
2.	Certificate for use of a boiler	Assistant Director of Boilers, Kanpur	UP-5106	March 23, 2009	March 22, 2010
3.	Certificate for use of a boiler	Assistant Director of Boilers, Kanpur	UP-5135	March 26, 2009	March 25, 2010
4.	Certificate for use of a boiler	Assistant Director of Boilers, Kanpur	UP-5136	March 26, 2009	March 25, 2010
5.	Certificate for use of a boiler	Assistant Director of Boilers, Kanpur	UP-4874	April 21, 2008	April 18, 2010
6.	Certificate for use of a boiler	Assistant Director of Boilers, Kanpur	UP-4941	September 23, 2009	September 22, 2010
7.	Certificate for use of a boiler	Deputy Director of Boilers, Kanpur	UP-5210	October 3, 2009	September 16, 2010
8.	Certificate for use of a boiler	Deputy Director of Boilers, Kanpur	UP-5077	October 24, 2009	October 17, 2010
9.	Certificate for use of a boiler	Deputy Director of Boilers, Kanpur	UP-5103	October 24, 2009	October 23, 2010
10.	Certificate for use of a boiler	Deputy Director of Boilers, Kanpur	UP-5104	October 24, 2009	October 23, 2010

Consents/Licenses for which renewals have been applied:

- (a) Renewal applications dated December 1, 2008 made to Uttar Pradesh SPCB for consents to operate under Water Act and Air Act, (no. 346/Consent/Water/Order/144/09 and 289/Consent/Air/Order/109/09) which expired on December 31, 2009.
- (b) Renewal application dated July 2, 2009 made to Uttar Pradesh SPCB for authorisation for operation of a facility for generation, collection, reception, storage, transport of hazardous wastes (no. 27/Haz Order-39/07) which expired on December 31, 2009.
- (c) Renewal application dated October 14, 2009 made to Chief Inspector of Factories, Uttar Pradesh for registration and license to work factory (no. GZB-3073) which expired on December 31, 2009.
- (d) Renewal application dated October 9, 2009 made to the Director of Boilers for licenses to use boiler (no. UP-5101 and UP-5102) which expired on November 25, 2009.

II. APPROVALS/LICENSES FOR PROJECTS UNDER CONSTRUCTION

(i) Coal-Based Power Projects

1 National Capital Region Thermal Power Project, Stage-II, Dadri, Uttar Pradesh (980 MW)

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Water availability commitment up to 65 cusec from the river Ganga, including 40 cusec authorized by commitment dated October 21, 1988 for construction of Stage II of our project	Irrigation Department, Government of Uttar Pradesh	1677/C.O.G./W-36	February 1, 2002	-
2.	Clearance from Central Waters Commission ("CWC") for availability of water from Upper Ganga Canal and confirmation of intake level of 70 cusec for construction activity for our project	Director, CWC	U.O. No2/238/88 Vol II/PA(N)/94-95	January 20, 2003	-
3.	Land availability commitment up to 4546 hectares for construction of our project	Irrigation Department, Mathura, Uttar Pradesh	646/S/T	February 22, 2006	February 21, 2011
4.	No Objection Certificate to establish our project	Member Secretary, Uttar Pradesh SPCB	F011055C-1/N/NOC/27/2006/39	July 20, 2006	July 19, 2011
5.	Environmental Approval to set up 490 MW coal-based power plant under	Director, MoEF	J-13011/13/2006-IA.II(T)	October 18, 2006	October 17, 2011

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
	Phase I of our project				
6.	Environmental Clearance to set up 490 MW coal-based power plant under Phase II of our project	Director, MoEF	J-13011/67/2006-IA.II(T)	March 5, 2007	March 4, 2012
Boiler Approvals					
1.	License for erection of boiler at our project	Director of Boilers, Kanpur	Letter no 4144-46/boi/2007 Dated 05.12.07 & 1994/boi/2008 Dated 28.03.08 (Boiler No. 0635)	December 5, 2007	-
2.	License for erection of boiler at our project	Director of Boilers, Kanpur	Letter no.1994/boi/2008	March 28, 2008	-
Height Clearance					
1.	No Objection Certificate for height clearance up to 245 metres above mean sea level for installing chimneys at our project	Assistant General Manager, Airports Authority of India	AAI/20012/478/2000-ARI (NOC)	January 12, 2006	-

2. *Rihand Nagar Super Thermal Power Project, Stage-III, Bilaspur Village, Sonebhadra, Uttar Pradesh (1,000 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Water availability commitment up to 40 cusec for the construction of our project	Secretary, State Water resources Department, Government of Uttar Pradesh	1037-P-3/24-2004	April 15, 2004	-
2.	Environmental Approval for setting up 2x500 MW power plant to establish our project	Director, MoEF	J-13011/57/2008-IA.II(T)	February 5, 2009	February 4, 2014
3.	No Objection Certificate to establish our project	Member Secretary, Uttar Pradesh SPCB	F46869C-2/NOC/3393/09	March 26, 2009	-
Height Clearances					
1.	No Objection Certificate for height clearance up to 555 metres above mean sea level for installing chimneys at our project	General Manager, Airports Authority of India	AAI/20012/1296/2007-ARI(NOC)	July 14, 2008	-

3. *Barh Super Thermal Power Project, Stage-I, Barh, Patna, Bihar (1,980 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	No Objection Certificate for utilising Water from river Ganga up to 100 cusec for our project	Commissioner and Secretary, Water Resources Department	165	February 15, 1999	-
2.	Clearance as to acquisition of land for construction of our project	State Government of Bihar	153	June 1, 1999	
3.	No Objection Certificate to establish project	Member Secretary, Bihar SPCB	T-3899	September 8, 2000	September 7, 2010
4.	No Objection Certificate to utilize water up to 100 cusec to establish project from the perspective of Indo-Bangladesh Joint Rivers Commission	Deputy Commissioner (ER), Ministry Of Water Resources	No. 5/5/2000-ER/ 548	February 13, 2001	-
5.	Clearance for availability of water and confirmation of intake level up to 100 cusec for our project	Director, CWC	13/265/2001-PA(N)/217-18	February 14, 2001	-
6.	Environmental clearance for establishment of 3x660 MW thermal power plant of our project	Director, MoEF	J.13012/23/98-IA.II(T)	September 11, 2001	-
Electricity Licenses					
1.	No Objection Certificate to construct 3x660 MW super thermal power station	Secretary, Bihar SEB	243	June 6, 2000	-
2.	Orders to establish, operate and maintain our project.	Under Secretary, MoP, GoI	No. 5/43/98-Th-2	July 31, 2000	-
3.	Techno Economic Clearance establishment of 3x660 MW power super thermal power plant under project	Secretary, Central Electricity Authority	2/NTPC/49/99-PAC/880123	September 28, 2001	-
Defence Clearances					

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
1.	No Objection Certificate from security point of view for site of construction of power plant of our project	Deputy Secretary, Ministry of Defence, GoI	No.20(35)2001/d(Cord)	August 27, 2001	-
Height Clearance					
1.	No Objection Certificate for height clearance up to 325 metres above mean sea level for installing chimneys at our project	Assistant General Manager, Airports Authority of India	AAI/20012/211/2000-ARI (NOC)	August 9, 2004	-

4. *Barh Super Thermal Power Project, Patna, Bihar, Stage-II (1,320 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approval					
1.	No Objection Certificate for utilising water from river Ganga up to 80 cusec for 2X800 MW super thermal power plant of our project	Joint Secretary, Water Resources Department	230/99/1739	July 19, 2006	-
2.	No Objection Certificate from Indo-Bangladesh Joint Rivers Commission perspective for utilization of water for the construction of 2x660 MW super thermal power plant of our project	Director, CWC	5/2/2007-G/33031	January 17, 2007	-
3.	No Objection Certificate to establish our project	Member Secretary, Bihar SPCB	T 4799	June 18, 2007	June 30, 2010
4.	Environment Clearance for setting up of 2x660 MW super thermal power plant of our project	Director, MoEF	J-13011/29/2007-IA-II(T)	October 23, 2007	October 27, 2012
Height Clearance					
1.	No Objection Certificate for height clearance up to 325 metres above mean sea level for installing chimneys at our project	Manager, Airports Authority of India	AAI/20012/1310/2006-ARI(NOC)	January 24, 2007	-

5. *Farakka Super Thermal Power Project, Stage-III (500 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Modification in Clearance from CWC for water availability for construction activity and reduction in	Ministry of Water Resources, Farakka, West	W-598/D/II/5334	November 23, 2004	-

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
	intake level confirmation	Bengal			
2.	Clearance for water availability for construction activity and intake level confirmation	Director CWC	3/316/2004-BCD(E&NE)/780	January 4, 2005	-
3.	Environmental Clearance for setting up of a 500 MW power plant to establish our project	Director, MoEF	J.13011/28/2006-IA.II(T)	February 7, 2007	February 6, 2012
4.	No Objection Certificate for establishment and expansion of our project	Member Secretary/Senior Environmental Engineer, West Bengal SPCB	1069-2N-56/2006(E)	March 29, 2007	March 31, 2011
Height Clearances					
1.	No Objection Certificate for height clearance up to 304 metres above mean sea level .for installing chimneys at our project	Deputy General Manager, Airports Authority of India	AAI/20012/247/2006-ARI(NOC)	June 2, 2006	-

6. *North Karanpura Super Thermal Power Project, Dhurwa, Ranchi, Jharkhand (1,980 MW)*

S. No	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Confirmation of water availability up to 90 cusec from river Garhi for construction of our project	Engineer-in-Chief, State Water Resources Department	619	June 1, 1999	-
2.	Clearance for establishment of 2000 MW power plant of our project	Additional Secretary, DVC	No.W/ELECT/NKP/90/3123	October 15, 1999	-
3.	Site clearance for modification in Stage-I (from 4x500 MW to 3X660 MW) Mega Power Plant of our project	Additional Director, MoEF	No.J13011/26/89-IA-II(T)	March 21, 2000	-
4.	Clearance for land acquisition of 250 acres for establishment of our project	Collector, Chatra	302/RIO	June 14, 2000	-
5.	No Objection Certificate to establish our project	Member Secretary, SPCB	BS 160	December 31, 2001	-
6.	Clearance for water availability for construction activity and intake level confirmation up to 86.3 CMC	Director, CWC	13/244/2003/PA(N)/66	January 14, 2003	-
7.	Environmental Clearance to establish 3x660 MW super thermal power plants	Joint Director, MoEF	No.J13011/26/89-IA-II(T)	November 29, 2004	-
8.	Clearance for utilization	MoEF, GoI	F. No. 8-76/2007-FC	June 8, 2009	-

S. No	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
	of forest land up to 101.92 hectares for construction activity for our project				
Electricity Approvals					
1.	Order for establishment, construction and maintenance of 2x660 MW and 3x660 MW super thermal power plants	Under Secretary, MoP, GoI	47011/14-99-CPAM	October 20, 1999	-
2.	Modification of order for establishment, construction and maintenance of 2x660 MW and 3x660 MW super thermal power plants	Under Secretary, MoP, GoI	5/25/98-TH.2	August 22, 2000	-
Defence Approvals					
1.	No Objection Certificate for site of construction to establish our project	Director, Ministry Of Defence, GoI	F.No.20(39)/D(Coord)/2001	October 9, 2001	-
Height Clearances					
1.	No Objection Certificate for height clearance up to 727 metres for installing chimneys at our project	Senior Manager, Airports Authority of India	AAI/20012/780/2000-ARI	January 16, 2001	-
Coal Approvals					
1.	Consent for Coal Linkage up to 18 MTPA for our project	Under Secretary, MoC GoI	No.47011/14-99-CPAM	October 21, 1999	-

7. *Bongaigaon Thermal Power Project, Kokrajhar, Assam (750 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Water availability commitment up to 40 cusec from Champamati Irrigation Project for the construction of our project	Under Secretary, Irrigation Department, Government of Assam	IGN(W)112/2005/41	April 27, 2006	-
2.	No Objection Certificate to operate 3x250 MW thermal power plant of our project	Chairman, SPCB	WEST BENGAL/Z-II/T-1796/06-07/68	December 30, 2006	-
3.	Environmental Approval for setting up of 3x250 MW thermal power plant of our project	Director, MoEF	J-13012/12/2007-IA-II(T)	June 7, 2007	June 6, 2012

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
4.	Clearance for availability of water and confirmation of intake level up to 40 cusec from Champamati irrigation project	Director, CWC	Assam/1/2001-PAC/780	November 13, 2007	-
Height Clearances					
1.	No Objection Certificate for height clearance up to 273 metres above mean sea level for installing chimneys at our project	General Manager. Airports Authority of India	AAI/20012/945/2006-ARI(NOC)	August 10, 2007	-

8. *Korba Super Thermal Power Project, Stage-III, Korba, Chattisgarh (500 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Commitment for availability of water up to 110 MCM for construction	Secretary Water Resources Department	5588	September 1, 2003	-
2.	Clearance for water availability for construction activity and intake level confirmation up to 110 MCM from Hasdeo Barrage project	Director, CWC	CH-19/PAC/2004/35B	July 12, 2004	-.
3.	No Objection Certificate to establish 1x500 MW super thermal power plant	Member Secretary, Chattisgarh Environment Conservation Board	1079/TS/CECB/2006	March 1, 2006	-
4.	Environmental Approval to establish 1x500 MW super thermal power plant	Director, MoEF	No.J-3011/9/2006-IA.II(T)	August 31, 2006	August 30, 2011
Coal Approvals					
1.	Consent for coal linkage up to 2.233 MTPA for our project	Under Secretary, MoC GoI	No. 23021/68/2004-CPD	July 6, 2005	-
Height Clearance					
1.	No Objection Certificate for height clearance up to 277.5 metres above mean sea level for	Assistant General Manager, Airports Authority of India	AAI/20012/1107/2004-ARI (NOC)	November 2, 2004	-

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
	installing chimneys at our project				

9. *Mouda Thermal Power Project, Nagpur, Maharashtra (1,000 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Approval for land acquisition of land for the construction of our project	Collector, Nagpur	LAC/Desk-25/WS-143/2001	March 27, 2001	-
2.	Commitment for availability of water up to 100 MCM from the Gosikhurd reservoir for the construction of our project	Assistant Chief Engineer, Irrigation Department, Nagpur	3/CEGP/T-2(2)/GOSI/IND.WAT ERUSE	January 8, 2003	-
3.	Environment clearance to establish 2x500 MW thermal power plant	Director, MoEF	J.13012/130/2007-IA-II(T)	January 25, 2008	January 24, 2012
4.	Consent to establish our project	Member Secretary, Maharashtra SPCB	BO/RO(P&P)/EIC NO.NG-1132-07/E/CC-259	April 29, 2008	-
Height Clearances					
	No Objection Certificate for height clearance up to 550 metres above mean sea level for installing chimneys at our project	General Manager, Airports Authority of India	AAI/20012/130/2007-ARI(NOC)	July 4, 2007	-
Defence Approvals					
1.	No Objection Certificate for site of construction of 2x500 MW thermal power plant to establish our project	Under Secretary to GoI, Ministry of Defence	21(2)/2007/D (Coord.)	August 31, 2007	-

10. *Sipat Super Thermal Power Project, Bilaspur, Chattisgarh Stage-I (1,980 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Consent sanctioning land for setting up 3000 MW super	Collector, Bilaspur	K/BHU-PATAN/97	August 1, 1997	-

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
	thermal power plant in Bilaspur				
2.	Site clearance for site of construction of 3000 MW super thermal power plant of our project	Additional Director, MoEF	J.13011/10/96-IA.II(T)	January 13, 1998	-
3.	Environmental clearance to establish 2000 MW super thermal power plant	Additional Director, MoEF	J.13011/10/96-IA.II(T)	February 22, 1999	-
4.	Water availability commitment up to 120 MCM for construction	Chief Engineer, Water Resources Department, Mantralaya, Raipur	7/WR/Tech./TWS/2001/D-4-Raipur	December 20, 2001	-
5.	No Objection Certificate to establish 3x660 MW thermal power plant	Chief Engineer and OSD, Chattisgarh Environment Conservation Board	410/TS/CECB/2002	February 11, 2002	-
6.	Clearance for water availability and confirmation of water level intake up to 120 MCM for construction of our project	Director, CWC	01/CP/1 803-11	July 23, 2002	-
Electricity Approvals					
1.	Techno Economic for establishment of 3x660 MW super thermal power plant	Secretary, Central Electricity Authority	F.No.2/NTPC/41/96-PAC/527-51	January 17, 2000	-
2.	Techno Economic for including Switchyard in 3x660MW super thermal power plant	Secretary, Central Electricity Authority	F.No.2/NTPC/41/96-PAC/ 6773-95	July 19, 2002	-
Height Clearance					
1.	No Objection Certificate for height clearance up to 280 metres above mean sea level for installing chimneys at our project	Senior Manager, Airports Authority of India	AAI/20012/475/1996-ARI (NOC)	February 23, 2001	-

11. Solapur Thermal Power Project, Stage-I, Solapur, Maharashtra (1,320 MW)

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Consent to Land Acquisition up to 1103.40 hectares for the construction of our project	Resident Deputy Collector, Solapur	33C.RR.452.08	May 13, 2008	

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
2.	Water availability commitment up to 52.6 MCM from Ujjaini reservoir for the construction of our project	Under Secretary to Government of Maharashtra, Water Resources Department	MISC/1008(287/08)/I M(P)	June 6, 2008	-
3.	Land Clearance for the construction of our project	Director, MoEF	LSH-3708/178	June 10, 2008	-
4.	Clearance of forest land for the purposes of undertaking survey for establishment of our project	Forest Conservator, Department of Forests, Solapur	12/43/1483/2008-2009	November 12, 2008	-
5.	Clearance for availability of water and confirmation of intake level up to 52.6 MCM from Ujjaini reservoir	Director, CWC	8/18/2004-PAC/127	December 10, 2008	-
6.	No Objection Certificate to establish our project	Member Secretary, SPCB	BO/RO (P&P)/EIC No. NG 1589-08/E/CC-351	September 25, 2009	September 24, 2014
Height Clearances					
1.	No Objection Certificate for height clearance up to 740 metres above mean sea level for installing chimneys at our project	General Manager, Airports Authority of India	AAI/20012/865/2008-ARI(NOC)	June 9, 2008	-
Defence Approval					
1.	Site clearance for construction of 2x660 MW thermal power plant of our project	Director, Ministry of Defence	No.21(16)/2008/D(Coord)	January 27, 2009	-

12. *Vindhyachal Super Thermal Power Project, Stage-IV, Singrauli, Madhya Pradesh (1,000 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approval					
1.	Water availability concurrence for allocation of 80 cusec of water from the Singrauli feeder from the Rihand reservoir for consumptive use for cooling purposes of 2x500 MW super thermal	Madhya Pradesh State Water Resources Department	29/11/97/M/31-31	January 12, 1999	-

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
	power plants				
2.	Clearance of water availability up to 30 cusec and inter-state responsibilities	Director, CWC	2/NTPC/50/99-PAC/2223-25	February 27, 2002	-
3.	Minutes for the Meeting wherein No Objection letter from the Government of Madhya Pradesh for acquisition of land for construction of ash dyke	Upper Collector, land acquisition officer, M.P.	Serial/57/Land Acquisition /08	March 4, 2008	-
4.	No Objection Certificate to establish our project	Regional Director Madhya Pradesh SPCB	27/RO/PCB/2008	August 30, 2008	-
5.	Environmental Approval for construction of 2x500 MW super thermal power plant of our project	Director, MoEF	J-13011/56/2008-IA.II(T)	February 5, 2009	February 4, 2014
Height Clearances					
1.	No Objection Certificate for height clearance up to 558.5 metres above mean sea level for installing chimneys at our project	General Manager, Airports Authority of India	AAI/20012/1297/2007-ARI(NOC)	February 21, 2008	-

13. *Simhadri Super Thermal Power Project, Stage-II, Vishakapatnam, Andhra Pradesh (1,000 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approval					
1.	Environmental Approval from MoEF to establish 2x500 MW super thermal power plants of our project	Director, MoEF	J-13011/11/2007-IA-II(T)	August 1, 2007	August 1, 2012
2.	No Objection Certificate to establish 2x500 MW super thermal power plants of our project	Member Secretary, SPCB	20/PCB/CFE/RO-VSP/HO/2007-1478	October 1, 2007	-
Height Clearances					
1.	No Objection Certificate for height clearance up to 287	Manager, Airports Authority of India	AAI/20012/946/2006-ARI(NOC)	December 26, 2006	-

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
	metres above mean sea level for installing chimneys at our project				

(ii) *Hydro-Based Power Projects*

1. *Koldam Hydro Power Project, Bilaspur, Himachal Pradesh (800 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Electricity Approvals					
1.	Techno Economic Clearance for setting up 4X200 MW Hydro power plant for of our project	Secretary, Central Electricity Authority	2/HP/17/95-PAC/6144-72	June 30, 2002	-
Environmental Approvals					
1.	Environmental clearance to establish 4x200 MW hydro power project	Adviser IA-I, MoEF	3/84/79-HCT/ENV/IA	August 29, 1989	-
2.	Transfer of Environmental Clearance from Ministry of Energy to our Company to establish our project.	Additional Director, MoEF	3/84/79-HCT/Env.IA-1	May 10, 2000	-
3.	Diversion of forest land of 954.69 hectares for construction of 4x200 MW hydro power plant	Assistant Inspector General of Forests, H.P.	8-227/87-FC(pt)	November 23, 2000	-
4.	Authorization for operating a facility for generation, collection, reception, storage, transport, treatment, disposal of hazardous wastes	Members Secretary, H.P. State Environment Protection And Pollution Control Board	Blp-003/06	April 29, 2006	March 31, 2011

Consent/Licenses for which grant has been applied for:

- (a) Application dated July 25, 2009 before the Himachal Pradesh State Environment and Pollution Control Board for Consent to establish our project.

2. *Lohari Nagpala Hydro Power Project, Uttarkashi, Uttaranchal (600 MW)*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Site Clearance for site of construction of 4x130 MW hydro power plants for Stage-I of our project	Director, MoEF	J.12011/5/2003-IA-1	March 24, 2003	-
2.	Site Clearance for site of construction of 4x130 MW hydro power plant for Stage-II of our project	Director, MoEF	J.12011/5/2003-IA-1	January 12, 2004	-
3.	No Objection Certificate to establish 4x150 MW hydro power plant of our project	Member Secretary, Uttaranchal, SPCB	U.E.P.P. CB/H.O/N.O.C-139/04/2039	September 2, 2004	-
4.	Environmental clearance for setting up 4x150 MW hydro power plant of our project	Additional Director, MoEF	J-12011/33/2004-IA.1	February 8, 2005	February 7, 2010
5.	In Principle approval for diversion of 139.02 hectares of forest land for construction of 4x150MW Hydro Project	Assistant Inspector General of Forests	F.NO. 8-38/2005-FC	June 9, 2005	-
6.	Approval for issue of 139.02 hectares forest land for construction of project	Assistant Secretary, Government of Uttaranchal, MoEF	GI:924/7-1-2005-300(1047)/2005	September 6, 2005	September 5, 2035
7.	Approval for diversion of 139.02 hectares of forest land for construction of project	Assistant Inspector General of Forests, MoEF	F.NO.8-38/2005-FC	August 2, 2005	September 5, 2035
Electricity Approvals					
1.	Techno Economic Clearance for setting up 4 x150 MW Hydro Project	Secretary, Central Electricity Authority	No. 2/NTPC/58/04-PAC/415-441	August 11, 2004	-
2.	Grant of Mega Power Status to Loharinag-Pala (600MW)	Under Secretary to the GoI, MoP	F.NO.5/1/2003-TH-II	June 30, 2006	-
Defence Approvals					
1.	No Objection Certificate for taking up survey and investigation works for our project	Director, Ministry of Defence	D.O.NO.21(1)/2003/D(Coord)	April 22, 2003	-

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
2.	No Objection Certificate for site of construction of our project	Ministry Of Defence	D.O.NO.21(1)/2003/D(Coord)	October 8, 2004	-

3. *Rupsiyabagar Khasibara Hydro Power Project, Pithoragadh, Uttarakhand (261 MW)*

S. No	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Electricity Licenses					
1.	Techno Economic Concurrence from for establishment of 3x87 MW hydro power plant of our project	Secretary, Central Electricity Authority	No. 2/NTPC/62-CEA/07 - PAC/873-902	October 16, 2008	-
Defence Approvals					
1.	No Objection Certificate for site of construction of 260 MW hydro power plants	Director, Ministry Of Defence	No.21 (14)/2006/D {Coord}	November 10, 2008	-
Environmental Approvals					
1.	Environment clearance for 3x87 MW hydro power plants of our project	Additional Director, MoEF	No. J-12011/41/2008-IA.I	March 26, 2009	March 25, 2019

4. *Tapovan Vishnugad Hydro Power Project, Chamoli, Uttaranchal (520 MW)*

S. No	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Environmental Approval to establish 3x120 MW hydro power plant Stage-I of our project	Director, MoEF	J.12011/4/2003-IA-1	March 5, 2003	-
2.	Environmental Approval from MoEF to establish 3x120 MW hydro power plant of Stage-II of our project	Director, MoEF	J.12011/4/2003-IA-1	February 13, 2004	-

S. No	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
3.	No Objection Certificate to establish 520 MW hydro power plant of our project	Member Secretary, Uttaranchal Environment Conservation and Pollution Control Board, Dehradun	U.E.P.PP.CB/H.O/N.O. C-140/04/2038	September 2, 2004	-
4.	Environmental clearance for setting up 4x130 MW hydro power plant of our project	Director, MoEF	J-12011/36/2004-IA-1	February 8, 2005	-
5.	Diversion of 75.99 hectares of forest land for construction of 520 MW hydro power plant of our project.	Assistant Inspector General, MoEF	8-69/2005-FC	March 13, 2006	-
6.	Diversion of 4.71 hectares of forest land by MoEF for establishment of our project	Assistant Inspector General of Forests, New Delhi	8-69/2005-FC	June 8, 2009	-
Electricity Approvals					
1.	Techno Economic Clearance for setting up of 4x130 MW hydro power station of our project	Secretary, Central Electricity Authority	2/NTPC/59/04-PAC/442-468	August 11, 2004	-
2.	Approval for Energization of 4 X 7.5 MVA, 33/11 KV transformers along with associated equipments.	Superintending Engineer for Electrical Inspector to the GoI	NRIO/NTPC/-57 Joshimath/UA/2008/396-97	June 27, 2008	-
Defence Approvals					
1.	No Objection Certificate and site clearance for site of construction of 4x7.5 MVA hydro power plant for our project	Ministry of Defence	21(1)/2003/D(Coord)	October 8, 2004	-

(iii) *Coal Mining Projects*

1. *Pakri Barwadih Coal Mining Project, Hazaribagh, Jharkhand*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Environmental Approvals					
1.	Environmental Approval to establish 15 MTPA coal mine project	Director, MoEF	NO.J-11015/692/2007/-IA.II(M)	May 19, 2009	-
Coal Approvals					
1.	Allocation of Pakri Barwadih coal fields for utilization in our project	Under Secretary, MoC, GoI	13016/29/2003-CA-I	October 11, 2004	-
2.	Approval of the mining plan	Under Secretary, MoC, GoI	13016/29/2003-CA-I	August 25, 2006	-

Consents/Licenses for which renewal has been applied for:

- (a) Renewal application dated November 5, 2009 before the Jharkhand SPCB for consent for establishment issued vide Memo No. 4763

2. Kerandari Coal Mining Project

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Coal Approvals					
1.	Allocation of Kerandari coalfields for our project	Under Secretary, MoC, GoI	13016/29/2003-CA-I	January 25, 2006	-
2.	Approval of the mining plan	Under Secretary, MoC, GoI	13016/29/2003-CA-I	August 4, 2008	-

3. Chatti Bariatu Coal Mining Project

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Coal Approvals					
1.	Allocation of Chatti Bariatu coalfields for our project	Under Secretary, MoC, GoI	13016/29/2003-CA-I	January 25, 2006	-
2.	Approval of the mining plan	Section Officer, MoC, GoI	13016/29/2003-CA-I	June 27, 2008	-

4. *Dulanga Coal Mining Project*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Coal Approvals					
1.	Allocation of Dulanga coalfields for our project	Under Secretary, MoC, GoI	13016/29/2003-CA-I	January 25, 2006	-
2.	Approval of the mining plan	Under Secretary, MoC, GoI	13016/29/2003-CA-I (Vol. II)	July 30, 2009	-

5. *Tallaipalli Coal Mining Project*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Coal Approvals					
1.	Allocation of Tallaipalli coalfields for our project	Under Secretary, MoC, GoI	13016/29/2003-CA-I	January 25, 2006	-

6. *Brahmini Coal Mining Project*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Coal Approvals					
1.	Allocation of Brahmini coalfields for our project	Under Secretary, MoC, GoI	13016/29/2003-CA-I	January 25, 2006	-

7. *Chichropatsimal Coal Mining Project*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Coal Approvals					
1.	Allocation of Chichropatsimal coalfields for our project	Under Secretary, MoC, GoI	13016/29/2003-CA-I	January 25, 2006	-

8. *Chatti Bariatu (South) Coal Mining Project*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Coal Approvals					
1.	Allocation of Chatti Bariatu coalfields for our project	Under Secretary, MoC, GoI	13016/8/2007-CA-I	July 25, 2007	-

(ii) *Petroleum Exploration Project*

No.	Description	Issuing Authority	Reference/Licence No.	Issue/Renewal Date	Expiry Date
Petroleum Approvals					
1.	Letter of award of petroleum blocks under NELP V	Under Secretary, MoPNG, GoI	O-19018/8/2005-ONG.D.O.6VI	October 7, 2005	-
2.	Prospecting and Exploratory License at Block AA-ONN-2003/2 at Changlang	Commissioner (G and M), Government of Arunachal Pradesh	DGM/AA-ONN/PBI/2003/2/2005/2654	February 16, 2006	-
Environmental Approvals					
1.	Environmental Clearance for prospecting and exploration at Block AA-ONN-2003/2 at Changlang	Joint Director, MoEF	J-11011/416/2007-IA.II(T)	February 7, 2008	-

C. APPROVALS RELATED TO INTELLECTUAL PROPERTY

S. No.	Description of Invention	Issuing Authority	Application No.	Date of Receipt
1	Method of determining qualitative composition of constituents of wear particles in lubricating oil and hydraulic fluids of critical rotating parts	Controller of Patents, The Patent Office Branch, Kolkata	1162/KOL/2007	August 23, 2007
2.	Additive relates to an additive for use in ordinary Portland cement	Controller of Patents, The Patent Office Branch, Kolkata	1163/KOL/2007	August 23, 2007
3.	Fly-ash based detergent	Controller of Patents, The Patent Office Branch, Kolkata	1164/KOL/2007	August 23, 2007
4.	Method for assessment of the health of HV Transformers.	Controller of Patents, The Patent Office Branch, Kolkata	1302/KOL/2007	September 18, 2007
5.	Locking system fitted with air-release valve of pressurized	Controller of Patents, The Patent	1799/DEL/2008	July 30, 2008

S. No.	Description of Invention	Issuing Authority	Application No.	Date of Receipt
	braking system of coal wagons	Office Branch, New Delhi		
6.	System for determination of steam to water ratio in water wall tubes using capacitive probe	Controller of Patents, The Patent Office Branch, New Delhi	1798/DEL/2008	July 30, 2008 (Provisional)
7.	System for determination of steam to water ratio in water wall tubes using resistive probe	Controller of Patents, The Patent Office Branch, New Delhi	1797/DEL/2008	July 30, 2008 (Provisional)
8.	Methodology or process to determine colloidal silica in raw and DM water	Controller of Patents, The Patent Office Branch, New Delhi	96/DEL/2009	January 19, 2009
9.	Method for online cleaning of fouled PVC fills of cooling towers exposed to air/water-borne dust/bio-fouling	Controller of Patents, The Patent Office Branch, New Delhi	16/DEL/2009	January 6, 2009
10.	Unit for production of bio diesel using bio fruits	Controller of Patents, The Patent Office Branch, New Delhi	1034/DEL/2009	May 20, 2009
11.	Preparation of molecular sieve adsorbent for the size/shape selective adsorption of Carbon Dioxide from its gaseous mixture with Nitrogen	Controller of Patents, the Patent Office Branch, New Delhi	0502/DEL/2009	March 27, 2009
12.	Pentasil Type Zeolite for the selective adsorption of Carbon Dioxide from flue gases	Controller of Patents, The Patent Office Branch, New Delhi	0654/DEL/2009	March 31, 2009
13.	Barium and Potassium exchanged Zeolite-X adsorbents for Carbon Dioxide removal from a gas or gas mixture and preparation thereof	Controller of Patents, The Patent Office Branch, New Delhi	0662/DEL/2009	March 31, 2009

D. MISCELLANEOUS APPROVALS FOR OUR BUSINESS

We require various approvals for us to carry on our business in India. The approvals that we require include the following:

- Permanent Account Number and Tax Deduction Account Number under the IT Act.
- Certificate of Registration under the Central Sales Tax Act, 1956.
- Certificate of Registration under the Sales Tax Acts of the various states in India.
- Registration for payment of service tax in various locations in India where our consultancy services are being offered.
- Grant of licenses to store explosives from the Department of Explosives, GoI.
- Certificate of Registration under the requisite value added tax legislations applicable in various states in India.

We have obtained the above approvals for our commissioned projects and our offices at various locations in India and the same are valid as of the date of filing of this Red Herring Prospectus. Some of these have expired in the ordinary course of business and applications for renewal of these approvals have been submitted upon expiry.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

- The MoP through its letter no. 3/7/2007-Th.I dated January 6, 2010 conveyed the approval granted by the GoI to the Offer.

Prohibition by SEBI, RBI or governmental authorities

Our Company, our Promoter and our Directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities. Neither our Promoter nor any of our Directors have been or is a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI.

Our Directors are not in any manner associated with the securities market and there has been no action taken by the SEBI against our Directors or any entity in which our Directors are involved as promoters or directors.

Neither our Company, our Promoter nor our Directors, have been detained as willful defaulters by the RBI or any other government authorities. There are no violations of securities laws committed by any of them in the past or pending against them.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with Regulation 27 read with Regulation 26(1)(d) and (e) of the SEBI Regulations as described below:

- (a) The aggregate of the proposed Offer and all previous issues made in the same financial year in terms of Offer size is not expected to exceed five times the pre-Offer net worth of our Company as per the audited balance sheet of the preceding financial year; and
- (b) Our Company has not changed its name within the last one year.

Hence, our Company is eligible for the Offer under Regulation 27 read with Regulation 26(1) of the SEBI Regulations.

In addition, in accordance with regulation 26(4) of the SEBI Regulations, we shall ensure that the number of Allottees, i.e. persons to whom the Equity Shares will be allotted under the Offer, shall be not less than 1,000; otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days after the Selling Shareholder becomes liable to repay it (i.e., from the date of refusal or within 15 days from the date of Bid/Offer Closing Date, whichever is earlier), then the Selling Shareholder 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.

Further, our Company is eligible to make a 'fast track issue' in accordance with Regulation 10 of the SEBI Regulations, as described below:

- (a) The Equity Shares of our Company have been listed on the BSE and the NSE, having nationwide trading terminals for a period of at least three years immediately preceding the date of registering of this Red Herring Prospectus with the RoC;
- (b) The average market capitalisation of public shareholding of our Company is at least Rs. 50,000 million;
- (c) The annualised trading turnover of the Equity Shares of the Company during six calendar months immediately preceding the month of registering this Red Herring Prospectus with the

RoC has been at least 2% of the weighted average number of Equity Shares listed during such six months' period. Provided that for issuers whose public shareholding is less than 15% of its issued equity capital, the annualized trading turnover of its equity shares has been at least 2% of the weighted average number of equity shares available as free float during such six months' period;

- (d) Our Company has redressed at least 95% of the complaints received from the investors till the end of the quarter immediately preceding the month of registering this Red Herring Prospectus with the RoC;
- (e) Our Company has been in compliance with the equity listing agreement for a period of at least three years immediately preceding the date of registering this Red Herring Prospectus with the RoC. Provided that if the Company has not complied with the equity listing agreement relating to composition of board of directors for any quarter during the last three years immediately preceding the date of registering the Red Herring Prospectus with RoC, but is compliant with such provisions at the time of filing of the offer document with the RoC or designated stock exchange, as the case may be, and adequate disclosures are made in the offer document about such non-compliances during the three years immediately preceding the date of registering the Red Herring Prospectus with RoC, it shall be deemed as compliance with the condition. Our Company was compliant with the equity listing agreement from October 26, 2008 with the induction of five independent Directors on its Board. Adequate disclosure to this effect has been made in the Red Herring Prospectus;
- (f) The impact of auditors' qualifications, if any, on the audited accounts of the Company in respect of those financial years for which such accounts are disclosed in this Red Herring Prospectus does not exceed 5% of the net profit or loss after tax of the Company for the respective years;
- (g) No show-cause notices have been issued or prosecution proceedings initiated or pending against the Company or its Promoter or whole time Directors as on the date of registering this Red Herring Prospectus with the RoC; and
- (h) The entire shareholding of the promoter group of the Company is held in dematerialised form as on the date of registering this Red Herring Prospectus with the RoC.

Compliance with Part A of Schedule VIII of the SEBI Regulations

Our Company is in compliance with the provisions specified in Part A of Schedule VIII of the SEBI Regulations. No exemption from eligibility norms has been sought under regulation 109 of the SEBI Regulations, with respect to the Offer. Further, our Company has not been formed by the conversion of a partnership firm into a company.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY, BE DEEMED OR CONSTRUED 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 OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING ICICI SECURITIES LIMITED, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, J.P. MORGAN INDIA PRIVATE LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AS IN FORCE FOR THE TIME BEING. AS THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

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 RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, ICICI SECURITIES LIMITED, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, J.P. MORGAN INDIA PRIVATE LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JANUARY 12, 2010 WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PROJECTED PROFITABILITY PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY;

WE CONFIRM THAT:

- A. THE RED HERRING PROSPECTUS FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;
 - B. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS ETC., FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - C. THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956 AND SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID;
 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS;
 5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS SECURITIES AS PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN,

WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE RED HERRING PROSPECTUS;

- 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE RED HERRING PROSPECTUS;**
- 7. WE UNDERTAKE SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC OFFER - NOT APPLICABLE;**
- 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION – NOT APPLICABLE AS IT IS AN OFFER FOR SALE;**
- 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS/ALLOTMENT OF EQUITY SHARES PURSUANT TO THE OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE OFFER AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE;**
- 10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE AS THE OFFER SIZE IS MORE THAN Rs. 100 MILLION, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE OFFERED IN DEMAT ONLY.**
- 11. WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN**

ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION;

- 12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE RED HERRING PROSPECTUS:**
 - a. AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY; AND**
 - b. AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.**
- 13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE OFFER.**
- 14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC.**
- 15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**
- 16. WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**
- 17. WE CONFIRM THAT THE COMPANY IS ELIGIBLE TO MAKE FAST TRACK ISSUE IN TERMS OF REGULATION 10 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION, BY THE COMPANY, HAS ALSO BEEN DISCLOSED IN THE RED HERRING PROSPECTUS.**
- 18. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THE RED HERRING PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE OFFER UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS OFFER SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-OFFER ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE OFFER HAVE BEEN GIVEN.**
- 19. WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF**

INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009.

- 20. WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE COMPANY.**
- 21. WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISIO TO SUB-REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE RED HERRING PROSPECTUS AND THE PROSPECTUS.**

The filing of the Red Herring Prospectus does not, however, absolve the Company from any liabilities under section 63 and section 68 of the Companies Act, 1956 or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed Offer. SEBI further reserves the right to take up at any point of time, with the BRLMs any irregularities or lapses in the Red Herring Prospectus.

Disclaimer from our Company, the Selling Shareholder and the BRLMs

Our Company, the Selling Shareholder, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, www.ntpc.co.in would be doing so at his or her own risk. The Selling Shareholder, its directors, affiliates, associates and their respective directors and officers accept no responsibility for any statements made other than those made in relation to the Equity Shares offered through the Offer for Sale.

The BRLMs accepts no responsibility, save to the limited extent as provided in the Offer Agreement entered into among the BRLMs, the Selling Shareholder and the Company dated January 9, 2010, and the Underwriting Agreement to be entered into among the Underwriters, the Selling Shareholder and us.

All information shall be made available by us, the Selling Shareholder and BRLMs 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 or at bidding centres, etc.

Our Company, the Selling Shareholder, the BRLMs shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors that bid in the Offer will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, 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 our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Selling Shareholder, 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 our Company.

Disclaimer in respect of jurisdiction

This Offer 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 authorized 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, FVCIs (subject to receipt of appropriate approvals by the FVCI from the appropriate regulatory authority), multilateral and bilateral institutions and Eligible NRIs. This Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity 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 Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in New Delhi, 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. Accordingly, our Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our 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, 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 Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States, except pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in this Red Herring Prospectus as "U.S. QIBs", for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Red Herring Prospectus as "QIBs") in transactions exempt from the registration requirements of the Securities Act, and (ii) outside the United States in reliance on Regulation S under the Securities Act.

Until the expiry of 40 days after the commencement of the Offer, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in the Offer) may violate the registration requirements of the Securities Act.

Equity Shares Offered and Sold within the United States or to, or for the Account or Benefit of, U.S. Persons

Each purchaser that is acquiring the Equity Shares offered pursuant to this Offer within the United States, or is, or is acting for the account or benefit of, a U.S. Person by its acceptance of this Red Herring Prospectus and of the Equity Shares, will be deemed to have acknowledged, represented to and agreed with our Company and the BRLMs that it has received a copy of this Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is authorized to consummate the purchase of the Equity Shares offered pursuant to this Offer in compliance with all applicable laws and regulations;
- (2) the Equity Shares offered pursuant to this Offer have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;
- (3) the purchaser (i) is a U.S. QIB, (ii) is aware that the sale to it is being made in a transaction exempt from or not subject to the registration requirements of the Securities Act, and (iii) is acquiring such Equity Shares for its own account or for the account of a U.S. QIB with respect to which it exercises sole investment discretion;
- (4) the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;
- (5) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act; (iii) in accordance with Rule 144 under the Securities Act (if available); or (iv) any transaction exempt from the registration requirements of the Securities Act, and (B) in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.
- (6) the Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any such Equity Shares;
- (7) the purchaser will not deposit or cause to be deposited such Equity Shares into any depository receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act;
- (8) the Equity Shares (to the extent they are in certificated form), unless our Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

- (9) our Company and the Selling Shareholder will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and

- (10) our Company, the Selling Shareholder, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Company and the Selling Shareholder, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

All Other Equity Shares Offered and Sold in this Offer

Each purchaser that is acquiring the Equity Shares offered pursuant to this Offer outside the United States, by its acceptance of this Red Herring Prospectus and of the Equity Shares issued pursuant to this Offer, will be deemed to have acknowledged, represented to and agreed with our Company and the BRLMs that it has received a copy of this Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is authorized to consummate the purchase of the Equity Shares offered pursuant to this Offer in compliance with all applicable laws and regulations;
- (2) the Equity Shares offered pursuant to this Offer have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;
- (3) the purchaser is purchasing the Equity Shares offered pursuant to this Offer in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;
- (4) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares offered pursuant to this Offer, was located outside the United States at the time the buy order for such Equity Shares was originated and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any U.S. Person or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any U.S. Person;
- (5) the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;
- (6) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act; (iii) in accordance with Rule 144 under the Securities Act (if available); or (iv) any transaction exempt from the registration requirements of the Securities Act, and (B) in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.
- (7) the Equity Shares (to the extent they are in certificated form), unless our Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE

OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

- (8) our Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and
- (9) our Company, the Selling Shareholder, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Company and the Selling Shareholder, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Each person in a Member State of the EEA which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) who receives any communication in respect of, or who acquires any Equity Shares under, the offers contemplated in this Red Herring Prospectus will be deemed to have represented, warranted and agreed to and with each Underwriter and our Company that:

1. it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
2. in the case of any Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Equity Shares acquired by it in the placement have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Underwriters has been given to the offer or resale; or (ii) where Equity Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Equity Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an “offer of Equity Shares to the public” in relation to any of the Equity Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Disclaimer Clause of NSE

As required, a copy of this Red Herring Prospectus has been submitted to NSE. NSE has given vide its letter No. NSE/LIST/127897-T dated January 11, 2010 permission to us to use NSE’s name in this offer document as one of the stock exchanges on which our securities are listed. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that the offer document 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 this offer document; nor does it warrant that our securities will be listed or will continue to be listed on the

NSE; nor does it take any responsibility for the financial or other soundness of our Company, its promoters, its management or any scheme or project of our Company.

Every person who desires to apply for or otherwise acquires any of our 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.

Disclaimer Clause of BSE

As required, a copy of the Red Herring Prospectus has been submitted to BSE. BSE (“**the Exchange**”) has given vide its letter No. DCS/IPO/MT/1183/2009-10 dated January 11, 2010 permission to this Company to use BSE’s name in this offer document. It is to be distinctly understood that this offer document has not been cleared or approved by the BSE. BSE does not in any manner:

- (i) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- (ii) warrant that our Company’s securities will be listed or will continue to be listed on the Exchange; or
- (iii) take any responsibility for the financial or other soundness of our Company, its promoters, its management or any scheme or project of our Company;

and it should not for any reason be deemed or construed to mean that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of our Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange 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.

Filing

A copy of this Red Herring Prospectus has been filed with SEBI at the Corporation Finance Department, Securities and Exchange Board of India, SEBI Bhawan, C - 4A, “G” Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India for information purposes only.

A copy of this Red Herring 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 to the RoC situated at the address mentioned below.

The Registrar of Companies

National Capital Territory of Delhi and Haryana
4th Floor, IFCI Tower
61, Nehru Place
New Delhi 110 019, India
Tel: + (91 11) 2623 5704
Fax: + (91 11) 2623 5702

Listing

The Equity Shares of the Company are listed on the NSE and the BSE. Applications have been made to the NSE and BSE for the use of their respective names in this Red Herring Prospectus. NSE is the Designated Stock Exchange with which the basis of allocation will be finalised for the Offer.

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 Selling Shareholder shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after the Selling Shareholder become liable to repay it (i.e., from the date of refusal or within 15 days from the date of Bid/Offer Closing Date, whichever is earlier), then the Selling Shareholder 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.

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) our Directors, the Company Secretary and Compliance Officer, the Legal Counsels, the Bankers to the Offer; and (b) the BRLMs, the Syndicate Member, the Escrow Collection Bankers and the Registrar to the Offer to act in their respective capacities, will be obtained and will be filed along with a copy of this Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents will not be withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

M/s. Varma & Varma, M/s. B.C. Jain & Co., M/s. Parakh & Company, M/s. S. K. Mittal & Co., M/s. Dass Gupta & Associates and M/s. S.K. Mehta & Co., Chartered Accountants, our Auditors, have given their written consent to the inclusion of their Auditors Report in the form and context in which it appears in this Red Herring Prospectus and such consent and report would not be withdrawn up to the time of delivery of this Red Herring Prospectus.

Expert Opinion

Except for the Auditors Report of our Auditors on the audited financial information, included in this Red Herring Prospectus, our Company has not obtained any expert opinions.

Offer related expenses

The expenses for the Offer include lead management fees, underwriting and selling commission, registrar’s fees, advertisement and marketing expenses, printing and distribution expenses, legal fees, SEBI filing fees, bidding software expenses and depository charges. The details of the estimated Offer expenses are set forth below.

S.No.	Activity Expense	Amount (Rs. million)	Percentage of Total Estimated Offer Expenditure	Percentage of Offer Size
1.	Fees of the Book Running Lead Managers*	[●]	[●]	[●]
2.	Underwriting and selling commission*(including commission to SCSBs for ASBA Applications)*	[●]	[●]	[●]
3.	Fees to Registrar to the Offer*	[●]	[●]	[●]
4.	Fees to the Legal Advisors*	[●]	[●]	[●]
5.	Fees to the Bankers to the Offer*	[●]	[●]	[●]
6.	Other Expenses (Printing and stationery, distribution and postage, advertisement and marketing expense etc.)*	[●]	[●]	[●]
Total Estimated Offer Expenses		[●]	[●]	[●]

*Will be incorporated at the time of filing of the Prospectus.

All expenses with respect to fees payable to the BRLMs, Registrar to the Offer, Legal Counsels and Bankers to the Offer as well as expenses towards the publication of advertisements in connection with the Offer will be paid by the Selling Shareholder.

Fees Payable to the BRLMs and Syndicate Member

The fees payable to the BRLMs and Syndicate Member (including underwriting and selling commissions), and reimbursement of their out of pocket expenses, as applicable, will be as stated in the engagement letter with the BRLMs, issued by the Selling Shareholder, a copy of which is available for inspection at our Corporate and Registered Office.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer by the Selling Shareholder including fees for processing of application or any other expenditure involved will be in accordance with the Registrar's Agreement signed with our Company and the Selling Shareholder, a copy of which is available for inspection at our Registered and Corporate Office.

The Registrar to the Offer will be reimbursed for all out-of-pocket expenses and postage charges for refund.

Particulars regarding Public or Rights Issues during the last five years

There have been no public or rights issue by our Company during the last five years.

However, our Company made an IPO of 865,830,000 Equity Shares in the year 2004 for cash at a price of Rs. 62 per Equity Share (including a premium of Rs. 52 per Equity Share) aggregating to Rs. 53,681.46 million through a prospectus dated October 19, 2004. The IPO comprised a fresh issue of 432,915,000 Equity Shares and an offer for sale of 432,915,000 Equity Shares by our Promoter. Further, the said IPO comprised a net issue of 845,215,000 Equity Shares to the public and a reservation of 20,615,000 Equity Shares for subscription by certain eligible employees. Thus, our Company's share of the proceeds from the IPO was Rs. 26,840.73 million. The expenses of the IPO were Rs. 286.16 million including expenses shared by the Promoter.

The IPO opened on October 7, 2004 and closed on October 14, 2004. Allotment of Equity Shares and dispatch of refunds pursuant to the IPO of our Company was made on October 29, 2004. The listing of Equity Shares pursuant to the IPO took place on November 5, 2004.

Issues otherwise than for Cash

We have not issued any Equity Shares for consideration otherwise than for cash.

Capital issues in the last five years

There have been no capital issues in the last five years. However, our Company made an IPO of 865,830,000 Equity Shares in the year 2004 for cash at a price of Rs. 62 per Equity Share (including a premium of Rs. 52 per Equity Share) aggregating to Rs. 53,681.46 million through a prospectus dated October 19, 2004. For further details, see “- *Particulars regarding Public or Rights Issues in the Last Five Years*” above.

Commission and Brokerage paid on Previous Issues of our Equity Shares

The underwriting, brokerage and selling commission paid in relation to the IPO of our Company was Rs. 91.80 million, which was included in the total issue expenses.

Promise vs. Performance – Last Three Issues

The objects of the IPO were to expand our generation capacity through six projects, being (i) Rihand Super Thermal Power Project, Stage II, (ii) Vindhyachal Super Thermal Power Project Stage III, (iii) Kahalgaon Super Thermal Power Project, Stage II (Phase-I & II), (iv) Sipat Super Thermal Power Project, Stage I, (v) Sipat Super Thermal Power Project, Stage II and (vi) Feroze Gandhi Unchahar Thermal Power Project, Stage III and for general corporate purposes.

The amounts raised from the IPO have been fully utilised by our Company for the aforesaid objects as stated in the prospectus.

Outstanding Debentures or Bonds

Except as stated in “*Financial Indebtedness*” on page 181, our Company has no outstanding debentures or bonds as on the date of this Red Herring Prospectus.

Outstanding Preference Shares

There are no outstanding preference shares issued by our Company.

Partly Paid-Up Shares

There are no partly paid-up Equity Shares of our Company.

Stock Market Data of our Equity Shares

For details, see “*Stock Market Data for Equity Shares of our Company*” on page 189.

Status of Complaints

Investor complaints received by our Company since the IPO have been appropriately disposed off. As on December 31, 2009, a total of nine complaints were pending against our Company, which were subsequently attended to and there were no complaints pending for more than 30 days.

Mechanism for Redressal of Investor Grievances by our Company

The Registrar's Agreement between the Registrar to the Offer, the Selling Shareholder and us, provides for retention of records with the Registrar to the Offer 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 Offer for redressal of their grievances.

All grievances relating to the Offer may be addressed to the Registrar to the Offer, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, DP, and the bank branch or collection center where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Disposal of Investor Grievances by our Company

We estimate that the average time required by us or the Registrar to the Offer for the redressal of routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company and the Selling Shareholder have appointed Mr. A. K. Rastogi, Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Offer or post-Offer related problems.

He can be contacted at the following address:

Mr. A. K. Rastogi

NTPC Bhawan
SCOPE Complex
7, Institutional Area
Lodhi Road
New Delhi 110 003, India
Tel: + (91 11) 2436 0071
Fax: + (91 11) 2436 0241
E-mail: akrastogi@ntpc.co.in

Mechanism for Redressal of Investor Grievances by Companies under the Same Management

We do not have any other listed company under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act. For details regarding mechanism for redressal of investor grievance, see "*Our Promoter and Group Companies*" on page 158.

Changes in Auditors

The Auditors of our Company are appointed/re-appointed by the Office of the Comptroller and Auditor General of India every Fiscal.

The changes in the Auditors of our Company in the last three years are detailed below:

S. No.	Name of the Auditor	Date of Appointment	Fiscal	Reason for change
1.	M/s. Kalani & Co.; M/s. Amit Ray & Co.; M/s. Umamaheshwara Rao &	June 26, 2006	2007	Appointment as Joint Statutory Auditors

S. No.	Name of the Auditor	Date of Appointment	Fiscal	Reason for change
	Co.; M/s. S. N. Nanda & Co.; and M/s. T. R. Chadha & Co.			
2.	M/s. Varma & Varma; M/s. B. C. Jain & Co.; M/s. Parakh & Company; M/s. S. K. Mittal & Co.; M/s. Dass Gupta & Associates; and M/s. S. K. Mehta & Co.	July 26, 2007	2008	Appointment as Joint Statutory Auditors in place of M/s. Amit Ray & Co., M/s. Umamaheswara Rao & Co., M/s. Kalani & Co., M/s. T. R. Chadha & Co. and M/s. S. N. Nanda & Co. who were the Joint Statutory Auditors for Fiscal 2007

Capitalisation of reserves or profits

We have not capitalised our reserves or profits at any time during last five years.

Revaluation of assets

There has been no revaluation of assets of our Company since its incorporation.

SECTION VII – OFFER RELATED INFORMATION

OFFER STRUCTURE

Further Public Offer of 412,273,220 Equity Shares through an Offer for Sale by the Selling Shareholder for cash at prices determined through the Alternate Book Building Method under Part D of Schedule XI of SEBI Regulations aggregating Rs. [●]. The Offer comprises a Net Offer to the public of 408,000,000 Equity Shares and an Employee Reservation Portion of 4,273,220 Equity Shares for subscription by Eligible Employees. The Offer shall constitute approximately 5% of the post-Offer share capital of our Company.

	Employee Reservation Portion	QIB Bidders	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for allocation*	Reservation of 4,273,220 Equity Shares	Up to 204,000,000 Equity Shares, or Net Offer less allocation to Non-Institutional Bidders and Retail Individual Bidders	Not less than 61,200,000 Equity Shares or Net Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than 142,800,000 Equity Shares or Net Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer size available for allocation	Reservation of 1.04% of the Offer **	Up to 50% of the Net Offer	Not less than 15% of the Net Offer, less allocation to QIB Bidders and Retail Individual Bidders	Not less than 35% of the Net Offer, less allocation to QIB Bidders and Non-Institutional Bidders
Basis of Allocation if the category is oversubscribed	Proportionate	Price priority as follows: (a) 10,200,000 Equity Shares shall be allocated on a price priority basis to Mutual Funds only; and (b) 193,800,000 Equity Shares shall be allocated on a price priority basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Bid Price	Floor Price	Any price above the Floor Price	Floor Price	Floor Price
Minimum Bid	[●] Equity Shares	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds Rs. 100,000	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds Rs. 100,000	[●] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed Rs. 100,000.	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Net Offer, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Net Offer, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so 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	Compulsorily in dematerialised form
Bid Lot	[●] Equity Shares and	[●] Equity Shares and	[●] Equity Shares	[●] Equity Shares and

	Employee Reservation Portion	QIB Bidders	Non-Institutional Bidders	Retail Individual Bidders
	in multiples of [●] Equity Shares thereafter	in multiples of [●] Equity Shares thereafter	and in multiples of [●] Equity Shares thereafter	in multiples of [●] Equity Shares thereafter
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply ***	Eligible Employees	Public financial institutions specified in Section 4A of the Companies Act, FIIs (and their sub- accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual), scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, FVCIs registered with SEBI (subject to receipt of appropriate approvals by the FVCI from the appropriate regulatory authority), venture capital funds registered with the SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with a minimum corpus of Rs. 250 million, pension funds with a minimum corpus of Rs. 250 million, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of GoI published in the Gazette of India and insurance funds set up and managed by the Army, Navy or	Resident Indian individuals, HUFs (in the name of Karta), companies, corporate bodies, Eligible NRIs, scientific institutions societies and trusts, and any FII sub-account registered with SEBI, which is a foreign corporate or foreign individual	Resident Indian Individuals, HUFs (in the name of the Karta) and Eligible NRIs applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value

Employee Reservation Portion		QIB Bidders	Non-Institutional Bidders	Retail Individual Bidders
		Air Force of the Union of India		
Terms of Payment	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member [#]	QIB Margin Amount shall be payable at the time of submission of bid cum Application Form to the BRLMs	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member [#]	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member [#]
Margin Amount	100% of Bid Amount	At least 10% of Bid Amount. QIBs are required to pay the QIB Margin Amount for each of the options provided in the Bid cum Application Form	100% of Bid Amount	100% of Bid Amount

* Up to 50% of the Net Offer shall be allocated to QIBs on a price priority basis subject to valid Bids received at a price above the Floor Price. 5% of the QIB Portion shall be available for allocation on a price priority basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a price priority basis to QIBs (including Mutual Funds), subject to valid Bids being received from them above the Floor Price. However, if the aggregate demand from Mutual Funds is less than 10,200,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the QIB Portion and allocated to the QIBs on price priority basis. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders subject to valid Bids received at the Floor Price. Additionally, not less than 35% of the Net Offer will be available for allocation to Retail Individual Bidders subject to valid Bids being received at the Floor Price. Further, 4,273,220 Equity Shares shall be available for allocation on a proportionate basis to our Eligible Employees, subject to valid Bids being received at the Floor Price. Under-subscription in any category would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Selling Shareholder, in consultation with the BRLMs. For further details, see "Offer Procedure" on page 306.

** Any unsubscribed portion in any reserved category shall be added to the Net Offer to the public. In case of under-subscription in the Net Offer to the public category, spill-over to the extent of under-subscription shall be permitted from the reserved category to the Net Offer to the public.

*** In case the Bid cum Application Form is submitted in joint names, the Bidders 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.

In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.

Interest in Case of Delay in Despatch of Allotment Letters/Refund Orders

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Regulations, our Company undertakes that:

- Allocation shall be made only in dematerialised form within 15 days from the Bid/Offer Closing Date;
- Despatch of refund orders, except for Bidders who can receive refunds through Direct Credit, National Electronic Fund Transfer ("NEFT"), Real Time Gross Settlement ("RTGS") or Electronic Clearing Service ("ECS"), shall be done within 15 days from the Bid/Offer Closing Date; and

The Selling Shareholder shall pay interest at 15% per annum if allotment letters/refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or ECS, the refund instructions have not been issued to the clearing system in the disclosed manner within 15 days from the Bid/Offer Closing Date.

Our Company and the Selling Shareholder will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Offer.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and shall be payable at par at places where Bids are received, except where refund or portion

thereof is made through electronic transfer of funds or in case of Bids made through ASBA. Bank charges, if any, for encashing cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

In case of ASBA Bidders, the relevant SCSB will unblock funds in the ASBA Account to the extent of the refund to be made based on instructions received from the Registrar to the Offer.

Bid/Offer Period

BID/OFFER OPENS ON	February 3, 2010
BID/OFFER CLOSES ON	February 5, 2010

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/Offer Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form, or in case of Bids submitted through ASBA, the designated branches of the SCSBs, except that on the Bid/Offer Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders; and (ii) until 5.00 p.m. in case of Bids by Retail Individual Bidders and Eligible Employees, where the Bid Amount is up to Rs. 100,000 which may be entered up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by the BRLMs to the Stock Exchanges within half an hour of such closure. Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, the Bidders are advised to submit their Bids at least one day prior to the Bid/Offer Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Offer Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in public offerings, the same may lead to some Bids not being uploaded due to lack of sufficient time to upload and such Bids that cannot be uploaded will not be considered for allocation in the Offer. If such Bids are not uploaded, the Company, the Selling Shareholder, BRLMs and the Syndicate Member shall not be responsible. Bids will be accepted only on Working Days.

QIB Bidders may note that only upward revision is permitted with respect to the quantity and/or price of the Equity Shares, in any option, for which a Bid has been submitted.

In case of any discrepancy in the data entered in the electronic book *vis-a-vis* data entered in the physical Bid form, or for a particular Bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of Allotment.

The Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right to revise the Bid/Offer Period, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at the terminals of the members of the Syndicate.

TERMS OF THE OFFER

The Equity Shares being offered are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of this Red Herring Prospectus and the Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note 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 Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and trading of securities issued from time to time by SEBI, the GoI, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable.

Authority for this Offer

See “*Other Regulatory and Statutory Disclosures*” on page 283.

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 our Company after the date of Allotment.

Mode of Payment of Dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act, the SEBI Regulations and the provision of the Listing Agreements.

Face Value

The face value of Equity Shares is Rs. 10 each. At any given point of time there shall be only one denomination for the Equity Shares.

The Floor Price and the minimum bid lot as decided by our Company and the Selling Shareholder in consultation with the BRLMs, including the relevant financial ratios computed for the Floor Price and that the investors may be guided in the meantime by the secondary market prices, shall be published at least one working day prior to the Bid/Offer Opening Date in English and Hindi national newspapers, where the pre-Offer advertisement was published.

Rights of the Equity Shareholder

Subject to applicable laws, 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 poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of Equity Shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreements with the Stock Exchanges and our 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, transfer and transmission and/or consolidation/splitting, see “*Main Provisions of Articles of Association of the Company*” on page 354.

Market Lot and Trading Lot

In terms of existing SEBI Regulations, the trading in the Equity Shares shall only be in dematerialised form for all investors. Since trading of our Equity Shares is in dematerialised mode, the tradable lot is one Equity Share. In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. Allotment through this Offer will be done only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship, subject to provisions contained in the Articles.

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. Fresh nomination can be made only on the prescribed form available on request at the registered office of our Company or at the registrar and transfer agent of our 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 to:

- a. register himself or herself as the holder of the Equity Shares; or
- b. 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 Offer will be made only in dematerialised mode, there is no need to make a separate nomination with us. Nominations registered with the respective DP of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective DP.

Application by Eligible NRIs, FIIs registered with the SEBI and FVCIs registered with the SEBI

It is to be distinctly understood that there is no reservation for NRIs and FIIs registered with the SEBI or FVCIs registered with the SEBI.

As per RBI regulations, Overseas Corporate Bodies (“OCBs”), cannot participate in the Offer.

Bid/Offer Period

Bidders may submit their Bids only in the Bid/Offer Period. The Bid/Offer Opening Date is February 3, 2010 and the Bid/Offer Closing Date is February 5, 2010.

Minimum Subscription

The requirement for minimum subscription is not applicable to the Offer for Sale.

Further, in accordance with regulation 26(4) of the SEBI Regulations, we shall ensure that the number of allottees, i.e. persons to whom the Equity Shares will be allotted under the Offer shall be not less than 1,000.

Arrangement for Disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on Transfer of Shares

Except for the lock-in of the Promoter’s Equity Shares as detailed in “*Capital Structure*”, there are no restrictions on transfers and transmission of shares/debentures and on their consolidation/splitting except as provided in our Articles. For details, see “*Capital Structure*” and “*Main Provisions of the Articles of Association*” on pages 27 and 354, respectively.

Option to Receive Equity Shares in Dematerialised Form

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialized 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.

Withdrawal of the Offer

The Selling Shareholder, in consultation with the BRLMs, reserves the right not to proceed with the Offer anytime after the Bid/Offer Opening Date but before the Allotment. In such an event, a public notice would be issued in the newspapers, in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date, providing reasons for not proceeding with the Offer. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day from the day of receipt of such notification.

In the event the Selling Shareholder in consultation with the BRLMs withdraws the Offer after the Bid/Offer Closing Date, a fresh offer document will be filed with the RoC/SEBI in the event we subsequently decide to proceed with the further public offering.

Withdrawal by QIBs

QIBs bidding in the QIB Portion cannot withdraw their Bid(s) after the Bid/Offer Closing Date. In addition, QIBs bidding in the QIB Portion are required to pay the QIB Margin Amount for each of the options provided in the Bid cum Application Form and allocation to QIBs will be on a price priority basis. Each option in a Bid cum Application Form for the QIB Bidder would be considered for allocation on price priority basis.

OFFER PROCEDURE

Book Building Procedure

The Offer is being made through the Alternate Method of Book Building pursuant to Part D of Schedule XI of the SEBI Regulations under which QIBs shall submit their Bids at any price above the Floor Price and Bidders other than QIBs i.e. Non-Institutional Bidders, Retail Individual Bidders and Bidders under the Employee Reservation Portion will apply at the Floor Price. The Floor Price will be advertised in two national newspapers (one in English and one in Hindi, which is also the regional newspaper) at least one working day prior to the Bid/Offer Opening Date. Up to 50% of the Net Offer shall be Allocated to QIBs. 5% of the QIB Portion shall be available for allocation to Mutual Funds on a price priority basis. The remainder of the QIB Portion shall be available for allocation on a price priority basis to QIBs (including Mutual Funds), subject to valid bids being received from them above the Floor Price. Further, not less than 15% of the Net Offer will be available for allocation to Non-Institutional Bidders on a proportionate basis subject to valid Bids being received at the Floor Price. Further, not less than 35% of the Net Offer will be allocated to Retail Individual Bidders on a proportionate basis subject to valid Bid cum Application Forms being received at Floor Price. Approximately 1.04% of the Offer, or 4,273,220 Equity Shares, shall be reserved for allocation on a proportionate basis to the Eligible Employees, subject to valid Bids being received at the Floor Price. Any unsubscribed portion in any reserved category shall be added to the Net Offer to the public. In case of under-subscription in the Net Offer to the public category, spill-over to the extent of under-subscription shall be permitted from the reserved category to the Net Offer to the public.

Bidders are required to submit their Bids through the Syndicate. In case of QIB Bidders, our Company and the Selling Shareholder in consultation with the BRLMs may reject Bids at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Bidders applying under the Employee Reservation Portion, our Company and the Selling Shareholder would have a right to reject the Bids only on technical grounds.

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' Depository Account shall be treated as incomplete and rejected. 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.

The information below is given for the benefit of the Bidders. Information for the benefit of ASBA Bidders is provided further below under ***“Offer Procedure - Offer Procedure for ASBA Bidders”*** on page 340. Our Company, the Selling Shareholder and the Book Running Lead Managers are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations which may occur after the date of this Red Herring Prospectus.

Bid cum Application Form

Bidders, except ASBA 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 Red Herring Prospectus. QIB Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such multiple options would be independently considered for allocation on price priority basis. Retail Individual Bidders and Non-Institutional Bidders shall apply only at the Floor Price using the same Bid Cum Application Form. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, 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 and the Selling Shareholder to make the necessary changes in this Red Herring Prospectus and the Bid cum

Application Form as would be required for filing the Prospectus with the RoC and as would be required by 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 Indian, NRIs applying on a non repatriation basis	White
Non-Residents, Eligible NRIs, FVCIs (subject to receipt of appropriate approvals by the FVCI from the appropriate regulatory authority), FIIs on a repatriation basis	Blue
Eligible Employees in the Employee Reservation Portion	Pink
ASBA Bidders (through physical form)	White

ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form to the SCSB authorizing the blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid cum Application Form for ASBA Bidders to the SCSB, the ASBA Bidder is deemed to have authorised our Company and the Selling Shareholder to make the necessary changes in this Red Herring Prospectus and the ASBA 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 ASBA Bidder.

Who can Bid?

- Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians in single or joint names (not more than three);
- 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;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
- Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws. NRI’s other than Eligible NRIs are not eligible to participate in this Offer;
- Mutual Funds registered with SEBI;
- Indian Financial Institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI regulations and other regulations, as applicable);
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI, subject to receipt of appropriate approvals from appropriate regulatory authority;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under

any other law relating to Trusts/societies and who are authorised under their constitution to hold and invest in equity shares;

- FIIs and sub-accounts registered with SEBI other than a sub-account which is a foreign corporate or a foreign individual;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, only under the Non Institutional Bidders Category.
- Scientific and/or Industrial Research Organisations authorised to invest in equity shares;
- Insurance companies registered with the Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
- Insurance funds set up and managed by the Army, Navy or Air Force of the Union of India;
- Multilateral and Bilateral Development Financial Institutions; and
- Eligible Employees.

Note: As per existing regulations, OCBs cannot participate in the Offer.

Participation by associates of the BRLMs and the Syndicate Member

The BRLMs and the Syndicate Member shall not be entitled to subscribe to this Offer in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and the Syndicate Member are entitled to subscribe for Equity Shares in the Offer, including in the QIB Portion and Non-Institutional Portion as maybe applicable to such associates, provided such associates are regulated by an appropriate regulatory authority such as SEBI, RBI, Insurance Regulatory and Development Authority, etc, as applicable.

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.

Bids by Mutual Funds

Under the SEBI Regulations, 5% of the QIB Portion, i.e. 10,200,000 Equity Shares have been specifically reserved for Mutual Funds. An eligible Bid by a Mutual Fund in the Mutual Fund Portion shall first be considered for allocation on price priority basis. In the event that the demand in the Mutual Fund Portion is greater than 10,200,000 Equity Shares, the remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation on price priority basis, after excluding the allocation in the Mutual Fund Portion. However, if the aggregate demand from Mutual Funds is less than 10,200,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the QIB Portion and allocated to the QIBs on price priority basis.

As per 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 in 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 share capital carrying voting rights.

The Bids made by asset management companies or custodians of Mutual Funds shall clearly indicate the name of the concerned scheme for which application is being made.

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

Bids by Insurance Companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor. Bids by insurance companies registered with the IRDA, if bidding in the QIB Portion may be rejected at the time of acceptance of Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing.

Bids by Provident Funds

In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) 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, our Company and the Selling Shareholder reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

Bids by Eligible NRIs

Eligible NRIs are required to comply with the following:

1. Bid cum Application Forms (blue in colour) have been made available for Eligible NRIs at our Registered and Corporate Office and members of the Syndicate.
2. Eligible NRI may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (white in colour). Bid cum Application Forms by Eligible NRIs accompanied by payments through NRO accounts are liable to be rejected.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The offer of Equity Shares to a single FII, together with their existing holdings, should not exceed 10% of our post-Offer issued capital (i.e. 10% of 8,245,464,400 Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such

sub-account is a foreign corporate or an individual. In accordance with the foreign investment limits applicable to us, the total foreign investment including FII investment cannot exceed 24% of our total issued capital unless approved by our Shareholders.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations 1995, as amended, by the SEBI (Foreign Institutional Investors)(Amendment) Regulations, 2008 (“**SEBI FII Regulations**”), an FII, as defined in the SEBI FII Regulations, or its sub account may issue, deal or hold, off shore derivative instruments (defined under the SEBI FII Regulations, as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. The FII or sub-account is also required to ensure that no further issue or transfer of any Offshore Derivative Instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the BRLMs and the Syndicate Member that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Offer.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors, respectively, registered with SEBI. Accordingly, the holding in any company by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the corpus of the venture capital fund/foreign venture capital investor. However, venture capital funds or foreign venture capital investors may invest not more than 33.33% of their respective investible funds in various prescribed instruments, including in IPOs. Further, FVCIs investing in this Offer should confirm that no approvals from the appropriate regulatory authorities are required to be obtained by the concerned FVCI.

Bids by Eligible Employees

For the purpose of the Employee Reservation Portion, Eligible Employee means all or any of the following:

- (a) a permanent and full-time employee of our Company as of the date of this Red Herring Prospectus and based and working in India as on the date of submission of the Bid cum Application Form; and
- (b) a Director, whether whole-time or part-time, as of the date of this Red Herring Prospectus and based in India as on the date of submission of the Bid cum Application Form.

For the purpose of this definition, an employee who is recruited against regular vacancy but is on probation as on the date of submission of the Bid cum Application Form will also be deemed as a permanent employee.

Bids under Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid cum Application Form or Revision Form (i.e. pink colour form).
- Only Eligible Employees (as defined above) would be eligible to apply in this Offer under the

Employee Reservation Portion.

- Eligible Employees, as defined above, should mention the Employee Number at the relevant place in the Bid cum Application Form.
- The sole/ first Bidder shall be the Eligible Employee as defined above.
- Bids by Eligible Employees will have to Bid like any other Bidder. Only those Bids, which are received at the Floor Price, would be considered for allocation under this category.
- The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter.
- The maximum Bid under Employee Reservation Portion by an Eligible Employee cannot exceed Rs. 100,000.
- Bids by Eligible Employees can also be made in the “Net Offer” portion and such Bids shall not be treated as multiple Bids.
- If the aggregate demand in this category is less than or equal to 4,273,220 Equity Shares at the Floor Price, full allocation shall be made to the Eligible Employees to the extent of their demand. Any unsubscribed portion in any reserved category shall be added to the Net Offer to the public. In case of under-subscription in the Net Offer to the public category, spill-over to the extent of under-subscription shall be permitted from the reserved category to the Net Offer to the public.
- If the aggregate demand in this category is greater than 4,273,220 Equity Shares at the Floor Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, see “*Offer Procedure - Basis of Allotment*” on page 333.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable investment limits under laws or regulations or maximum number of Equity Shares that can be held by them under applicable laws.

Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. As Retail Individual Bidders will submit Bids at the Floor Price, they have only been provided one option in the Bid cum Application Form. In case of any revision of Bids in terms of the number of shares, the Bid Amount should not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid, the Bid would be considered for allocation under the Non-Institutional Portion. Retail Individual Bidders shall apply at the Floor Price indicating their agreement to purchase at the Floor Price.
- (b) **For Non-Institutional Bidders and QIBs:** 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 [●] Equity Shares thereafter. A Bid cannot be submitted for more than the size of this Offer. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them under applicable laws.

Under existing SEBI Regulations, a QIB Bidder bidding in the QIB Portion cannot withdraw its Bid after the Bid/Offer Closing Date and is required to pay the QIB Margin Amount upon submission of Bid. QIBs bidding in the QIB Portion are required to pay the QIB Margin Amount for each of the options in the Bid cum Application Form.

In case of revision in Bids, the Non-Institutional Bidders, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. QIBs are not allowed to Bid at 'Floor Price' and are required to Bid at any price above the 'Floor Price'. **QIB Bidders may note that only upward revision is permitted with respect to the quantity and/or price of the Equity Shares, in any option, for which a Bid has been submitted.**

QIB Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and while such options shall not be considered as multiple Bids, such multiple options would be independently considered for allocation on price priority basis. However, as Non-Institutional Bidders will submit Bids at the Floor Price, they have only been provide one option in the Bid cum Application Form.

- (c) **For Bidders in the Employee Reservation Portion:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. Bidders in Employee Reservation Portion shall apply at Floor Price and the Bid amount shall not exceed Rs. 100,000. The Allocation in the Employee Reservation Portion will be on a proportionate basis in case of oversubscription in this category. However, as Eligible Employees will submit Bids at the Floor Price, they have only been provide one option in the Bid cum Application Form.

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 Red Herring Prospectus.

Information for the Bidders:

- (a) This Red Herring Prospectus will be filed by the Company with the RoC at least three days before the Bid/Offer Opening Date.
- (b) The members of the Syndicate will circulate copies of the Bid cum Application Form to potential investors, and at the request of potential investors, copies of this Red Herring Prospectus.
- (c) Our Company and the BRLMs shall declare the Bid/Offer Opening Date and Bid/Offer Closing Date at the time of filing of this Red Herring Prospectus with the RoC and the same shall also be published in two national newspapers (one in English and one in Hindi, which is also the regional newspaper).
- (d) The Members of the Syndicate shall accept Bids from the Bidder during the Bid/Offer Period in accordance with the terms of the Syndicate Agreement.
- (e) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain this Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate.
- (f) Eligible investors who are interested in subscribing for the Equity Shares should approach the BRLMs or the Syndicate Member or their authorised agent(s) to register their Bids.
- (g) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

Method and Process of Bidding

- (a) Our Company, the Selling Shareholder and the BRLMs shall declare the Bid/Offer Opening Date, Bid/Offer Closing Date at the time of filing this Red Herring Prospectus with RoC and also publish the same in two national newspapers (one each in English and Hindi newspaper, also the regional newspaper). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XIII of the SEBI Regulations.
- (b) Bidders shall be eligible to submit Bids on all days during the Bid/Offer Period. The Members of the Syndicate shall accept Bids from all the Bidders and shall have the right to vet the Bids during the Bid/Offer Period in accordance with the terms of the Syndicate Agreement and Red Herring Prospectus.

The Company and the Selling Shareholder reserve the right to revise the Bid /Offer Period and such revision shall be published in an English national newspaper and a Hindi national newspaper, both with wide circulation.

- (c) In relation to QIB Bidders including Mutual Funds, after determination of the respective Clearing Prices, the maximum number of Equity Shares Bid for by QIB Bidders at or above the respective Clearing Prices will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid. For avoidance of doubt, in relation to QIB Bidders, each option specified by the QIB Bidder in the Bid cum Application Form shall be treated independent of each other for allocation on price priority basis. Non-Institutional Bidders, Retail Individual Bidders and Bidders applying for Equity Shares under the Employee Reservation Portion shall only be eligible to Bid at the Floor Price and any Bid below the Floor Price for these categories will become automatically invalid.
- (d) The Bidder cannot Bid on another Bid cum Application Form after Bids 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 Bids 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 allocation or Allotment of Equity Shares in this Offer. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the “*Build up of the Book and Revision of Bids*” on page 316. **QIB Bidders may note that only upward revision is permissible to the quantity and/or price of the Equity Shares, in any option, for which a Bid has been submitted.**
- (e) The Members of the Syndicate will enter each Bid option, received from the Bidders mentioned in the Bid cum Application Form, into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (“**TRS**”), for each price and demand option and give the same to the Bidder. Therefore, a QIB Bidder can receive up to three TRSs for each Bid cum Application Form.
- (f) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled “*Terms of Payment and Payment into the Escrow Account(s)*” on page 314.

Bids at Different Price Levels

- (a) Non-Institutional Bidders, Retail Individual Bidders and Bidders applying under the Employee Reservation Portion shall Bid at the Floor Price. QIB Bidders can Bid at any price above the Floor Price, in multiples of Re. 1.00 (One). The Floor Price and the minimum Bid Lot Size for the Offer shall be decided by the Company and the Selling Shareholder, in

consultation with the BRLMs, and advertised in two national newspapers (one in English and one in Hindi, which is also the regional newspaper) at least one working day prior to the Bid/Offer Opening Date.

- (b) Our Company and the Selling Shareholder in consultation with the BRLMs can finalise the Clearing Price for the QIB Portion and the Mutual Funds Portion without the prior approval of or intimation to the Bidders.
- (c) Bidding at Floor Price is prohibited for QIBs and such Bids from QIBs Bidders shall be treated as invalid Bids and rejected. Further, QIB Bidders may note that only upward revision is permitted with respect to the quantity and/or price of the Equity Shares, in any option, for which a Bid has been submitted.
- (d) The Bidders shall deposit their respective Margin Amount in the Escrow Account(s). For QIB Bidders, the QIB Margin Amount would be payable at each option specified in the Bid cum Application Form and cumulated Margin Amount could be paid through a single cheque/demand draft.
- (e) The minimum application size shall remain [●] 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.

Terms of Payment and Payment into the Escrow Account(s)

Each Bidder shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form by drawing a cheque or demand draft for the maximum amount of the Bid in favour of the Escrow Account(s) of the Escrow Collection Bank(s) (for details see the “**Offer Procedure-Payment Instructions**” on page 326, and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash/stock invest/money order shall not be accepted. Each QIB shall provide its Margin Amount only to the Syndicate. The Margin Amount based on the Bid Amount has to be paid at the time of the submission of the Bid cum Application form. For QIB bidders, the QIB Margin Amount would be payable at each option specified in the Bid cum Application Form and cumulated Margin Amount could be paid through a single cheque/demand draft. Each such option specified by the QIB Bidder would be treated independent of each other for the purpose of allocation on a price priority basis.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold such monies until the Designated Date. On or after, the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Offer from the Escrow Account(s), as per the terms of the Escrow Agreement, into the Public Offer Account with the Banker(s) to the Offer. The balance amount after transfer to the Public Offer Account shall be held for the benefit of the Bidders who are entitled to refunds. No later than 15 days from the Bid/Offer Closing Date, the Escrow Collection Bank(s) shall dispatch all refund 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, Retail Individual Bidders and Bidders under Eligible Employees category would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned under the “**Offer Structure**” on page 299. 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 transferred at the Floor Price/Clearing Prices 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(s) within the time stipulated above, the Bid of the Bidder is liable to be cancelled. 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. **Except as set forth under “Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders” on page 338, the Bidder will not receive interest on the Margin Amount. However, the Selling Shareholder and the Escrow Collection Banks may, at their discretion share interest monies.**

Where the Bidder has been allocated lesser number of Equity Shares than he or she had Bid for, the excess amount paid on bidding, if any, after adjustment for allocation/ transfer, will be refunded to such Bidder within 15 days from the Bid/Offer Closing Date, failing which the Selling Shareholder shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

- (a) The Members of the Syndicate will register the Bids received, using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity in each city, where the Stock Exchanges are located in India and where such Bids/Applications are being accepted.
- (b) The Stock Exchanges will offer a screen-based facility for registering such Bids for the Offer. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bid/Offer Period. The Syndicate Member can also set up facilities for off-line electronic registration of Bids subject to the condition that it will subsequently upload the off-line data file into the on-line facilities for book building at regular intervals.
- (c) On the Bid/Offer Closing Date, the Members of the Syndicate shall upload the Bid until such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs on a regular basis. Bidders are cautioned that a high inflow of bids typically experienced on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that could not be uploaded will not be considered for allocation. Bids will only be accepted on Working Days.
- (d) The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres and the website of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available at the bidding centers and at the websites of each of the Stock Exchanges during the Bid/Offer Period.
- (e) 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. Bidders 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, Bidders 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, Eligible NRI, FII, or Mutual Fund, QIBs, Eligible Employee, etc.
 - Numbers of Equity Shares Bid for.
 - Bid Amount.
 - Bid cum Application Form number.

- Whether Margin Amount has been paid upon submission of Bid cum Application Form.
 - Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.
- (f) 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/ Allotted either by the members of the Syndicate or our Company.
- (g) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (h) In the 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 and Eligible Employees applying in the Employee Reservation Portion, Bids would not be rejected except on the technical grounds listed in the “*Offer Procedure-Grounds for Technical Rejections*” on page 330.
- (i) The permission given by the Stock Exchanges 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, the Selling Shareholder and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the Selling Shareholder, our Promoters, our management or any scheme or project of our Company.
- (j) It is also to be distinctly understood that the approval given by the Stock Exchanges should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and the NSE.
- (k) Only Bids that are uploaded on the online IPO system of the NSE and the BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLMs based on the physical records of Bid Application Forms shall be final and binding on all concerned.

Build Up of the Book and Revision of Bids

- (a) Bids uploaded on the online IPO system of the NSE and the BSE by the Members of the Syndicate and SCSBs.
- (b) During the Bid/Offer Period, any Bidder who has registered his or her interest in the Equity Shares is free to revise his or her Bid using the printed Revision Form, which is a part of the Bid cum Application Form. However, **QIB Bidders may note that only upward revision is permitted with respect to the quantity and/or price of the Equity Shares, in any option, for which a Bid has been submitted.**
- (c) Revisions can be made either in the desired number of Equity Shares or, in the case of QIBs, the Bid price or both, by using the Revision Form. With respect to QIB Bidders, apart from

mentioning the revised options in the revision form, the QIB 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 QIB 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 revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

- (d) The Bidder can make this revision any number of times during the Bid/Offer 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.
- (e) 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. It may be noted that in case of QIB Bidders, the QIB Margin Amount is payable at each option at which the QIB has submitted a bid and each of these multiple options would be independently considered for allocation on a price priority basis.
- (f) 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.**

Price Discovery and Allocation

- (a) After the Bid/Offer Closing Date, the BRLMs will analyse the demand generated at various price levels for the QIB Portion (including the Mutual Funds Portion). Our Company and the Selling Shareholder, in consultation with the BRLMs, shall finalise the Clearing Prices for the QIB Portion and the Mutual Funds Portion.
- (b) Up to 50% of the Net Offer shall be allocated to QIBs on a price priority basis subject to valid Bids received at a price above the Floor Price. 5% of the QIB Portion shall be available for allocation on a price priority basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a price priority basis to QIBs (including Mutual Funds), subject to valid Bids being received from them above the Floor Price. However, if the aggregate demand by Mutual Funds in the Mutual Fund Portion is less than 10,200,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the QIB Portion and be allocated to the QIB Bidders on price priority basis.
- (c) Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders subject to valid Bids received at the Floor Price. Additionally, not less than 35% of the Net Offer will be available for allocation to Retail Individual Bidders subject to valid Bids being received at the Floor Price. Further, 4,273,220 Equity Shares shall be available for allocation on a proportionate basis to our Eligible Employees, subject to valid Bids being received at the Floor Price. Any unsubscribed portion in any reserved category shall be added to the Net Offer to the public. In case of under-subscription in the Net Offer to the public category, spill-over to the extent of under-subscription shall be permitted from the reserved category to the Net Offer to the public. Under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company and the Selling Shareholder in consultation with the BRLMs and the Designated Stock Exchange.
- (d) Allocation to Eligible NRIs, FIIs, foreign venture capital funds registered with SEBI applying on repatriation basis will be subject to applicable law and the terms and conditions stipulated

by the FIPB and RBI, while granting permission for Allotment of Equity Shares to them in this Offer.

- (e) The BRLMs, in consultation with the Company and the Selling Shareholder shall notify the members of the Syndicate of the allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (f) The Selling Shareholder reserve the right to cancel the Offer any time after the Bid/Offer Opening Date, but before the Allotment, without assigning any reasons whatsoever. In terms of the SEBI Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Offer Closing Date.
- (g) Our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right to reject any Bid procured from QIB Bidders, by any or all members of the Syndicate. Rejection of Bids 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.
- (h) The Allotment details shall be hosted on the website of the Registrar to the Offer.

Illustration of Allotment to QIBs and Mutual Funds (“MF”)

A. Offer Details

Sr. No.	Particulars	Offer details
1.	Offer size	202 million equity shares
2.	Floor Price	Rs. 250 per share
3.	Employee Reservation	2 million equity shares
4.	Net Offer size	200 million equity shares
5.	Allocation to QIB (50%)	100 million equity shares
	Of which:	
	a. Allocation to MF (5%)	5 million equity shares
	b. Balance for all QIBs including MFs	95 million equity shares
6	No. of QIB applicants	6
7	No. of shares applied for	600 million equity shares

* For this illustration, we have not assumed any cap on any individual bidder

B. Details of QIB Bids

Sr. No.	Type of QIB bidders [#]	Options	Bid price	No. of shares bid for (in million)
1	A1	Option 1 (A1O1)	Rs 300	20
		Option 2 (A1O2)	Rs 270	30
		Option 3 (A1O3)	Rs 260	50
2	A2	Option 1 (A2O1)	Rs 280	10
		Option 2 (A2O2)	Rs 275	40
		Option 3 (A2O3)	Rs 270	50
3	A3	Option 1 (A3O1)	Rs 290	20
		Option 2 (A3O2)	Rs 260	40
		Option 3 (A3O3)	Rs 255	40
4	MF1	Option 1 (M1O1)	Rs 280	2
		Option 2 (M1O2)	Rs 275	46
		Option 3 (M1O3)	Rs 270	52
5	MF2	Option 1 (M2O1)	Rs 278	3

Sr. No.	Type of QIB bidders [#]	Options	Bid price	No. of shares bid for (in million)
		Option 2 (M2O2)	Rs 275	7
		Option 3 (M2O3)	Rs 255	90
6	MF3	Option 1 (M3O1)	Rs 270	25
		Option 2 (M3O2)	Rs 265	25
		Option 3 (M3O3)	Rs 260	50
Total				600

[#] A1-A3: (QIB bidders other than MFs), MF1-MF3 (QIB bidders which are MFs)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of equity shares in million)				
Type of QIB bidders and Options	Shares bid for	Allocation of 5 million Equity Shares to MF on price priority (please see note 2 below)	Allocation of balance 95 million Equity Shares to QIBs on price priority basis (please see note 4 below)	Price (Rs)
(I)	(II)	(III)	(IV)	(V)
M1O1	2.00	2.00	0.00	280
M2O1	3.00	3.00	0.00	278
A1O1	20.00	0.00	20.00	300
A3O1	20.00	0.00	20.00	290
A2O1	10.00	0.00	10.00	280
A2O2	40.00	0.00	*19.35	275
M1O2	46.00	0.00	*22.26	275
M2O2	7.00	0.00	*3.39	275
Total		5.00	95.00	

* Would be rounded off to the nearest integer

Please note:

- The illustration presumes compliance with the requirements specified in this Red Herring Prospectus.
- Out of 100 million Equity Shares allocated to QIBs, 5 million (i.e. 5%) will be allocated on price priority basis among 3 Mutual Fund Bidders who applied for 300 shares in QIB Portion at various price. In case the Mutual Funds Portion receives bids for quantity exceeding the quantity available for allocation, i.e. 5 million, the balance would be added to the QIB Portion and allocation would be on price priority basis.
- The balance 95 million Equity Shares (i.e. 100 - 5 (available for Mutual Funds)) will be allocated on price priority basis among 6 QIB applicants who applied for 600 million Equity Shares (including 3 Mutual Funds applicants who applied for 300 million Equity Shares).
- The figures in the fourth column titled “Allocation of balance 95 million Equity Shares to QIBs on price priority basis” in the above illustration are arrived as under:
 - The highest bid was made at Rs. 300 per share for 20 million shares by A1 under option 1 and first allocation of 20 million shares was made to A1
 - Similarly, allocation to QIBs were made in descending order of the price bid by them under each option. Each option of a QIB was treated as a separate bid for allocation on price priority basis.

- At Clearing Price (Rs. 275 per share) the allocation was made proportionately to all the QIBs who bid at that price.

D. Margin Money Requirement for QIB Bidders

The margin money requirement for QIB bidders at the time of application should be arrived at as follows:

S. No.	QIB bidders	Options	Bid price	No. of shares bid for (in million)	Margin Money Requirement (10% of the bid amount)
1	A1	Option 1 (A1O1)	Rs 300	20	Rs 600 million
		Option 2 (A1O2)	Rs 270	30	Rs 810 million
		Option 3 (A1O3)	Rs 260	50	Rs 1,300 million
Total Margin Money Requirement for QIB bidder A1					Rs 2,710 million

Signing of Underwriting Agreement and RoC Filing

- Our Company, the Selling Shareholder, the BRLMs and the Syndicate Member shall enter into an Underwriting Agreement on finalisation of the respective Clearing Prices.
- After signing the Underwriting Agreement, the updated Red Herring Prospectus will be filed by the Company with the RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Offer size, underwriting arrangements and would be complete in all material respects.
- We will file a copy of the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

Announcement of Pre-Offer Advertisement

Subject to Section 66 of the Companies Act, our Company shall publish an advertisement, in the form prescribed by the SEBI Regulations in two national newspapers (in English and Hindi, which is also the regional newspaper).

Advertisement Regarding Offer Size and Prospectus

Our Company will issue a statutory advertisement in two national newspapers (English newspaper and Hindi newspaper, which is also the regional newspaper) after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Offer size. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note ("CAN")

- Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs, or Registrar to the Offer shall send to the members of the Syndicate a list of their Bidders who have been allocated/ Allotted Equity Shares in the Offer. The approval of the basis of Allotment by the Designated Stock Exchange for QIB may be done simultaneously with or prior to the approval of the basis of Allotment for the Non-Institutional Bidders, Retail Individual Bidders and Bids from Eligible Employees bidding in the Employee Reservation Portion. However, investors should note that our Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Offer shall be done on the same date.

- (b) The BRLMs or the Syndicate Member would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Offer. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Bid Amount, as may be applicable, for all the Equity Shares allocated to such Bidder. QIB Bidders who have not paid the entire Bid Amount into the Escrow Account(s) at the time of bidding shall pay in full the amount payable into the Escrow Account(s) by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account(s) at the time of bidding shall directly receive the CAN from the Registrar to the Offer subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account(s). The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.
- (d) The Issuance of CAN is subject to “**Notice to QIBs: Allotment/Transfer Reconciliation and Revised CAN**” as set forth below.

Notice to QIBs: Allotment/Transfer Reconciliation and Revised CAN

After the Bid/Offer Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE systems. This shall be followed by a physical book prepared by the Registrar on the basis of the Bid cum Application Form received. Based on the electronic book or the Physical book as the case may be, QIBs may be sent a provisional CAN, indicating the number of Equity Shares that may be allocated to them on a price priority basis. This provisional CAN and the final allocation and is subject to (a) the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar, (b) physical application being valid in all respects along with stipulated documents being received by the Registrar to the Offer, and (c) Allotment of the Equity Shares. Subject to SEBI Regulations, 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. 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. 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 allocation of Equity Shares. The CAN shall constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Bid Amount for all the Equity Shares allocated to such QIB. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

- (a) Our Company and the Selling Shareholder will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Offer Closing Date. After the funds are transferred from the Escrow Account(s) to the Public Offer Account on or after the Designated Date, our Company and the Selling Shareholder will ensure the credit to the successful Bidders depository account within two Working Days of the date of Allotment.
- (b) In accordance with the SEBI Regulations, Equity Shares will be issued, transferred and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Offer.

General Instructions

Do's:

- (a) Check if you are eligible to apply as per this Red Herring Prospectus and under applicable laws, rules and regulations;
- (b) 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), the Employee Bid cum application Form (pink in colour);
- (c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- (d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- (e) Ensure that you have been given a TRS for all your Bid options;
- (f) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- (g) Except for Bids on behalf of the Central or State Government and the officials appointed by the courts and Bidders residing in the State of Sikkim, each of the Bidders should mention their Permanent Account Number (PAN) allotted under the I.T. Act;
- (h) Ensure that the Demographic Details (as defined below) are updated, true and correct in all respects with your Depository Participants; and
- (i) 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.

Dont's:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid for less than the Floor Price or, if you are a QIB, less than or at the Floor 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, by money order or by postal order or by stockinvest;
- (e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- (f) Do not fill up the Bid cum Application Form such that the Equity Shares Bid exceeds the Offer 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;
- (g) Do not submit the Bid without the applicable Margin Amount;

- (h) Do not Bid for amount exceeding Rs. 100,000 in case of a Bid by Retail Individual Bidders and Eligible Employees; and
- (i) **Do not submit the GIR number instead 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 or the Registered Office of the Company.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white for Resident Indians and Eligible NRIs applying on a non-repatriation basis, blue colour for NRIs, FVCIs (subject to receipt of appropriate approvals by the FVCI from the appropriate regulatory authority) and FIIs applying on a repatriation basis, pink colour for Bidders under Employee Reservation Portion.
- (b) 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.
- (c) For Retail Individual Bidders (including Eligible NRIs) and Eligible Employees, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of Rs. 100,000.
- (d) For Non-Institutional Bidders and QIB Bidders (including Eligible NRIs), Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Offer 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 or regulations. QIBs cannot withdraw their Bid after the Bid/Offer Closing Date.
- (e) **QIBs are allowed to Bid only above the Floor Price.** QIB Bidders may note that only upward revision is permitted with respect to the quantity and/or price of the Equity Shares, in any option, for which a Bid has been submitted.
- (f) Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- (g) 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.
- (h) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

- (i) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's 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 Offer 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 nor the Registrar to the Offer nor the Escrow Collection Banks nor our Company nor the Selling Shareholder 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.

Bidders Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED 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(S) GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME(S) 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 refund orders/CANs/Allocation Advice and printing of Bank particulars on the refund order or making refunds electronically and 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 Offer. Hence the Bidders are advised to update their Demographic Details as provided to the DP and ensure they are true and correct.

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 Offer, the required Demographic Details as available on its records.

Refund orders (where refunds are not being made electronically)/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that 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 our Company, the Selling Shareholder, Escrow Collection Bank(s) nor the BRLMs/Registrar 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 of refunds through electronic modes as detailed in this Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars obtained from the Depository Participant are incorrect.

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.

Our Company and the Selling Shareholder, in their 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, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder/Applicant). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds Registered with SEBI on a Repatriation Basis

Bids/Applications and revision to Bids/Applications 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. In a single name or joint names (not more than three) and in the same order as their Depository Participant details.
3. Eligible 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 for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation; by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of [●] thereafter that the Bid Amount exceeds Rs. 100,000.

For further details, please refer to the “*Offer Procedure - Maximum and Minimum Bid size*” on page 311.

In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

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 and/or the Selling Shareholder will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Our Company has received all relevant approvals for the Offer of Equity Shares to Eligible NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions and other Eligible NRIs. As per the RBI regulations, OCBs are not permitted to participate in the Offer.

There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

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 of Association and Articles of Association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made pursuant to a power of attorney by FIIs, FVCIs (subject to receipt of appropriate approvals by the FVCI from the appropriate regulatory authority) 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 lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made pursuant to a power of attorney by Mutual Funds, 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 lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of 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, our Company and the Selling Shareholder reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of a 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, our Company and the Selling Shareholder reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling Shareholder in their 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 our Company, the Selling Shareholder and the BRLMs may deem fit.

Payment Instructions

Escrow Mechanism

Our Company, the Selling Shareholder and the members of the Syndicate shall open Escrow Account(s) with the Escrow Collection Bank(s) for the collection of the Bid Amount payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation/Allotment in the Offer.

The Escrow Collection Banks will act in terms of this Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank(s), for and on behalf of the Bidders, shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On or after the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Offer from the Escrow Account, as per the terms of the Escrow Agreement, into the Public

Offer Account and Refund Account as per the terms of the Escrow Agreement. The balance amount after transfer to the Public Offer Account shall be held for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and this Red Herring Prospectus. **Except as set forth under “Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders” on page 338, the Bidder will not receive interest on the Margin Amount. However, the Selling Shareholder and the Escrow Collection Banks may, at their discretion share interest monies.**

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholder, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Offer to facilitate collections from the Bidders.

Payment into Escrow Account(s)

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

1. The Bidders for whom the applicable Margin Amount 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(s) and submit the same to the members of the Syndicate.
2. In case of QIBs bidding in the QIB Portion, where the margin is less than 100% of the Bid Amount, the balance amount shall be paid by the Bidders into the Escrow Account(s) within the period specified in the CAN. If the payment is not made in favour of the Escrow Account within the stipulated time, the Bid is liable to be rejected.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - In case of QIB Bidders: “Escrow Account– NTPC Further Public Offer – QIB – R”
 - In case of non-resident QIB Bidders: “Escrow Account– NTPC Further Public Offer – QIB– NR”
 - In case of Resident Bidders: “Escrow Account– NTPC Further Public Offer”
 - In case of Non Resident Bidders: “Escrow Account – NTPC Further Public Offer – NR”
 - In case of Eligible Employees- “Escrow Account – NTPC Further Public Offer – Employees”
4. In case of Bids by 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 Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (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 Non-Resident Ordinary (NRO) Account of 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 Account or FCNR Account maintained with banks authorised to deal in foreign exchange in India.
5. In case of Bids by FIIs, or FVCIs (subject to receipt of appropriate approvals by the FVCI from the appropriate regulatory authority) 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 Special Rupee Account.

6. Where a Bidder has been allocated/Allotted 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 within 15 days from the Bid/Offer Closing Date, failing which the Selling Shareholder shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.
7. On or after the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account(s) as per the terms of the Escrow Agreement into the Public Offer Account with the Bankers to the Offer.
8. On the Designated Date and no later than 15 days from the Bid/Offer 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 adjusting for allocation/Allotment to the Bidders.
9. 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.
10. Bidders are advised to mention the number of application form on the reverse of the cheque/ demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.
11. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.

Payment by Stockinvest

Payment through stockinvest would not be accepted in this Offer.

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.

No separate receipts shall 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/Applicant.

Other Instructions

Joint Bids in the Case of Individuals

Bids may be made in single or joint names (not more than three). In the 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 communications 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 cum Application Form (and not more than one). Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. 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. Applications by Eligible Employees can be made also in the “Net Offer” and such Bids shall not be treated as multiple Bids.

Our Company and the Selling Shareholder reserve the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories. In this regard, the procedures which would be followed by the Registrar to the Offer to detect multiple applications are given below:

1. All Bids with the same name and age as the case may be will be accumulated and taken to a separate process file, which would serve as a multiple master.
2. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
3. The Registrar will obtain, from the depositories, details of the Bidder’s address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
4. The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
5. The applications will be scrutinised for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father’s/ husband’s names. On completion of this, the applications will be identified as multiple applications.

Our Company and the Selling Shareholder reserve the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

In cases where there are more than 20 valid applicants having a common address, such Equity Shares will be kept in abeyance, post-Allotment and released on confirmation of KYC norms by the depositories.

Permanent Account Number or PAN

Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, each of the Bidders should mention his/her PAN. Applications without this information 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.**

Further, Bidders residing in the State of Sikkim are exempted from the mandatory requirement of PAN. The exemption is subject to the 'Depository Participants' verifying the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence in support of their address.

Unique Identification Number ("UIN")

The requirement of UIN has been discontinued and irrespective of the amount of transaction, PAN is the sole identification number for all participants in the securities market.

Right to Reject Bids

In case of QIB Bidders, our Company and the Selling Shareholder in consultation with the BRLMs may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Bids by Eligible Employees bidding in the Employee Reservation Portion, our Company and the Selling Shareholder have a right to reject Bids based on technical grounds. Consequent refunds shall be made through any of the modes described in this Red Herring Prospectus 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, among other things, on the following technical grounds:

1. Amount paid does not tally with the amount payable in relation to the Bid Amount;
2. Age of First Bidder not given;
3. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
4. Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
5. Pursuant to SEBI circular dated August 24, 2004 and all supplementary circulars issued thereto, including circulars dated July 20, 2006, September 26, 2006 and April 3, 2008, PAN not stated or GIR number stated instead (except for Bids on behalf of the Central or State Government and the officials appointed by the courts and Bidders residing in the State of Sikkim subject to the 'Depository Participants' verifying the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence in support of their address);
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than the Floor Price or in case of QIBs, at or below the Floor Price;
8. Bids for number of Equity Shares which are not in multiples of [●];

9. Category not ticked;
10. Multiple Bids as described in this Red Herring Prospectus;
11. In case of Bid under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
12. Bids accompanied by Stockinvest/money order/postal order/cash;
13. Signature of sole and/or joint Bidders missing;
14. Bid cum Application Forms does not have the stamp of the BRLMs or the Syndicate Member;
15. Bid cum Application Forms does not have Bidder's depository account details or the details given are incomplete;
16. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Offer Opening Date advertisement and as per the instructions in this Red Herring Prospectus;
17. 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's account number;
18. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
19. Bids by QIBs not submitted through the Syndicate;
20. Bids by OCBs;
21. Bids by persons in the Employee Reservation Portion not qualifying as Eligible Employees;
22. Bids by persons located in the United States other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act;
23. Bids where clear funds are not available in the Escrow Accounts as per the final certificate from the Escrow Collection Banks;
24. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
25. Bank account details for the refund not given;
26. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
27. Bids by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines and approvals;
28. Bids that do not comply with the securities laws of their respective jurisdictions;

29. Bids by any persons outside India if not in compliance with applicable foreign and Indian laws;
30. Bids by Directors and employees not in accordance with laws, regulations, guidelines, circulars or notifications applicable to them; and
31. Bids by FVCIs without obtaining necessary consents and approvals, if required in terms of any applicable law, rule, regulation or guideline.
32. Any Revision Form submitted by QIBs with a downward revision in the quantity and/or price of Equity Shares for which a Bid cum Application Form has been submitted shall be rejected and the original Bid shall continue to be valid.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Offer shall be only in a de-materialised 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 agreements have been signed among our Company, the respective Depositories and the Registrar to the Offer:

- a) Agreement dated July 16, 2004 with NSDL, our Company and the Registrar to the Offer;
- b) Agreement dated September 3, 2004 with Central Depository Services (India) Services Limited, our Company and the Registrar to the Offer.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- b) 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.
- c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- e) 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.
- f) 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.
- g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

- h) The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this Offer should be addressed to the Registrar to the Offer quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, credit of transferred shares in the respective beneficiary accounts, refunds, etc.

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.”

Basis of Allotment

A. *For Retail Individual Bidders*

- Bids received from the Retail Individual Bidders at the Floor Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Floor Price.
- The Net Offer size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders.
- If the aggregate demand in this category is less than or equal to 142,800,000 Equity Shares at the Floor Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than 142,800,000 Equity Shares at the Floor Price, the Allotment shall be made on a proportionate basis.

B. *For Non-Institutional Bidders*

- Bids received from Non-Institutional Bidders at the Floor Price shall be grouped together to determine the total demand under this category.
- The Net Offer size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders.

- If the aggregate demand in this category is less than or equal to 61,200,000 Equity Shares, 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 61,200,000 Equity Shares at the Floor Price, Allotment shall be made on a proportionate basis.

C. For Employee Reservation Portion

- Bids received from the Eligible Employees at the Floor Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Eligible Employees will be made at the Floor Price.
- If the aggregate demand in this category is less than or equal to 4,273,220 Equity Shares at the Floor Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 4,273,220 Equity Shares at the Floor Price, the allocation shall be made on a proportionate basis.
- Only Eligible Employees eligible to apply under Employee Reservation Portion.

D. For QIB Portion

- Bids received from the QIB Bidders bidding in the QIB Portion, above the Floor Price, shall be grouped together to determine the total demand under this portion.
- The QIB Portion shall be available for Allotment to QIB Bidders who have Bid in the Offer at a price that is above the Floor Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for 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 price priority basis for 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 Floor Price.
 - (iii) Equity Shares remaining unsubscribed, if any, 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 that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids at or above the Clearing Price shall be Allotted Equity Shares on a price priority 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 price priority 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 price priority basis.

- The aggregate allocation to QIB Bidders shall be up to 204,000,000 Equity Shares.

Basis of Allotment

In the event of the Offer being over-subscribed, our Company and the Selling Shareholder shall finalise 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 Registrar to the Offer shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on the following basis as explained below:

Price Priority Method for QIBs

- a) Bidders will be categorised according to the price at which the Bid for any quantity of Equity Shares has been submitted.
- b) The total number of Equity Shares to be Allotted to Bidders in the QIB Portion shall be arrived at on a price priority basis, i.e. Bidders who Bid at the highest price shall be Allotted the Equity Shares Bid for first, Bidders who Bid at the second highest price shall be Allotted the Equity Shares Bid next and the price priority method of Allotment shall continue until the relevant category is exhausted.
- c) Each of the options specified in the Bid cum Application Form by a QIB would be independently considered for the purpose of allocation on a price priority basis.
- d) If the price priority Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that number is 0.5 or higher. If that number is lower than 0.50, it would be rounded off to the lower whole number. All Bidders in such categories would be Allotted Equity Shares arrived at after such rounding off.

Proportionate Basis for Non-Institutional Bidders, Retail Bidders and Bidders applying under the Employee Reservation Portion

- a) Bidders will be categorised according to the number of Equity Shares at which the Bid has been submitted.
- 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 [●] Equity Shares per Bidder, the allotment shall be made as follows:

- Each successful Bidder shall be Allotted a minimum of [●] Equity Shares; and
 - 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.
- e) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that number is 0.5 or higher. If that number is lower than 0.50, it would be rounded off to the lower whole number. All Bidders in such categories would be Allotted Equity Shares arrived at after such rounding off.

Payment of Refund

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' address, 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 our Company, the Selling Shareholder, the Registrar, Escrow Collection Bank(s), Bankers to the Offer nor the BRLMs 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 refund would be done through ECS for applicants having an account at any of the centres specified by the RBI. 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 centres, except where the applicant, being eligible, opts to receive refund through Direct Credit, NEFT or RTGS.
2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), in this case being, HDFC Bank Limited, Kotak Mahindra Bank Limited and State Bank of India, 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 our Company.
3. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank branch is NEFT enabled and has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR) code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with MICR code. 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 and the past experience of the Registrars to the Offer. 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 this section.

4. RTGS – Applicants having a bank account at any of the abovementioned 15 centres and whose refund amount exceeds Rs. 1 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 our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the Bidder.
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 up to 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

Our 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 Basis 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/Offer Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 15 days of Bid/Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading of the Equity Shares on the Stock Exchanges are taken within seven Working Days of the Basis of Allotment of Equity Shares.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialized form within 15 (fifteen) days of the Bid/Offer Closing Date; and
- 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/Offer Closing Date would be ensured.

The Selling Shareholder shall pay interest at 15% per annum for any delay beyond the 15 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 day time prescribed above as per the SEBI Regulations.

Letters of Allotment or Refund Orders

Our Company shall give credit to the beneficiary account with depository participants within two Working Days of finalisation of the basis of Allotment of Equity Shares, and shall dispatch refund orders, if any, of value up to Rs. 1,500, by “Under Certificate of Posting”, and will 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/Offer Closing Date. Applicants residing at sixty eight centers where clearing houses are managed by the RBI, will get refunds through ECS subject to adequate details being available in the demographic details received from the depositories, except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertake that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Offer Closing Date; and
- Dispatch of refunds will be done within 15 days from the Bid/Offer Closing Date.

Our Company will provide adequate funds required for dispatch of refunds orders or Allotment advice to the Registrar to the Offer.

The Selling Shareholder will pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund instruction are not given and/or demat credits are not made to investors within the 15 day time prescribed above.

Refunds will be made through any of the modes described above and bank charges, if any, for encashing cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders

We agree that Allotment of securities offered to the public shall be made not later than 15 days from the Bid/Offer Closing Date. The Selling Shareholder agrees that it shall pay interest at 15% per annum if the Allotment letters/refund orders have not been dispatched to the applicants 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 within 15 days from the Bid/Offer Closing Date.

Any revision in the Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at the terminals of the Syndicate.

UTILISATION OF OFFER PROCEEDS

The Selling Shareholder along with the Company declares that all monies received out of this Offer shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act.

The Selling Shareholder shall not have recourse to the Offer proceeds until Allotment of the Equity Shares in the Offer.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

- that all steps will be taken for the completion of the necessary formalities for commencement of trading of the Equity Shares on the Stock Exchanges within seven Working Days of finalisation of the basis of Allotment;
- that the complaints received in respect of this Offer shall be attended to expeditiously. Our Company has authorised our Company Secretary as the Compliance Officer to redress all complaints, if any, of the investors participating in this Offer;
- that the funds required for making refunds or dispatch of Allotment advice by registered post or speed post shall be made available to the Registrar to the Offer;
- that the certificates of the securities/ refund orders to the eligible non-resident Indians or FIIs shall be despatched within specified time;
- that the refund instruction shall be given or Allotment advice to the successful Bidders shall be dispatched within specified time;
- that where the refunds are effected through the electronic transfer of funds, suitable communication shall be sent to the applicants within 15 days of closure of the Offer giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of the refund;
- that the certificates of the Equity Shares/refund orders to the non-resident Indians shall be dispatched within specified time; and
- that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the Basis of Allotment.

UNDERTAKINGS BY THE SELLING SHAREHOLDER

The Selling Shareholder undertakes the following:

- That the Offer for Sale of 412,273,220 Equity Shares of our Company of face value Rs. 10 each to be sold at a premium as may be determined through the Book Building Process in connection with the Offer.
- That the transfer of Equity Shares and refunds relating to the Offer shall be made within 15 days of the Bid/Offer Closing Date as far as possible, and that we shall pay interest of 15% per annum if allotment has not been made and refund orders have not been dispatched within the aforesaid period.
- If the Selling Shareholder does not proceed with the Offer after the Bid/Offer Opening, the reason thereof shall be given as a public notice within two days of the Bid/Offer Closing. The public notice shall be issued in the same newspapers where the pre-Offer advertisement had appeared. The stock exchanges where the Equity Shares are listed shall also be informed promptly.
- If the Selling Shareholder withdraws the Offer after the Bid/Offer Closing, the Company shall be required to file a fresh draft offer document with the Securities and Exchange Board of India.
- That there shall be no recourse to the proceeds of the Offer until Allotment of the Equity Shares in the Offer.

- That the 412,273,220 Equity Shares have been held for more than one year and is free from any kind of lien, encumbrance, etc.

OFFER PROCEDURE FOR ASBA BIDDERS

This section is for the information of investors proposing to subscribe to the Offer through the ASBA process. Our Company, the Selling Shareholder and the BRLMs are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Bid cum Application Form is correctly filled up, as described in this section.

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.pdf>. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer the above mentioned SEBI link.

ASBA Process

A Bidder (other than QIB) shall submit his Bid through an ASBA Bid cum Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Bidder or bank account utilised by the ASBA Bidder (“**ASBA Account**”) is maintained. The SCSB shall block an amount equal to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form, physical or electronic, on the basis of an authorisation to this effect given by the account holder at the time of submitting the Bid. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment in the Offer and consequent transfer of the Bid Amount against the allocated shares to the ASBA Public Offer Account, or until withdrawal/failure of the Offer or until withdrawal/rejection of the ASBA Bid, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchanges. Once the Basis of Allotment is finalised, the Registrar to the Offer shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Bidders to the ASBA Public Offer Account. In case of withdrawal/failure of the Offer, the BRLMs, through the Registrar to the Offer, shall notify the SCSBs to unblock the blocked amount of the ASBA Bidders within one day from the day of receipt of such notification.

ASBA Bid cum Application Form

ASBA Bidders shall use the ASBA Bid cum Application Form bearing the stamp of the Syndicate Member and/or the Designated Branch of SCSB, as the case may be, for the purpose of making a Bid in terms of this Red Herring Prospectus. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Bid cum Application form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Bid cum Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA account held with SCSB, and accordingly registering such Bids. On submission of the ASBA Bid cum Application Form, the ASBA Bidders are deemed to have authorised (i) the SCSB to do all acts as are necessary to make the Application in the Offer, including uploading his/her Bid, blocking or unblocking of funds in the bank account maintained with the SCSB specified in the ASBA Bid cum Application Form, transfer of funds to the Public Offer Account on receipt of instruction from the Registrar to the Offer after finalisation of the basis of Allotment; and (ii) the Registrar to the Offer to issue instructions to the SCSB to remove the block on the funds in the bank account specified in the ASBA Bid cum Application Form, upon finalisation of the basis of Allotment.

Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid cum Application Form, the ASBA Bidder is deemed to have authorised our Company and the Selling Shareholder to make the necessary changes in this Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

The prescribed colour of the ASBA Bid cum Application Form shall be white.

Who can Bid?

In accordance with the SEBI Regulations, a Bidder (other than a QIB) can submit their application through ASBA process to Bid for the Equity Shares of our Company.

A QIB is not permitted to submit an application through the ASBA Process to Bid for the Equity Shares of our Company.

Maximum and Minimum Application Size for ASBA Bidders

The ASBA Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. ASBA Bidders who are Resident Individual Bidders (including HUFs) who have Bid for Equity Shares for an amount less than or equal to Rs. 100,000 in any of the Bidding options in the Offer, will be categorised as Retail Individual Bidders. ASBA Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount over Rs. 100,000 will be categorised as Non-Institutional Bidders.

Information for the ASBA Bidders:

- a. The BRLMs shall ensure that adequate arrangements are made to circulate copies of this Red Herring Prospectus and ASBA Bid cum Application Form to the SCSBs and the SCSBs will then make available such copies to investors applying under the ASBA process. Additionally, the BRLMs shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the ASBA Bid cum Application Form and that the same are made available on the websites of the SCSBs.
- b. ASBA Bidder/ Applicant, under the ASBA process, who would like to obtain this Red Herring Prospectus and/or the ASBA Bid cum Application Form can obtain the same from the Designated Branches of the SCSBs or the BRLMs. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA Bid cum Application Form in electronic form on the websites of the SCSBs.
- c. The Bids should be submitted on the prescribed ASBA Bid cum Application Form if applied in physical mode. SCSBs may provide the electronic mode of Bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors.
- d. ASBA Bid cum Application Forms should bear the stamp of the Syndicate Member and/or Designated Branch of the SCSB. ASBA Bid cum Application Forms which do not bear the stamp will be rejected.
- e. ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and should ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch. In case the amount available in the bank account

specified in the ASBA Bid cum Application Form is insufficient for blocking the amount equivalent to the Bid Amount, the SCSB shall reject the application.

- f. If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form. No more than five ASBA Bid cum Applications can be submitted per bank account in the Offer.
- g. ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA Bid cum Application Form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA Bid cum Application Form.

Method and Process of Bidding

- a. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSBs. ASBA Bidders submitting their Bids in electronic form shall submit their Bids either using the internet enabled bidding and banking facility of the SCSBs or such other electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors, and accordingly registering such Bids. Every Designated Branch of the SCSB shall accept Bids from all such investors who hold accounts with them and desire to place Bids through them. Such SCSBs shall have the right to vet the Bids, subject to the terms of the SEBI Regulations and Red Herring Prospectus.
- b. The Designated Branches of the SCSBs shall give an acknowledgment specifying the application number to the ASBA Bidders as a proof of acceptance of the ASBA Bid cum Application Form. Such acknowledgment does not in any manner guarantee that the Equity Shares bid for shall be Allocated to the ASBA Bidders.
- c. Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.
- d. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
- e. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA Bid cum Application Form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic bidding system of the Stock Exchanges and generate a Transaction Registration Slip (“**TRS**”). The TRS shall be furnished to the ASBA Bidder on request.
- f. An ASBA Bidder cannot bid, either in physical or electronic mode, on another ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form after bidding on one ASBA Bid cum Application Form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or uploaded by the ASBA Bidder, as the case may be. Submission of a second ASBA Bid cum Application Form or a Non-ASBA Bid cum Application Form to either the same or to another Designated Branch of the SCSB will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the Allocation or Allotment of Equity Shares in this Offer.

Bidding

- a. The Floor Price and the minimum Bid Lot Size for the Offer shall be decided by the Company, in consultation with the BRLMs, and advertised in two national newspapers (one in English and one in Hindi, which is also the regional newspaper) at least one working day prior to the Bid/Offer Opening Date. The ASBA Bidders can submit only one Bid in the ASBA Bid cum Application Form.
- b. Our Company and the Selling Shareholder in consultation with the BRLMs reserves the right to revise the Bid/Offer Period, in accordance with SEBI Regulations
- c. In case of such revision, the Bid/Offer Period will be extended for three additional days subject to a maximum of 10 Working Days. Any revision in the Bid/Offer Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national newspapers (one each in English and Hindi, which is also a regional newspaper) and also by indicating the change on the website of the BRLMs, SCSBs and at the terminals of the members of the Syndicate.
- d. ASBA Bidders agree that they shall purchase the Equity Shares at the Floor Price.

Mode of Payment

Upon submission of an ASBA Bid cum Application Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorised the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB.

Bid Amounts paid in cash, by money order or by postal order or by stockinvest, or ASBA Bid cum Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Offer Account. The balance amount, if any against the said Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Offer.

The entire Bid Amount, as per the Bid cum Application Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts from the time of the submission of the ASBA Bid cum Application Form, whether in physical or electronic mode, until finalisation of the Basis of Allotment in the Offer and consequent transfer of the Bid Amount against allocated shares to the ASBA Public Offer Account, or until withdrawal/failure of the Offer or until rejection of the ASBA Bid, as the case may be.

Electronic registration of Bids by SCSBs

- a. In case of ASBA Bid cum Application Forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. SCSB shall not upload any ASBA Application Form in the electronic bidding system of the Stock Exchange(s) unless

- (i) it has received the ASBA in a physical or electronic form; and
 - (ii) it has blocked the application money in the bank account specified in the ASBA or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.
- b. The Stock Exchanges offer a screen-based facility for registering Bids for the Offer which will be available on the terminals of Designated Branches during the Bid/Offer Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Offer Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that are not uploaded may not be considered for allocation.
- c. The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be displayed online at all the Designated Branches of the SCSBs and on the websites of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available at all the Designated Branches of the SCSBs during the Bid/Offer Period.
- d. At the time of registering each Bid, the Designated Branches of the SCSBs shall enter the information pertaining to the investor into the online system, including the following details:
- Name of the Bidder(s);
 - Application Number;
 - Permanent Account Number;
 - Number of Equity Shares Bid for;
 - Bid amount;
 - Depository Participant identification no.; and
 - Client identification No. of the Bidder's beneficiary account.

In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the abovementioned details in the electronic bidding system provided by the Stock Exchange(s).

- e. A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. **It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs.** The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be Allocated to the ASBA Bidders.
- f. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- g. It is to be distinctly understood that the permission given by the Stock Exchanges 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, the Selling Shareholder or the BRLMs or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges; 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 Selling Shareholder, our management or any scheme or project of our Company.

- h. It is also to be distinctly understood that the approval given by the Stock Exchanges should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
- i. The SCSB may reject the ASBA Bid upon receipt of ASBA Bid cum Application Form, if the bank account maintained with the SCSB as mentioned in the ASBA Bid cum Application Form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company and the Selling Shareholder would have a right to reject the Bids only on technical grounds.
- j. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of the SCSBs, the decision of the Registrar, in consultation with the BRLMs, our Company, the Selling Shareholder and the Designated Stock Exchange, based on the physical records of the ASBA Bid cum Application Forms shall be final and binding on all concerned.

Build Up of the Book and Revision of Bids

- a. Bids registered through the Designated Branches of the SCSBs shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.
- b. The SCSBs shall provide aggregate information about the numbers of ASBA Bid cum Application Forms uploaded, total number of Equity Shares and total amount blocked against the uploaded ASBA Bid cum Application Form and other information pertaining to the ASBA Bidders. The Registrar to the Offer shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs. In the event of any error or discrepancy, the Registrar to the Offer shall inform the SCSB of the same. The SCSB shall be responsible to provide the rectified data within the time stipulated by the Registrar to the Offer. Further the decision of the Registrar to the Offer in consultation with the BRLMs, our Company, the Selling Shareholder and the Designated Stock Exchange, in this regard shall be final and binding.
- c. During the Bid/Offer Period, any ASBA Bidder who has registered his/ her or its interest in the Equity Shares at the Floor Price is free to revise his/ her or its Bid using the printed ASBA Revision Form, which is a part of the ASBA Bid cum Application Form. However, the SCSB will not accept incomplete or inaccurate Revision Forms.
- d. The ASBA Bidder can make this revision any number of times during the Bid/Offer Period. However, for any revision(s) in the Bid, the ASBA Bidders will have to use the services of the same Designated Branch of the SCSB with whom he/she or it holds the bank account. ASBA Bidders are advised to retain copies of the ASBA Revision Form and the revised Bid must be made only in such ASBA Revision Form or copies thereof.
- e. Any revision of the Bid shall be accompanied by an instruction to block the incremental amount on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be unblocked by the SCSB.

- f. When an ASBA Bidder revises his/her or its Bid, he/she or it shall surrender the earlier TRS and get a revised TRS from the SCSBs. **It is the responsibility of the ASBA Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- g. Only Bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for allocation/ Allotment.

Price Discovery and Allocation

After the Bid/Offer Closing Date, the BRLMs shall aggregate the demand generated under the ASBA process and which details are provided to them by the Registrar to the Offer. For further details, refer to the “*Offer Procedure-Price Discovery and Allocation*” on page 317.

Signing of Underwriting Agreement and RoC Filing

- (a) We, the BRLMs and the Syndicate Member shall enter into an Underwriting Agreement upon finalisation of the Clearing Prices.
- (b) After signing the Underwriting Agreement, we shall update and file the updated Red Herring Prospectus with the RoC, which then would be termed the ‘Prospectus’. The Prospectus would contain details of the Offer size.

Advertisement Regarding Offer Size and Prospectus

After filing of the Prospectus with the RoC, a statutory advertisement will be issued by our Company in a widely circulated English national newspaper and a Hindi national newspaper of wide circulation. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Offer size. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

- (a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Offer shall send to the Controlling Branches of the SCSBs, a list of the ASBA Bidders who have been allocated Equity Shares in the Offer. Investors should note that our Company shall endeavour to ensure that the demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in this Offer; and
- (b) The ASBA Bidders shall directly receive the CAN from the Registrar. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the ASBA Bidder.

Unblocking of ASBA Account

Once the basis of allotment is approved by the Designated Stock Exchange, the Registrar to the Offer shall provide the following details to the Controlling Branches of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the Public Offer Account and transfer the requisite money to the Public Offer Account designated for this purpose, within the timelines specified in the ASBA facility: (a) the number of Equity Shares to be Allotted against each valid ASBA Bid, (ii) the amount to be transferred from the relevant bank account to the Public Offer Account, for each valid ASBA Bid, (iii) the date by which funds referred to in sub para(ii) above, shall be transferred to the Public Offer Account, (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn/unsuccessful ASBA Bids, if any, to enable SCSBs to unblock the respective bank accounts. The SCSBs shall then unblock the relevant bank accounts for,

(a) the transfer of the requisite money to the Public Offer Account against each valid ASBA, (b) the withdrawn/rejected/unsuccessful ASBA Bids, (c) the excess amount, if any in the ASBA Account.

However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Offer by the Controlling Branch of the SCSB regarding finalisation of the Basis of Allotment in the Offer, in the event of withdrawal/failure of the Offer or rejection of the ASBA Bid, as the case may be.

Allotment of Equity Shares

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Offer Closing Date.
- (b) As per the SEBI Regulations, **Equity Shares will be transferred and allotted only in the dematerialised form to the Allottees.** Allottees will have the option to re-materialise the Equity Shares so Allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

GENERAL INSTRUCTIONS

Do's:

- a. Check if you are eligible to Bid under ASBA process.
- b. Ensure that you use the ASBA Bid cum Application Form specified for the purposes of ASBA process.
- c. Read all the instructions carefully and complete the ASBA Bid cum Application Form (if the Bid is submitted in physical mode, the prescribed ASBA Bid cum Application Form is white in colour).
- d. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.
- e. Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Offer/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company, the Selling Shareholder or Registrar or Lead Manager to the Offer.
- f. Ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder.
- g. Ensure that you have mentioned the correct bank account No. in the ASBA Bid cum Application Form.
- h. Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB.
- i. Ensure that you have correctly checked the authorisation box in the ASBA Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount

mentioned in the ASBA Bid cum Application Form in your ASBA Account maintained with a branch of the concerned SCSB.

- j. Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your ASBA Bid cum Application Form.
- m. Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, and Bidders residing in the State of Sikkim, each of the Bidders should mention their PAN.
- n. Ensure that the name(s) and PAN(s) given in the ASBA Bid cum Application Form is exactly the same as the name(s) and PAN(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid 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 ASBA Bid cum Application Form.
- o. Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

- a. Do not submit an ASBA Bid if you are a QIB.
- b. Do not Bid on another ASBA or Non-ASBA Bid cum Application Form after you have submitted a Bid to a Designated Branch of the SCSB.
- c. Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSBs, shall not be accepted under the ASBA process.
- d. Do not send your physical ASBA Bid cum Application Form by post; instead submit the same to a Designated Branch of the SCSB only.
- e. Do not submit more than five ASBA Bid cum Application Form per bank account for the Offer.
- f. Do not submit the GIR number instead of the PAN.
- g. Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

Bids by ASBA Bidders must be:

- a. Made only in the prescribed ASBA Bid cum Application Form, which is white in colour if submitted in physical mode, or electronic mode.
- b. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- c. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA Bid cum Application Form.
- d. The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum Bid such that the Bid Amount does not exceed the maximum investment limits prescribed under law.

- e. 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.

ASBA Bidder's depository account and bank details

ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALISED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, BENEFICIARY ACCOUNT NUMBER AND PERMANENT ACCOUNT NUMBER IN THE ASBA BID CUM APPLICATION FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME GIVEN IN THE ASBA BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. ADDITIONALLY, THE PERMANENT ACCOUNT NUMBER IN THE ASBA BID CUM APPLICATION FORM SHOULD BE EXACTLY THE SAME AS PROVIDED WHILE DEPOSITORY ACCOUNT. IN CASE THE ASBA 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 ASBA BID CUM APPLICATION FORM.

ASBA Bidders should note that on the basis of name of the ASBA Bidders, PAN, Depository Participant's name and identification number and beneficiary account number provided by them in the ASBA Bid cum Application Form, the Registrar to the Offer will obtain from the Depository, demographic details of the ASBA Bidders including address, ("Demographic Details"). Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA Bid cum Application Form.

As these Demographic Details would be used for all correspondence with the ASBA Bidders they are advised to update their Demographic Details as provided to their Depository Participants.

By signing the ASBA Bid cum Application Form, the ASBA Bidder is deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Offer, the required Demographic Details as available on its records.

CAN/Allocation advice and letters intimating unblocking of bank account of the respective ASBA Bidder would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/Allocation advice or letters intimating unblocking of bank account may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Bidders and neither of the Designated Branches of the SCSBs, the members of the Syndicate, or our Company or the Selling Shareholder shall be liable to compensate the ASBA Bidder for any losses caused to the ASBA Bidder due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the ASBA Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such Bids are liable to be rejected.

ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.

Payment Mechanism Under ASBA

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the application money in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/rejection of the ASBA Bid or receipt of instructions from the Registrar to the Offer to unblock the Bid Amount.

In the event of withdrawal or rejection of Bid cum Application Form or for unsuccessful Bid cum Application Forms, the Registrar to the Offer shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Offer and consequent transfer of the Bid Amount to the ASBA Public Offer Account, or until withdrawal/failure of the Offer or until rejection of the ASBA Bid, as the case may be.

ASBA Bids under Power of Attorney

In case of ASBA Bids made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Bid cum Application Form. Failing this, our Company and the Selling Shareholder, in consultation with the BRLMs, reserves the right to reject such ASBA Bids.

Our Company and the Selling Shareholder, in their absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA Bid cum Application Form, subject to such terms and conditions that we and the Selling Shareholder, in consultation with the BRLMs may deem fit.

OTHER INSTRUCTIONS

Withdrawal of ASBA Bids

In case an ASBA Bidder wants to withdraw the ASBA Bid cum Application Form during the Bid/Offer Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall ensure deletion of details of the withdrawn ASBA Bid from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account.

In case an ASBA Bidder wants to withdraw the ASBA cum Application Form after the Bid/Offer Closing date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Offer. The Registrar to the Offer shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Offer to the SCSB on finalisation of the Basis of Allotment.

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

Multiple ASBA Bids

An ASBA Bidder should submit only one ASBA Bid cum Application Form. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same. However, submission of up to five ASBA Bid cum Application Forms per bank account in the Offer is permitted and shall not be treated as multiple Bids. In this regard, the procedures which would be followed by the Registrar to the Offer to detect multiple applications are described in “*Offer Procedure - Multiple Bids*” on page 329.

Permanent Account Number

For details, see “*Offer Procedure - Permanent Account Number or PAN*” on page 330.

Right to Reject ASBA Bids

The Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder’s bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder’s bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company and the Selling Shareholder would have a right to reject the ASBA Bids only on technical grounds.

Further, in case any DP ID, Client ID or PAN mentioned in the ASBA Bid cum Application Form does not match with one available in the depository’s database, such ASBA Bid shall be rejected by the Registrar to the Offer.

GROUNDINGS FOR TECHNICAL REJECTIONS UNDER THE ASBA PROCESS

In addition to the grounds listed under “*Grounds for Technical Rejection*” on page 330, applications under the ASBA process are liable to be rejected on, among other things, the following technical grounds:

1. Application on plain paper or on split form;
2. Amount mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of Equity Shares Bid for;
3. Age of first Bidder not given;
4. Bid made by QIBs;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and persons of unsound mind;
6. ASBA Bid cum Application Forms not being signed by account holder, if the account holder is different from the Bidder;
7. PAN not stated, or GIR number furnished instead of PAN. See “*Offer Procedure - Permanent Account Number or PAN*” on page 330;
8. Bids for number of Equity Shares, which are not in multiples of [●];
9. Authorisation for blocking funds in the ASBA Bidder’s bank account not ticked or provided;
10. Multiple Bids as defined in this Red Herring Prospectus;
11. In case of Bid under power of attorney, relevant documents are not submitted;
12. ASBA Bids accompanied by stockinvest/money order/postal order/cash;
13. Signature of sole and/or joint Bidders missing in case of ASBA Bid cum Application Forms submitted in physical mode;
14. ASBA Bid cum Application Form does not have the stamp of the SCSB and/or a member of the Syndicate;
15. ASBA Bid cum Application Form does not have the Bidder’s depository account details;
16. ASBA Bid cum Application Form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA Bid cum Application Form and this Red Herring Prospectus;
17. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the ASBA Account;
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 DP ID and the beneficiary account number; and
19. Bids by Directors and employees not in accordance with laws, regulations, guidelines circulars or notifications applicable to them.

Bidders are advised that ASBA Bids not uploaded in the electronic book of the Stock Exchanges, due to any of the grounds mentioned above, would be rejected.

COMMUNICATIONS

All future communication in connection with ASBA Bids made in this Offer should be addressed to the Registrar to the Offer quoting the full name of the sole or First ASBA Bidder, ASBA Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA Bid cum Application Form, name and address of the Designated Branch of the SCSB where the ASBA Bid was submitted, bank account number in which the amount equivalent to the Bid amount was blocked and a copy of the acknowledgement slip. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. The Company, the Selling Shareholder, the BRLMs, the Syndicate Member and the Registrar to the Offer accept no responsibility for errors, omissions, commissions or any acts of SCSB's including any defaults in complying with its obligations under applicable SEBI Regulations.

ASBA Investors can contact the Compliance Officer, the Designated Branch of the SCSB where the ASBA Bid cum Application Form was submitted, or the Registrar to the Offer in case of any pre- or post-Offer related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on application, bank account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Impersonation

For details, see “*Other Regulatory and Statutory Disclosures - Impersonation*” on page 294.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE OFFER

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Regulations, we undertake that:

- Allotment and transfer shall be made only in dematerialised form within 15 days from the Bid/Offer Closing Date; and
- Instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 15 days from the Bid/Offer Closing Date.

The Selling Shareholder shall pay interest at 15% per annum for any delay beyond the 15 day period mentioned above, if Allotment is not made, instructions for unblocking of ASBA Bidder's Bank Account are not dispatched and/or demat credits are not made to investors within the 15 day period prescribed above.

Basis of Allocation

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA

Bidders. The basis of allocation to such valid ASBA and non-ASBA Bidders will be that applicable to Retail Individual Bidders. For details, see “*Offer Procedure- Basis of Allotment*” on page 333.

Method of Proportionate basis of allocation in the Offer

ASBA Bidders who are Resident Individual Bidders (including HUFs) who have Bid for Equity Shares for an amount less than or equal to Rs. 100,000 in any of the Bidding options in the Offer, will be categorised as Retail Individual Bidders. ASBA Bidders that are not Retail Individual Bidders and who have Bid for Equity Shares for an amount over Rs. 100,000 will be categorised as Non-Institutional Bidders. No preference shall be given vis-à-vis ASBA and non-ASBA Bidders.

Undertaking by our Company

In addition to our undertakings described under “*Offer Procedure - Undertaking by our Company*” on page 338, with respect to the ASBA Bidders, we undertake that adequate arrangement shall be made to collect all ASBA Bid cum Application Forms and to consider ASBA Applicant similar to other Bidders while finalizing the basis of allocation.

Utilisation of Offer Proceeds

The Selling Shareholder shall not have recourse to the Offer proceeds until Allotment of the Equity Shares in the Offer.

SECTION VIII - MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

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 as detailed below. Please note that the each provision hereinbelow is numbered as per the corresponding article number in the Articles of Association.

5. CAPITAL

The share capital of the company is Rs.10,000,00,00,000/- (Rupees ten thousand crore only) divided into 1,000,00,00,000 (one thousand crore) equity shares of Rs.10/- each.

8. Issue of new certificates in place of one defaced, lost or destroyed

If any security certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate be 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 Articles shall be issued without payment of fees.

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 Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

11. Company Lien on all Shares or debentures

(a) The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures and in case of partly paid shares/debentures the company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares) 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 footing and condition that this Article will have full effect. And such lien shall extend to all dividends, bonuses and interest from time to time declared/accrued in respect of such shares/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 clause.

(b) The company may sell, in such manner as the Board thinks fit, any shares or debentures on which the Company has a lien provided that no sale shall be made:

(i) Unless a sum in respect of which the lien exists is presently payable, or

(ii) Until the expiration of 14 days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or debenture or the person entitled thereto by reason of his death or insolvency.

(c)(i) To give effect to any such sale the Board may authorise some persons to transfer the shares or debenture sold the purchaser thereof.

(ii) The purchaser shall be registered as the holder of shares or debentures comprised in any such transfer.

(d)(i) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(ii) The residue, if any, shall subject to a lien for sums not presently payable as existed upon the shares or debentures before the sale be paid to the person entitled to the shares or debentures at the date of the sale.

12. Forfeiture of Shares/Debentures

(i) If a member or debenture-holder fails to pay any call or the allotment money which was deferred or kept as term deposit as a condition of subscription or installment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or allotment money or installment remains unpaid serve a notice on him requiring payment of so much call or installment as is unpaid, together with any interest which may have accrued.

(ii) The notice aforesaid shall:

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares or debentures in respect of which the call was made will be liable to be forfeited.

(c) If the requirements of any such notice as aforesaid are not complied with any share or debenture in respect of which the notice has been given, may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

(iii) A forfeited share or debenture may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(iv) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

13. Effect of Forfeiture

(i) A person whose shares or debentures have been forfeited shall cease to be member or holder in respect of the forfeited shares or debentures, but shall notwithstanding the forfeiture remain liable to pay to the Company all moneys which, at the date of forfeiture, were presently payable by him to the company in respect of the share or debenture.

(ii) The liability of such person shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares or debentures.

16. Transfer & Transmission of Shares/ Debentures

- (a) Subject to the provisions of the Listing Agreements between the Company and the Stock Exchanges, in the event that the proper documents have been lodged, the Company shall register the transfer of securities in the name of the transferee except:
when the transferee is, in exceptional circumstances, not approved by the Directors in accordance with the provisions contained herein;
- when any statutory prohibition or any attachment or prohibitory order of a competent authority restrains the Company from transferring the securities out of the name of the transferor;
- when the transferor object to the transfer provided he serves on the company within a reasonable time a prohibitory order of a court of competent jurisdiction.
- (b) Subject to the provisions of Section 111 and 111A of the Act, the provisions of the Listing Agreements with the Stock Exchanges and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of 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 when the Company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.
- (c) The instrument of transfer in case of shares/debentures held in physical form shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
- (d) No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.
- (e) A common form of transfer of shares or debentures as the case may be shall be used by the Company.

17. Register of Transfer

The Company shall keep Register of Transfer for shares and Transfer of Debentures and there-in enter the particulars of several transfer or transmission of any share or debentures.

18. Execution of transfers

The instrument of transfer of any share/or debenture in the Company shall be executed both by the transferor and transferee, and the transferor shall be deemed to remain holder of the share or debenture until the name of the transferee is entered in the register of members or debenture holders in respect thereof

19. Transmission of Shares etc.

Nothing contained in Article 9 shall prejudice any power of company to register as shareholder/or debenture holder any person to whom the right to any share or debentures in the company has been transmitted by operation of law.

19A. Nomination

- (i) Every Share/Bond/Debenture holder and a Depositor under the Company's Public Deposit Scheme (Depositor) of the Company may at any time, nominate in the prescribed manner, a person to whom his Shares/Bonds/Debentures or deposits in the company shall vest in the event of his death.
- (ii) Where the Shares or Bonds or Debentures or Deposits in the Company are held by more than one person jointly, the joint holder may together nominate, in the prescribed manner, a person to whom all the rights in the shares or bonds or debentures or deposits in the company, as the case may be, shall vest in the event of death of all the joint holders.
- (iii) Notwithstanding anything contained in any other law for the time being in force or in disposition, whether testamentary or otherwise, in respect of such Shares/ Bonds/Debentures or Deposits in the Company, where a nomination made in the prescribed manner purport to confer on any person the right to vest the Shares/Bonds/Debentures or Deposits in the Company, the nominee shall on the death of the Share/Bond/Debenture holder or a Depositor, as the case may be, on the death of the joint holders become entitled to all the rights in such Shares/Bonds/Debentures or deposits, as the case may be, all the joint holders in relation to such Shares/Bonds/Debentures, or Deposits , to the exclusion of all persons, unless the nomination is varied, cancelled in the prescribed manner.
- (iv) Where the nominee is a minor, it shall be lawful for the holder of the Shares/Bonds/Debentures or deposits, to make the nomination to appoint, in the prescribed manner, any person to become entitled to Shares/Bonds/Debentures or deposits in the Company, in the event of his death, during the minority.

19B. TRANSMISSION OF SECURITIES BY NOMINEE

A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-

- (i) to be registered himself as holder of the Share/Bond/Debenture or Deposits, as the case may be; or
- (ii) to make such transfer of the Share/Bond/Debenture or deposits , as the case may be, as deceased Share/Bond/Debenture holder or Depositor could have made;
- (iii) if the nominee elects to be registered as holder of the Share/Bond/Debenture or Deposits, himself, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Share/Bond/Debenture holder or Depositor, as the case may be;
- (iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the Share/Bond/Debenture or Deposits except that he shall not, before being registered as a member in respect of his Share/Bond/Debenture or Deposits be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Share/Bond/Debenture or Deposits, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the Share/Bond/Debenture or deposits, until the requirements of the notice have been complied with.

20. Increase of capital

Subject to provisions of the Act the Company in General Meeting, may increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe.

20A. Terms of issue of Debentures

Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

21. On what condition new shares may be issued

New shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation whereof shall direct. Provided that no shares (not being preference shares) shall be issued carrying voting rights in the company as to dividend capital or otherwise which are disproportionate to the rights attaching to the holders of other shares (not being preference shares).

21A. Further issue of Shares

1. Where at the 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 allotment of further shares either out of the unissued capital or out of the increased share capital then:
 - (a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion as near as circumstances admit, to the capital paid-up on that shares at the date.
 - (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer and 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 them in sub clause (b) hereof shall contain a statement of this right. PROVIDED the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
 - (d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is giving that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.
2. Notwithstanding anything contained in sub-clause (1) hereof, the further shares aforesaid may be offered to any person (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof in any manner whatsoever:
 - (a) If a special resolution to that effect is passed by the Company in General Meeting, or

- (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, the chairman) by the members who, being entitled to do so, 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.
- 3. Nothing in sub-clause (c) of (1) hereof shall be deemed:
 - (a) To extend the time within which the offer should be accepted; or
 - (b) To authorise 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.
- 4. 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 debenture issued or loans raised by the Company:
 - (i) To convert such debentures or loans into shares in the Company; or
 - (ii) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise)

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (a) either has been approved by the Central Government before the issue of the 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 Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

22. When to be offered to existing members

The new shares (resulting from an increase of capital as aforesaid) may be issued or disposed of in accordance with the provisions of Article 6.

23. Same as original capital

Except so far as otherwise provided by the conditions of issue or by these Articles any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalments transfer and transmission, forfeiture, lien, surrender, voting and otherwise.

24. Reduction of capital

Subject to the provision of Section 100-104 of the Act the Company may from time to time, by Special resolution reduce its capital by paying off capital or cancelling capital which has been lost or is unrepresented by available assets or is superfluous or by reducing the liability on the shares or otherwise as may deem expedient, and capital may be paid off upon the footing that it may be called upon, again or otherwise, and the Board may, subject to the provisions of the act, accept surrenders of shares.

25. Sub-division and consolidation of shares

Subject to the provisions of the Act the Company in a General Meeting, may from time to time sub-divide or consolidate its shares or any of them and exercise any of the other powers

conferred by Sub-Section (i)(a) to (e) of Section 94 of the Act and shall file with the Registrar such notice in exercise of any such powers as may be required by the Act.

25A. Dematerialisation of Securities

- (a) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both present and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any;
- (b) Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of securities can at any time opt out of a Depository, if permitted by law, in respect of any security and the Company shall, in the manner and within the time prescribed provided by the Depositories Act, 1996 issue to the beneficial owner the required Certificates of Securities.

If a person opts to hold his security with a depository, then notwithstanding anything to the contrary contained in the Act or in these Articles, the Company shall intimate such Depository the details of allotment of the security and on receipt of the information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.

- (c) All securities held by a Depository shall be dematerialised and shall be in fungible form. Nothing contained in Section 153 of the Act shall apply to a Depository in respect of securities held by it on behalf of the beneficial owners.
- (f) Nothing contained in the Act or in these Articles, shall apply to a transfer or transmission of Securities where the company has not issued any certificates and where such Shares or Debentures or Securities are being held in an electronic and fungible form in a Depository. In such cases the provisions of the Depositories Act, 1996 shall apply.

28. Power to Borrow

Subject to the provisions of Section 58A, 292 and 293 of the Act and Government Guidelines issued from time to time, the Board may by means of resolution passed at meetings of the Board from time to time, accept deposits or borrow and/or secure the payment of any sum or sums of money for the purpose of the Company.

30. Notice of General Meeting

At-least Twenty one clear days notice in writing, specifying the place day and hour of General Meetings, with a statement of the business to be transacted at the meeting shall be served on every member in the manner provided by the Act but with the consent, in writing, of all the members entitled to receive notice of same, any General Meeting may be convened by such shorter notice and in such manner as those members may think fit.

31. Omission to give notice not to invalidate a resolution passed

The accidental omission to give notice to or the non-receipt thereof by any member shall not invalidate any resolution passed at any such meeting.

32. Quorum

Five Members present in person or by duly authorised representative shall be quorum for a General Meeting of the Company.

33. Chairman of General Meeting

The Chairman of the Board of Directors or in his absence the Vice-Chairman shall be entitled to take the chair at every General Meeting but if neither the Chairman or the Vice-Chairman is present within fifteen minutes after the time appointed for holding such meeting or is unwilling to act as Chairman the members present shall choose another Director as Chairman and, if no Director shall be present or if all the Directors present decline to take the chair then the members present shall choose one of the members to be chairman.

34. Chairman's decision conclusive

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 the sole judge of the validity of every vote tendered at such poll.

35. Votes

Every member entitled to vote and present in person or by proxy shall have one vote on a show of hands and upon a poll one vote for each share held by him.

35A. Postal Ballot

Notwithstanding anything contained in the Articles of the Company, the Company do adopt the mode of passing resolutions by the members of the Company by means of Postal Ballot (which includes voting by electronic mode) and/or other ways as may be prescribed in the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001 in respect of the matters specified in said Rules as modified from time to time instead of transacting such business in a general meeting of the company subject to compliances with the procedure for such postal ballot and/or other requirements prescribed in the rules in this regard.

41. Appointment of Board of Directors

- (i) (a) The Chairman shall be appointed by the President. All other members of the Board of Directors including Vice Chairman shall be appointed by the President in consultation with the Chairman of the Company. No such consultation will be necessary in case of appointment of Directors representing the Government.

 (b) The Directors shall be paid such salary and/or allowances as the President may, from time to time, determine. Subject to the provisions of Section 314 of the Act, such reasonable additional remuneration as may be fixed by the President may be paid to any one or more of the Directors for extra or special services rendered by him or them or otherwise.
- (ii) The Chairman will be appointed subject to such terms and conditions as may be determined by the President.
- (iii) Two-thirds (any fraction to be rounded off to the next number) Directors of the Company shall be persons whose period of office shall be liable to determination by rotation and save as otherwise expressly provided in the Act, be appointed by the Company in General Meeting.

At every Annual General Meeting of the Company held next after the date of General Meeting in which first Directors are appointed, in accordance with section 255 of the Act, one-third of such Directors for the time being liable to retire by rotation or if their number is not three or a multiple of three, than the number nearest to one-third, shall retire from office.

Directors to retire by rotation at every Annual General Meeting shall be those (other than the Chairman cum Managing Director of the Company and such other non-retiring Directors, if any) who have been longest in office since their last appointment but as between persons who become Directors on the same day, those who are to retire shall, unless otherwise agreed among themselves, be determined by lot.

A retiring Director shall be eligible for re-election. The Company at the Annual General Meeting in which a Director retires, may fill-up the vacated office by appointing the retiring Director or some other person thereto.

If the place of retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, at the same time and place, and if at the adjourned meeting also, the place of retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless:

- i) at that meeting or at the previous meeting, a resolution for the re-appointment of such Director has been put to the meeting and lost;
 - ii) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;
 - iii) he is not qualified or is disqualified for appointment;
 - iv) a resolution, whether Special or Ordinary, is required for his appointment by virtue of any provisions of the Act.
 - v) the proviso to sub section (2) of section 263 is applicable to the case.
- iv) A Director representing Government Department shall retire on his ceasing to be an official of that Department.
- v) The President may from time to time or any time remove any part-time Director, from office at his absolute discretion, Chairman and whole- time Directors may be removed from office in accordance with the terms of appointment or if no such terms are specified, on the expiry of 3 months notice issued in writing by the President or with immediate effect on payment of the pay in lieu of the notice period.
- vi) President shall have the right to fill any vacancy of the office of the Directors including Chairman & Managing Director appointed by him, caused by removal, resignation, death or otherwise and to substitute any Director, including Chairman, in place of existing Director.

44. Matter reserved for President

Without prejudice to the generality of the other provisions contained in these Articles the Board shall reserve for the decision of the President any matter relating to:

- (i) The Company's revenue budget in case there is an element of deficit which is proposed to be met by obtaining funds from the Government.

- (ii) Winding up of the Company.
- (iii) Sale, lease, disposal or otherwise of the whole or substantially the whole of the undertaking of the company.
- (iv) The Annual and Five year Plans for Development.
- (v) Any other matter which in the opinion of the Chairman and Managing Director be of such importance as to be reserved for the approval of the President.

45. Powers of President to issue directives

Notwithstanding anything contained in all these Articles the President may from time to time issue such directives or instructions as may be considered necessary in regard to conduct of business and affairs of the company and in like manner may vary and annul any such directive or instruction. The Directors shall give immediate effect to the directives or instructions so issued. In particular, the President will have the powers:

- (i) To give directives to the Company as to the exercise and performance of its functions in matters involving national security or substantial public interest.
- (ii) To call for such returns, accounts and other information with respect to the property and activities of the company as may be required from time to time.
- (iii) To determine in consultation with the Board annual, short and long term financial and economic objectives of the company.

Provided that all directives issued by the President shall be in writing addressed to the Chairman. The Board shall except where the President considers that the interest of national security requires otherwise incorporate the contents of directives issued by the President in the annual report of the Company and also indicate its impact on the financial position of the company.

57. Division of Profits and Dividend

- i) The profits of the Company available for payment of dividend subject to any special rights relating thereto created or authorised to be created by these presents and subject to the provisions of the Act and these presents as to the reserve fund and amortisation of capital shall be divisible among the members in proportion to the amount of capital paid-up 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 only entitle the holder of such share to an apportioned amount of such dividend as from the date of payment.
- ii) No dividend shall be declared or paid by the company for any financial year except out of profits of the company for that year arrived after providing for the depreciation in accordance with the provisions of sub-section (2) of section 205 of the Act or out of profits of the company for any previous financial year or years arrived after providing for the depreciation in accordance with applicable laws and remaining undistributed or out of both or out of moneys provided by the government for the payment of dividend in pursuance of a guarantee given by the government. No dividend shall carry interest against the company.

- iii) For the purpose of the last preceding article, the declaration of the directors as to the amount of the profits of the company shall be conclusive.
- iv) Subject to the provisions of section 205 of the Act as amended, no dividend shall be payable except in cash.
- v) A transfer of shares shall not pass the right to any dividend declared thereon after transfer and before the registration of the transfer.
- vi) Any one of the several persons who are registered as the joint holders of any share, may give effectual receipts for all dividends and payments on accounts of dividends in respect of such shares.
- vii) Unless otherwise directed any dividend may be paid by cheque or demand draft or warrant or such other permissible means to the registered address of the member or person entitled or in the case of joint holding, to the registered address of that one whose name stands first in the register in respect of joint holding and every cheque, demand draft or warrant so sent shall be made payable to the member or to such person and to such address as the shareholder or the joint shareholders in writing may direct.

59A. Unpaid or Unclaimed Dividend

There shall not be any forfeiture of unclaimed dividends and the company shall comply with the applicable provisions of the Act relating to transfer of unclaimed and unpaid dividend to the Investor Education and Protection Fund or to any such other fund as may be required under applicable laws.”

67. Winding Up: Distribution of assets

If the Company shall be wound up, and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up at the commencement of the winding up, on the shares held by them respectively and if in a winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the paid up capital, such assets shall be distributed amongst the members in proportion to the original paid up capital as the shares held by them respectively. But this clause is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of this Red Herring Prospectus delivered to the RoC for registration, and also the documents for inspection referred to hereunder may be inspected at our Registered and Corporate Office at NTPC Bhawan, SCOPE Complex, 7, Institutional Area, Lodhi Road, New Delhi 110 003, India from 10.00 am to 4.00 pm on Working Days from the date of this Red Herring Prospectus until the Bid/Offer Closing Date.

Material Contracts

1. Engagement Letter dated December 22, 2009 for the appointment of the BRLMs.
2. Offer Agreement dated January 9, 2010 amongst our Company, the Selling Shareholder and the BRLMs.
3. Agreement dated January 9, 2010 amongst our Company, the Selling Shareholder and the Registrar to the Offer.
4. Escrow Agreement dated [●] amongst our Company, the Selling Shareholder, the BRLMs, the Syndicate Member, Escrow Collection Banks, and the Registrar to the Offer.
5. Syndicate Agreement dated [●] amongst our Company, the Selling Shareholder, the BRLMs and Syndicate Member.
6. Underwriting Agreement dated [●] amongst our Company, the Selling Shareholder, the BRLMs and Syndicate Member.

Material Documents

1. Our Memorandum and Articles of Association as amended till date.
2. Our certificate of incorporation dated November 7, 1975.
3. Letter no. 3/7/2007-Th.I dated January 6, 2010 from the MoP conveying the approval granted by the GoI to the Offer.
4. Letter no. 3/7/2007-Th.I dated January 6, 2010 from the MoP granting approval for the lock-in of its entire post-Offer shareholding, i.e. 6,967,361,180 Equity Shares, for a period of one year from the date of transfer in the Offer or for such other time as may be required in terms of Regulation 36(b) of the SEBI Regulations.
5. Letter no. 3/7/2007-Th.I dated January 6, 2010 from the MoP to the Company authorizing Mr. I.C.P. Keshari, Joint Secretary (Thermal) to, *inter alia*, to execute, sign and deliver such deeds, documents and agreements and to do all such acts, deeds required for the purpose of effecting the Offer.
6. Copies of letters by the MoP for the appointment and remuneration of our Directors.
7. The Auditors Report prepared by the Auditors, M/s. Varma & Varma, M/s. B.C. Jain & Co., M/s. Parakh & Company, M/s. S. K. Mittal & Co., M/s. Dass Gupta & Associates and M/s. S.K. Mehta & Co., Chartered Accountants, dated January 3, 2010 and mentioned in

“Financial Statements” in this Red Herring Prospectus.

8. The Statement of Tax Benefits prepared by the Auditors, M/s. Varma & Varma, M/s. B.C. Jain & Co., M/s. Parakh & Company, M/s. S. K. Mittal & Co., M/s. Dass Gupta & Associates and M/s. S.K. Mehta & Co., Chartered Accountants, dated January 3, 2010 as mentioned in “Statement of Tax Benefits” in this Red Herring Prospectus.
9. Copies of our annual reports for the past two Fiscal years.
10. Consent of the Auditors, M/s. Varma & Varma, M/s. B.C. Jain & Co., M/s. Parakh & Company, M/s. S. K. Mittal & Co., M/s. Dass Gupta & Associates and M/s. S.K. Mehta & Co., Chartered Accountants, as referred to, in their capacity and for inclusion of their Auditors Report on our financial statements in the form and context in which it appears in this Red Herring Prospectus.
11. Consents of the Bankers to the Company, BRLMs, Syndicate Member, Registrar to the Offer, Bankers to the Offer, Legal Counsels, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
12. Agreement among NSDL, our Company and the Registrar to the Offer dated July 16, 2004.
13. Agreement among CDSL, our Company and the Registrar to the Offer dated September 3, 2004.
14. NSE letter (NSE/LIST/127897-T) dated January 11, 2010 granting approval to use its name in this Red Herring Prospectus.
15. BSE letter (DCS/IPO/MT/1183/2009-10) dated January 11, 2010 granting approval to use its name in this Red Herring Prospectus.
16. Due diligence certificate to SEBI from the BRLMs dated January 12, 2010.

Shareholders’ and Other Agreements

1. Joint venture agreement with the President of India acting through the Ministry of Railways/Railway Board dated November 6, 2007;
2. Promoters’ Agreement with BSES Limited dated March 28, 1996;
3. Supplementary Agreement with BSES Limited and Utility Powertech Limited dated March 20, 2002;
4. Supplementary agreement with Reliance Energy Limited (earlier known as BSES Limited, now known as Reliance Infrastructure Limited) and Utility Powertech Limited dated March 10, 2004;
5. Share Acquisition and Shareholders’ Agreement with the Steel Authority of India Limited and SAIL Power Supply Company Limited dated March 16, 2001;
6. Promoters’ Agreement with ABB Kraftwerke AG, Mannheim, Germany dated August 24, 1999;
7. Joint Venture Agreement with Tamil Nadu Electricity Board dated January 23, 2006;
8. Shareholder’s Agreement with GAIL (India) Limited, MESB Holding Company Limited,

Industrial Development Bank of India Limited, ICICI Bank Limited, Canara Bank, State Bank of India and RGPPL dated February 28, 2007;

9. Joint Venture Agreement with Indraprastha Power Generation Company Limited, acting on behalf of the government of Delhi and Haryana Power Generation Corporation Limited, acting on behalf of the government of Haryana dated December 14, 2006;
10. Supplementary Agreement with Indraprastha Power Generation Company Limited, acting on behalf of the government of Delhi and Haryana Power Generation Corporation Limited, acting on behalf of the government of Haryana dated March 7, 2008;
11. Joint Venture Agreement with Singareni Collieries Company Limited dated May 11, 2007;
12. Joint Venture Agreement with the Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited dated February 28, 2008;
13. Joint Venture Agreement with Bharat Heavy Electricals Limited dated December 17, 2007;
14. Supplementary Agreement with Bharat Heavy Electricals Limited dated January 11, 2008;
15. Memorandum of Understanding with Bharat Forge Limited dated February 8, 2008;
16. Joint Venture Agreement with the Bihar State Electricity Board dated February 14, 2008;
17. Joint Venture Agreement with NHPC Limited, Power Finance Corporation Limited, and Tata Consultancy Services Limited dated September 3, 2008;
18. Business Collaboration and Shareholders' Agreement with the Governor of Kerala and Transformers and Electricals Kerala Limited dated June 23, 2007;
19. Joint Venture Agreement with Steel Authority of India Limited, Coal India Limited, Rashtriya Ispat Nigam Limited and NMDC Limited dated January 14, 2009;
20. Joint Venture Agreement dated with NHPC Limited, Power Grid Corporation of India Limited and Damodar Valley Corporation April 8, 2009;
21. Joint Venture Agreement with Power Finance Corporation, Power Grid Corporation of India and Rural Electrification Corporation Limited dated November 19, 2009;
22. Promoters' Agreement with Power Trading Corporation of India Limited dated April 8, 1999;
23. Memorandum of Understanding with Coal India Limited dated March 15, 2007;
24. Memorandum of Understanding with GE Energy Financial Services, Kyushu Electric Power Co. Inc., Brookfield Renewable Power Inc. and Asian Development Bank dated August 4, 2008; and
25. Memorandum of Understanding with Nuclear Power Corporation of India Limited dated February 14, 2009.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our 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, the Directors of the Company, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the Govt or the regulations issued by Securities and Exchange Board of India, applicable, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or regulations issued, as the case may be. We further certify that all the statements in this Red Herring Prospectus are true and correct.

Signed by all Directors

Mr. R. S. Sharma <u>R Sharma</u>	Mr. Chandan Roy <u>Chandan Roy</u>
Mr. A. K. Singhal <u>A Singhal</u>	Mr. R. C. Shrivastav <u>R C Shrivastav</u>
Mr. I. J. Kapoor <u>I J Kapoor</u>	Mr. B. P. Singh <u>B P Singh</u>
Mr. I. C. P. Keshari <u>I C P Keshari</u>	Mr. Rakesh Jain <u>Rakesh Jain</u>
Mr. M. N. Buch* <u>M N Buch</u>	Mr. Shanti Narain* <u>Shanti Narain</u>
Mr. P. K. Sengupta* <u>P K Sengupta</u>	Mr. K. Dharmarajan* <u>K Dharmarajan</u>
Dr. M. Govinda Rao* <u>M Govinda Rao</u>	Mr. Kanwal Nath* <u>Kanwal Nath</u>
Mr. Adesh C. Jain* <u>Adesh C Jain</u>	Mr. A. K. Sanwalka* <u>A K Sanwalka</u>
Mr. Santosh Nautiyal* <u>Santosh Nautiyal</u>	

Date: January 12, 2010

Place: New Delhi

We, the Selling Shareholder, certify that the statements made by the Selling Shareholder in this Red Herring Prospectus about or in relation to the Selling Shareholder and the Equity Shares being offered pursuant to the Offer for Sale are true and correct.

Signed by the Selling Shareholder

I C P Keshari

Name: I. C. P. Keshari

Designation: Joint Secretary (Thermal)

On behalf of the President of India, acting through the Ministry of Power, Government of India

* Through their constituted attorney Mr. A. K. Rastogi

Date: January 12, 2010