DRAFT RED HERRING PROSPECTUS
Please read Section 60B of the Companies Act, 1956
Dated January 8, 2008
(The Draft Red Herring Prospectus will be updated upon filing with theRoC)
100% Book Building Issue

JAIPRAKASH POWER VENTURES LIMITED

Switching on India

(Our Company was incorporated as a public limited company as 'Jaiprakash Power Ventures Limited' pursuant to a certificate of incorporation dated May 18, 1995 under the Companies Act, 1956 and has been allocated CIN U36991UR1995PLC018069)

Registered Office: 113, Rajpur Road, Dehradun – 248 001, Uttarakhand; Tel: +91 135 274 6760; Fax +91 135 274 0860;
Corporate/Head Office: 'JA House', 63, Basant Lok, Vasant Vihar, New Delhi – 110 057.
Tel: +91 11 2614 1540; Fax +91 11 2614 5389; e-mail: jpvl.ipo@jalindia.co.in; website: www.jppowerventures.com
Contact Person: Mr. Manmohan Sibbal, Company Secretary and Compliance Officer

PUBLIC ISSUE OF 104,000,000 EQUITY SHARES OF RS. 10 EACH AT A PRICE OF RS. [●] FOR CASH AGGREGATING RS. [●] MILLION (REFERRED TO AS THE "ISSUE"), BY JAIPRAKASH POWER VENTURES LIMITED (THE "COMPANY" OR THE "ISSUER"). THE ISSUE COMPRISES [●] EQUITY SHARES OF RS. 10 EACH RESERVED FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES, [●] EQUITY SHARES OF RS. 10 EACH RESERVED FOR SUBSCRIPTION BY ELIGIBLE SHAREHOLDERS AND A NET ISSUE TO THE PUBLIC OF [●] EQUITY SHARES OF RS. 10 EACH. THE ISSUE WILL CONSTITUTE 16.34 % OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY. THE NET ISSUE TO PUBLIC WILL CONSTITUTE [●]% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY*

*Our Company is considering a Pre-IPO private placement of certain Equity Shares with some investors, (Pre-IPO Placement). The Pre-IPO Placement, if any, will be completed before the filing of the Red Herring Prospectus with the RoC. The number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, if any, subject to the Net Issue to the public being at least 10% of the fully diluted post-Issue paid up capital of our Company. Further, the reservation for Eligible Shareholders and Eligible Employees shall be subject to a maximum of 10% each of such revised Issue size.

PRICE BAND: RS. [●] TO RS. [●] PER EQUITY SHARE OF FACE VALUE RS. 10.

THE ISSUE PRICE IS [●] TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [●] TIMES AT THE HIGHER END OF THE PRICE BAND

In case of revision in the Price Band, the Bidding Period will be extended for three (3) additional working days after revision of the Price Band subject to the Bidding Period not exceeding ten (10) working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE) by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers, Co-Book Running Lead Manager and at the terminals of the Syndicate.

Pursuant to Rule 19 (2)(b) of the Securities Contract (Regulation) Rules, 1957 (SCRR), this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be allocated to Qualified Institutional Buyers (QIBs) on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue shall be available for allocation to Non-Institutional Bidders and on a proportionate basis and not less than 30% of the Net Issue shall be available for allocation to Retail Individual Bidders on a proportionate basis, subject to valid Bids being received from them at or above the Issue Price. Further, up to [●] Equity Shares shall be available for allocation on a proportionate basis to the Eligible Employees, subject to valid Bids being received at or above the Issue Price. Further, up to [●] Equity Shares shall be available for allocation on a proportionate basis to Eligible Shareholders, subject to valid Bids being received at or above the Issue Price.

Payment Methods

Amount Payable per Equity Share (In Rs.)	Payment Method -1@			Payment Method -2		
	Retail Individual Bidders			Any Category		
	Face Value	Premium	Total	Face Value	Premium	Total
On Application	2.5	[●]	[●]	10.0	[●]	[●]
By Due Date for Balance Amount Payable	7.5	[●]	[●]	-	-	-
Total	10.0	[●]	[●]	10.0	[●]	[●]

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

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of Equity Shares of our Company, there has been no formal market for our Equity Shares. The face value of the Equity Shares is Rs. 10 and the Issue Price is [●] times of the face value at the lower end of the Price Band and [●] times of the face value at the higher end of the Price Band. The Issue Price (as determined by our Company, in consultation with the BRLMs and the Co-BRLM on the basis of assessment of market demand for the Equity Shares by way of the Book Building Process) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment

decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI), nor does SEBI guarantee the accuracy or adequacy of the Draft Red Herring Prospectus. Specific attention of the investors is invited to the chapter titled "Risk Factors" beginning on page xii of the Draft Red Herring Prospectus.

COMPANY'S ABSOLUTE RESPONSIBILITY

The Company having made all reasonable inquiries, accept responsibility for and confirm that this Draft Red Herring Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in the Draft 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 make this document 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 issued through the Draft Red Herring Prospectus are proposed to be listed on the BSE and the NSE. We have received in-principle approvals from these Stock Exchanges for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively. For purposes of this Issue, [●] is the Designated Stock Exchange.

IPO Grading

The Issue has been graded by [●] as [●] (pronounced [●]) indicating [●]. For details, see the chapter titled "General Information" on page 55 of the Draft Red Herring Prospectus.

BOOK RUNNING LEAD MANAGERS				
ENAM	Morgan Stanley	Deutsche Bank Group	JPMorgan	SSKI
Enam Securities Private Limited 801/ 802, Dalamal Towers, Nariman Point Mumbai - 400 021 **Tel:** +91 22 6638 1800 **Fax:** +91 22 2284 6824 **Email:** jpvl.ipo@enam.com **Investor Grievances Email id:** complaints@enam.com **Website:** www.enam.com **Contact person:** Ms. Kinjal Palan **SEBI Registration No.:** IMN000006856	**Morgan Stanley India Company Private Limited** 1101-1115, Hilton Towers Nariman Point Mumbai - 400 021 **Tel:** +91 22 6621 0555 **Fax:** +91 22 6621 0556 **E-mail:** jpvl_ipo@morganstanley.com **Investor Grievances Email id:** investors_india@morganstanley.com **Contact Person:** Mr. Amit H. Shah **Website**: www.morganstanley.com/indiaofferdocuments **SEBI Registration No.:** INM000011203	**Deutsche Equities India Private Limited** DB House, Hazarimal Somani Marg, Fort, Mumbai - 400 001 **Tel:** +91 22 6658 4600 **Fax:** +91 22 2200 6765 **Email**: jpvl.ipo@db.com **Investor Grievances Email id:** db.redressal@db.com **Website:** www.db.com/India **Contact person:** Mr. Sameer Taimni **SEBI Registration No.:** INM 000010833	**J.P. Morgan India Private Limited** 9th Floor, Mafatlal Centre Nariman Point, Mumbai - 400 021 **Tel:**+91 22 2285 5666 **Fax:** +91 22 6639 3091 **E-mail:** jpvl_ipo@jpmorgan.com **Investor Grievances Email id:** investorsmb.jpmipl@jpmorgan.com **Contact Person:** Mr. Abhishek Goenka **Website**:www.jpmipl.com **SEBI Registration No.:** INM000002970	**IDFC-SSKI Private Limited*** 803/4, Tulsiani Chambers 8th Floor, Nariman Point Mumbai - 400 021 **Tel:** +91 22 6638 3333 **Fax:** +91 22 2204 0282 **E-mail:** jpvl.ipo@idfcsski.com **Investor Grievances Email id:** complaints@idfcsski.com **Contact Person:** Ms. Anjali Peri **Website:** www.sski.co.in **SEBI Registration No.**: INM000010254 * name being changed from SSKI Corporate Finance Private Limited, subject to regulatory approvals

BOOK RUNNING LEAD MANAGERS			CO-BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
ICICI Securities	JM FINANCIAL	kotak	AXIS BANK	KARVY Karvy Computershare Private Limited
ICICI Securities Limited ICICI Centre H.T. Parekh Marg Churchgate Mumbai - 400 020 **Tel:** +91 22 2288 2460 **Fax:** +91 22 2882 6580 **Email:** jpvl_ipo@isecltd.com **Investor Grievances Email id**: customercare@isecltd.com **Contact Person:** Mr. Nikhil Dhingra **Website** www.icicisecurities.com **SEBI Registration No.:** INM000011179	**JM Financial Consultants Private Limited** 141 Maker Chamber III Nariman Point Mumbai - 400 021 **Tel:** +91 22 6630 3030 **Fax:** +91 22 2204 7185 **E-mail:** jpvl.ipo@jmfinancial.in **Investor Grievances Email id:** grievance.ibd@jmfinancial.in **Contact Person:** Poonam Karande **Website**: www.jmfinancial.in **SEBI Registration No.:** INM000010361	**Kotak Mahindra Capital Company Limited** 3rd Floor, Bakhtawar 229 Nariman Point, Mumbai - 400 021 **Tel:** +91 22 6634 1100 **Fax:** +91 22 2283 7517 **Email:** jpvl.ipo@kotak.com **Investor Grievances Email id:** kmccredressal@kotak.com **Contact Person:** Mr. Chandrakant Bhole **Website**: www.kotak.com **SEBI Registration No.:** INM000008704	**Axis Bank Limited** Central Office, Maker Tower 'F', 11th Floor, Cuffe Parade, Colaba, Mumbai 400 005, India **Tel**: +91-22-6707 1725 **Fax**: +91-22-2216 2467 **E-mail**: jpvl.ipo@axisbank.com **Investor Grievances E-mail id**: axbmbd@axisbank.com **Contact Person**: Mr. Vishal Sharan **Website**: www.axisbank.com **SEBI Registration No.**: INM000006104	**Karvy Computershare Private Limited** Plot No. 17-24 Vitthal Rao Nagar, Madhapur, Hyderabad – 500081 **Tel:** + 91 40 2342 0818 **Fax:** + 91 40 2342 0814 **E-mail**: jpventuresipo@karvy.com **Website**: www.karishma.karvy.com **Contact Person**: Mr. M Muralikrishna **SEBI Registration No.**: INR000000221

ISSUE PROGRAM			
BID/ISSUE OPENS ON	[●], 2008	**BID/ISSUE CLOSES ON**	[●], 2008

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SECTION I - DEFINITIONS AND ABBREVIATIONS

In the Draft Red Herring Prospectus, unless the context otherwise requires, the terms defined and abbreviations expanded herein below shall have the same meaning as stated in this Section.

DEFINITIONS

Term	Description
"JPVL" or "the Company" or "our Company" or "we" or "us" and "our"	Jaiprakash Power Ventures Limited, a public limited company incorporated under the Companies Act, 1956 having its registered office at 113, Rajpur Road, Dehradun – 248 001, Uttarakhand.
Promoter or "JAL"	Jaiprakash Associates Limited, a public limited company incorporated under the Companies Act having its registered office at Sector 128, Noida 201304, Uttar Pradesh, and listed on the BSE and the NSE.
Promoter Group Companies	The Promoter Group Companies forming a part of our Promoter Group, as set out under the chapter titled "Our Promoter Group Companies" beginning on page 203 of the Draft Red Herring Prospectus.

ISSUE RELATED TERMS

Term	Description
Allocation	Allocation of Equity Shares pursuant to this Issue.
Allotted / Allotment	The issue and allotment of Equity Shares, pursuant to the Issue.
Allottee	The successful Bidder to whom the Equity Shares are/ have been Allotted.
Amount Payable on Submission of Bid-cum-Application Form	The amount specified under Payment Method-1 or Payment Method-2 for Retail Individual Bidders and Payment Method-2 for any category.
Articles/Articles of Association	Articles of Association of our Company.
Auditors	The statutory auditors of our Company, being M/s Awatar & Co.
Balance Amount Payable	Issue Price less amount already paid, if any, payable by Retail Individual Bidders choosing Payment Method-1 and for which a Call Notice shall be issued by our Company on the date of Allotment.
Banker(s) to the Issue	[●]
Bankers to our Company	Bankers to our Company, being ICICI Bank Limited, Industrial Development Bank of India Limited, Punjab National Bank and Oriental Bank of Commerce.
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid / Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in an English national newspaper and Hindi national newspaper and a newspaper in the regional language with wide circulation.
Bid / Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper and a Hindi national newspaper and a newspaper in the regional language with wide circulation.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Issue.
Bid cum Application Form / Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company which will be considered as the application for issue of the Equity Shares pursuant to the terms of the Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form.
Bidding Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Board of Directors / Board	The board of directors of our Company or a committee thereof duly constituted.
Book Building Process	Book building route as provided under Chapter XI of the SEBI Guidelines, in terms of which the Issue is made.
BRLMs / Book Running	Book Running Lead Managers to the Issue, in this case being Enam Securities

Term	Description
Lead Managers	Private Limited, Morgan Stanley India Company Private Limited, Deutsche Equities India Private Limited, J.P. Morgan India Private Limited, IDFC-SSKI Private Limited, ICICI Securities Limited, JM Financial Consultants Private Limited and Kotak Mahindra Capital Company Limited.
BSE	The Bombay Stock Exchange Limited.
Call Notice	A notice issued by our Company for payment of the Balance Amount Payable in respect of partly paid Equity Shares Allotted to Retail Individual Bidders chosing Payment Method – 1.
CAN / Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.
Co-BRLM / Co-Book Running Lead Manager	Co-Book Running Lead Manager to the Issue, in this case being Axis Bank Limited.
Companies Act	The Companies Act, 1956 as amended from time to time.
Cut-off Price	Any price within the Price Band finalised by us in consultation with the BRLMs and the Co-BRLM. A Bid submitted at the Cut-off Price by a Retail Individual Bidder, Eligible Employee under the Employee Reservation Portion who has Bid for Equity Shares for an amount less than or equal to Rs. 100,000 and an Eligible Shareholder in the Listed Promoter Group Companies Shareholders' Reservation Portion who has Bid for Equity Shares for an amount less than or equal to Rs. 100,000 and is a valid Bid at all price levels within the Price Band.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A body corporate registered under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on which funds are transferred from the Escrow Account to the Issue Account after the Prospectus is filed with the RoC, following which the Allotment will be made to successful Bidders.
Designated Stock Exchange	[●].
Director(s)	Director(s) of Jaiprakash Power Ventures Limited.
Draft Red Herring Prospectus	This draft red herring prospectus dated January 8, 2008 and issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue in terms of value.
Due Date for Balance Amount Payable	Last date for payment of the Balance Amount Payable for Retail Individual Bidders choosing Payment Method-1, which is a date falling 30 days from the date of Allotment.
Eligible Employee/ Employees (in the Employee Reservation Portion)	a. A permanent employee or Director of our Company (whether a whole-time Director or not); or b. A permanent employee or Director (whether a whole-time Director or not) of our holding company, Jaiprakash Associates Limited which is also our Promoter; To be eligible to apply in the Issue in the Employee Reservation Portion, the Bidder should be an Eligible Employee of our Company / or Jaiprakash Associates Limited as on the date of filing of the Red Herring Prospectus with the RoC, based and physically present in India as on the date of submission of the Bid-cum-Application Form.
Eligible NRI	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares Allotted herein.
Eligible Shareholders	For the purposes of the Listed Promoter Group Companies Shareholder Reservation Portion, Eligible Shareholders shall mean shareholders of our Promoter and those Promoter Group Companies whose equity shares are listed on stock exchanges in India (being Jaiprakash Associates Limited, Jaiprakash

Term	Description
	Hydro-Power Limited and Jaypee Hotels Limited) as on the specified date to be fixed by each Promoter Group Company whose equity shares are listed on stock exchanges in India, when the details of the shareholders of the Listed Promoter Group Companies are available, based in India and are physically present in India on the date of submission of the Bid-cum-Application Form.
Employee Reservation Portion	[●] Equity Shares available for Allocation to Eligible Employees on a proportionate basis. Upon completion of the Pre-IPO Placement, if any, the Issue size would stand reduced to the extent of such Pre-IPO Placement, if any, and Employee Reservation Portion shall stand reduced to 10% of the revised Issue size.
Equity Shares	Equity shares of our Company having a face value of Rs. 10 each fully paid up unless otherwise specified in the context thereof.
Escrow Account	Account opened with an Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among our Company, the Registrar, the Escrow Collection Bank(s), the BRLMs, the Co-BRLM and the Syndicate Members for collection of the Bid Amounts and for remitting refunds, if any, to the Bidders.
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Account will be opened in this Issue being [●].
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder.
FII	Foreign Institutional Investor (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India.
Financial Year / Fiscal / FY	Period of twelve months ended March 31 of that particular year, unless specifically otherwise stated.
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended from time to time.
GoI / Government	The Government of India.
I.T. Act / IT Act	The Income Tax Act, 1961, as amended from time to time.
Indian GAAP	Generally accepted accounting principles in India.
Issue	Public issue of 104,000,000 Equity Shares at the Issue Price in terms of the Draft Red Herring Prospectus.
Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date.
Issue Price	The final price at which Equity Shares will be Allotted in terms of the Draft Red Herring Prospectus, as determined by our Company in consultation with the BRLM and the Co-BRLM, on the Pricing Date.
Listed Promoter Group Companies Shareholders' Reservation Portion	[●] Equity Shares available for Allocation to Eligible Shareholders on a proportionate basis. Upon completion of the Pre-IPO Placement, if any, the Issue size would stand reduced to the extent of such Pre-IPO Placement and the Listed Promoter Group Companies Shareholders' Reservation Portion shall stand reduced to 10% of the revised Issue size.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, which may be between 10% or 100% of the Bid Amount, as applicable.
Memorandum / Memorandum of Association	The Memorandum of Association of our Company.
Monitoring Agency	[●].
Mutual Fund Portion	5% of the QIB Portion of the Net Issue, being not less than [●] Equity Shares (assuming the QIB Portion is 60% of the Net Issue) available for Allocation to Mutual Funds only. Upon completion of the Pre-IPO Placement, if any, the Issue size and the Net Issue would stand reduced to the extent of such Pre-IPO

Term	Description
	Placement and the Mutual Fund Portion shall stand reduced to 5% of the QIB Portion of the revised Net Issue.
Mutual Funds	Mutual Funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Net Issue	The Issue, other than the Employee Reservation Portion and the Listed Promoter Group Companies Shareholders' Reservation Portion, in this case being [●] Equity Shares. Upon completion of the Pre-IPO Placement, if any, the Net Issue would stand reduced to the extent of such Pre-IPO Placement.
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for an amount more than Rs. 100,000.
Non-Institutional Portion	The portion of the Net Issue being not less than [●] Equity Shares available for Allocation to Non-Institutional Bidders on a proportionate basis, subject to valid Bids at or above the Issue Price. Upon completion of the Pre-IPO Placement, if any, the Issue size and the Net Issue would stand reduced to the extent of such Pre-IPO Placement and the Non-Institutional Portion shall stand reduced to not less than 10% of the revised Net Issue.
NR / Non-Resident	A "person resident outside India", as defined under FEMA including FIIs.
NRI / Non-Resident Indian	A "person resident outside India", as defined under FEMA and who is a citizen of India or is a person of Indian origin (as defined under the Foreign Exchange Management (Deposit) Regulations, 2000.
NSE	The National Stock Exchange of India Limited.
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in this Issue.
Pay-in-Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders, as applicable.
Pay-in-Period	(i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date, as specified in the CAN.
Payment Method	Either of Payment Method -1 or Payment Method- 2 chosen by Retail Individual Bidders
Payment Method-1	Amount Payable on Submission of Bid-cum-Application Form in case of Retail Individual Bidders is Rs. [●] per Equity Share, such that it shall not be less than 25% of the Issue Price and Balance Amount Payable shall be paid by the Due Date for Balance Amount Payable. All Non Resident Bidders availing the option of Payment Method-1 are required to submit a copy of an approval from the RBI allowing them to subscribe to the partly-paid up Equity Shares. Under Payment Method – 1, out of the Amount Payable on Submission of Bid-cum-Application Form, Rs. 2.5 is towards face value and Rs. [●] is towards premium.
Payment Method-2	Amount Payable on Submission of Bid-cum-Application Form in case of Retail Individual Bidders and Non-Institutional Bidders shall be 100% of Bid and in case of QIBs shall be 10% of the Bid Amount with balance being payable on allocation.
Person / Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
Pre-IPO Placement	A Pre-IPO private placement of certain Equity Shares is being considered by our Company, with some investors.
Price Band	The price band with a minimum price (Floor Price) of Rs. [●] and the maximum

Term	Description
	price (Cap Price) of Rs. [●] including revisions thereof.
Pricing Date	The date on which our Company in consultation with the BRLMs and the Co-BRLM finalises the Issue Price.
Prospectus	The prospectus to be filed with the RoC in terms of Section 60 of the Companies Act, containing, *inter alia*, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount.
QIB Portion	The portion of the Net Issue, being at least [●] Equity Shares to be Allotted to QIBs on a proportionate basis. Upon completion of the Pre-IPO Placement, if any, the Issue size and the Net Issue would stand reduced to the extent of such Pre-IPO Placement and the QIB Portion shall stand reduced to at least 60% of the revised Net Issue.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million.
Registered Office	The registered office of our Company located at 113, Rajpur Road, Dehradun – 248 001, Uttarakhand.
Registrar /Registrar to the Issue	Registrar to the Issue, in this case being Karvy Computershare Private Limited having its office at Plot No. 17-24, Vitthal Rao Nagar, Madhapur, Hyderabad – 500 081.
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) and Bidders in reserved categories who have bid for Equity Shares for an amount less than or equal to Rs. 100,000.
Retail Portion	The portion of the Net Issue, being not less than [●] Equity Shares available for Allocation to Retail Individual Bidder(s) on a proportionate basis, subject to valid Bids at or above the Issue Price. Upon completion of the Pre-IPO Placement, if any, the Issue size and the Net Issue would stand reduced to the extent of such Pre-IPO Placement and the Retail Portion shall stand reduced to not less than 30% of the revised Net Issue.
Revision Form	The form used by the Bidders to modify the number of Equity Shares or the Bid Price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
RHP or Red Herring Prospectus	The red herring prospectus dated [●] issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three (3) days before the Bid/Issue Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date.
RoC	Registrar of Companies, Uttar Pradesh and Uttarakhand having its address at 10/499-B, Allen Ganj, Khalasi Lines, Kanpur - 208001, Uttar Pradesh.
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, from time to time including instructions and clarifications issued by SEBI from time to time.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time.
Stock Exchanges	BSE and NSE.
Syndicate	The BRLMs, the Co-BRLM and the Syndicate Members.

Term	Description
Syndicate Agreement	The agreement to be entered into among our Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Members	[●].
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid.
U.S. GAAP	Generally accepted accounting principles in the United States of America.
Underwriters	Enam Securities Private Limited, Morgan Stanley India Company Private Limited, Deutsche Equities India Private Limited, J.P. Morgan India Private Limited, IDFC-SSKI Private Limited, ICICI Securities Limited, JM Financial Consultants Private Limited, Kotak Mahindra Capital Company Limited, Axis Bank Limited and [●];
Underwriting Agreement	The Agreement to be entered into among our Company and the Underwriters on or after the Pricing Date.

INDUSTRY/ COMPANY RELATED TERMS

Term	Description
50% Dependable Year	A year in which the annual energy generation has the probability of being equal to or in excess of 50% of the expected period of operation of the plant.
90% Dependable Year	A year in which the annual energy generation has the probability of being equal to or in excess of 90% of the expected period of operation of the plant.
Arunachal projects	The Lower Siang project and the Hirong project.
Capacity Index	Declared capacity expressed as a percentage of the maximum available capacity for the plant.
Capacity Index Incentive	The amount payable when a plant's Capacity Index exceeds the normative Capacity Index in a given year.
Central Transmission Utility	As defined in Section 2(10) of the Electricity Act 2003, of India, as amended from time to time, to mean any government company which the Government of India may notify under Section 38(1) of the said Act.
Certified Emission Reductions	Carbon sequestration credits used for carbon trading under the Clean Development Mechanism of the Kyoto Protocol.
Coal Supply Agreement	An agreement dated December 25, 2007 between us and MPJML to supply coal to our Nigrie Thermal project from the Amelia (North) Coal Block.
Deemed Generation	Energy which a plant was capable of generating but could not generate due to the conditions of grid or power system beyond the control of the plant resulting in spillage of water.
Design Energy	The quantum of energy that could be generated by a plant in a 90% Dependable Year with 95% availability of plant.
Design Saleable Energy	The quantum of Design Energy less transformation losses, auxillary consumption and free power.
Hirong project	Our 500 MW hydroelectric power project in the state of Arunachal Pradesh.
Infirm Energy	Energy delivered by a unit after its synchronization to the grid prior to the commercial operation date of the unit.
Karcham-Wangtoo project	JKHCL's 1,000 MW (4 x 250 MW) run-of-the-river, with pondage, hydroelectric power project on the river Sutlej, in the Kinnaur district of the state of Himachal Pradesh.
Karcham PPA	The Power Purchase Agreement dated March 21, 2006 between PTCIL and JKHCL.
Kynshi II project	Our 450 MW hydroelectric project in the state of Meghalaya.
Land Acquisition Act	The Land Acquisition Act, 1894, of India, as amended from time to time.
Lower Siang project	Our 2,025 MW hydroelectric power project in the state of Arunachal Pradesh.
Meghalaya projects	The Kynshi II project and the Umngot project.
National Grid	India's national power transmission network.
Nigrie Thermal project	Our 1,000 MW (2 x 500 MW) supercritical technology based coal-fired thermal power plant in the Sidhi district in the state of Madhya Pradesh.
Peaking Power	Power required during peak usage periods, in excess of normal power

Term	Description
	requirements.
Plant Availability	Availability of the plant (including all the generating units) to generate power.
Primary Energy	The quantum of energy generated upto Design Energy on an annual basis.
Saleable Energy	The energy available for sale from a power plant after transformation losses, auxillary consumption and free power.
Secondary Energy	Energy produced in excess of the Design Energy.
Transmission project	The 230 km long power transmission project, with 4 km of loop-in loop-out, of Baspa-Nathpa Jhakri line, being developed by JPL to evacuate power from the Karcham-Wangtoo project to the interconnection point at Abdullapur in the state of Haryana.
Transmission Service Agreement	An agreement dated February 22, 2007, between Jaypee Karcham Hydro Corporation Limited and Jaypee Powergrid Limited.
Transmission Service Charges	Monthly charges calculated in accordance with CERC regulations relating to the Transmission Service Agreement payable by JKHCL from the date on which the Transmission project is commissioned until the said agreement expires or is terminated.
Umngot project	Our 270 MW hydroelectric project in the state of Meghalaya.
Verified Emission Reductions	Certificates issued for quantity of emission reduction based on the power that is generated according to defined standards and requirements.
Vishnuprayag plant	Our 400 MW (4 x 100 MW) run-of-the-river hydroelectric power plant on the river Alaknanda in Chamoli district of the state of Uttarakhand.
Vishnuprayag PPA	The Final Power Purchase Agreement dated January 16, 2007 between UPPCL and our Company.

CONVENTIONAL AND GENERAL TERMS/ABBREVIATIONS

Abbreviation	Full Form
A/c	Account
ADRB	Additional Dispute Review Board
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
AY	Assessment Year
CAGR	Compounded Annual Growth Rate
CDM	Clean Development Mechanism
CDSL	Central Depository Services (India) Limited
CEA	Central Electrical Authority
CENVAT	Central Value Added Tax
CERC	Central Electricity Regulatory Commission
CERs	Certified Emissions Reductions
CESTAT	Central Excise and Services Tax Appellate Tribunal
CIA	Capacity Index Achieved
CIN	Company Identification Number
Consortium	Jaiprakash Hyundai Consortium
CPI	Consumer Price Index
CSA	Coal Supply Agreement
DDA	Delhi Development Authority
Depositories	NSDL and CDSL
DIN	Director Identification Number
DP ID	Depository Participant's Identity
DP/Depository Participant	A depository participant as defined under the Depositories Act, 1996
DPR	Detailed Project Report
DRB	Dispute Review Board
DRT	Debt Recovery Tribunal
EGM	Extraordinary General Meeting
EIA	Environmental Impact Assessment
EMP	Environment Management Plan

Abbreviation	Full Form
EPC	Engineering, procurement and construction
EPS	Earnings per share
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FIPB	Foreign Investment Promotion Board
GoAP	Government of Arunachal Pradesh
GoM	Government of Meghalaya
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GIS	Gas Insulate Switchgear
GNIDA	Greater Noida Industrial Development Authority
HNI	High Net-worth Individual
HPERC	Himachal Pradesh Electricity Regulatory Commission
HPSEB	Himachal Pradesh State Electricity Board
HPTLRA	Himachal Pradesh Transfer of Land Regulation Act, 1968
HUF	Hindu Undivided Family
I.T. Act	The Income Tax Act, 1961, of India as amended from time to time
ICAI	Institute of Chartered Accountants of India
ICC	International Chamber of Commerce, Paris
IPC	Indian Penal Code
IPP	Independent Power Producer
IPTC	Independent Private Transmission Company
JAPL	Jaypee Arunachal Power Limited
JHPL	Jaiprakash Hydro-Power Limited
JKHCL	Jaypee Karcham Hydro Corporation Limited
JPL	Jaypee Powergrid Limited
JPVL	Jaiprakash Power Ventures Limited
JSS	Jaiprakash Sewa Sansthan
JVPL	Jaypee Ventures Private Limited
KV	Kilo Volt
KWH	Kilo Watt Hour
LC	Letter of Credit
Mn / mn	Million
MOA	Memorandum of Agreement
MODVAT	Modified Value Added Tax
MOEF	Ministry of Environment and Forests, Government of India.
MOU	Memorandum of Understanding
MPERC	Madhya Pradesh Electricity Regulatory Commission
MPJML	Madhya Pradesh Jaypee Minerals Limited
MPSEB	Madhya Pradesh State Electricity Board
MPSERC	Madhya Pradesh State Electricity Regulatory Commission
MPSMCL	Madhya Pradesh State Mining Corporation Limited
MU	Million Units
MW	Mega Watt
NA	Not Applicable
NAV	Net Asset Value
NHDCL	Narmada Hydroelectric Development Corporation Limited
NHPC	National Hydro Power Corporation Limited
NIACL	New India Assurance Company Limited
NOC	No Objection Certificate
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NVDA	Narmada Valley Development Authority
O&M	Operation and Maintenance
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number

Abbreviation	Full Form
PAT	Profit After Tax
PBT	Profit Before Tax
PGCIL	Power Grid Corporation of India Limited
PPA	Power Purchase Agreement
PSU	Public Sector Undertaking in India
RBI	The Reserve Bank of India
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
SBI	State Bank of India
SHRIL	Sterling Holiday Resorts India Limited
SJVNL	Sutlej Jal Vidyut Nigam Limited
TEA	Taj Expressway Industrial Development Authority
THDCL	Tehri Hydro Development Corporation Limited
TIN	Tax payers Identification Number
TSA	Transmission Service Agreement
TSC	Transmission Service Charges
U.S.$	United States Dollars
UJVNL	Uttarakhand Jal Vidyut Nigam Limited
UPCL	Uttaranchal Power Corporation Limited, Dehradun
UPPCL	Uttar Pradesh Power Corporation Limited
UPSCCL	UP State Cement Corporation Limited in liquidation
UPERC	Uttar Pradesh Electricity Regulatory Commission
VERs	Verified Emissions Reductions
WPI	Wholesale Price Index
XLPE	Cross Linked Polyethene

Notwithstanding the foregoing, in the chapters titled "Main Provisions of the Articles of Association of our Company", "Statement of Tax Benefits", "Financial Statements" and the paragraphs titled "Disclaimer Clause of BSE and NSE" in the chapter titled "Issue Procedure" beginning on pages 401, 94, 221, and 368 respectively of the Draft Red Herring Prospectus, defined terms have the meaning given to such terms in these respective sections of the Draft Red Herring Prospectus.

SECTION II - GENERAL

CERTAIN CONVENTIONS; USE OF MARKET DATA

Certain Conventions

All references in the Draft Red Herring Prospectus to "India" refer to the Republic of India. All references in the Draft Red Herring Prospectus to "US", "USA" or "United States" are to the United States of America.

Financial data

Unless stated otherwise, the financial data in the Draft Red Herring Prospectus is derived from our restated financial statements prepared in accordance with Indian GAAP and included elsewhere in the Draft Red Herring Prospectus. Our fiscal year commences on April 1 and 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. In the Draft 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 and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in the Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, Companies Act and the SEBI Guidelines. Any reliance by Persons not familiar with Indian accounting practices, Indian GAAP, Companies Act and the SEBI Guidelines on the financial disclosures presented in the Draft Red Herring Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

Currency of Presentation:

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. Rs. 1 lakh means Rs. 100,000 and Rs. 1 Crore means Rs. 10,000,000.

All references to "US$"; "U.S. Dollar" or "US Dollars" are to United States Dollars, the official currency of the United States of America.

For additional definitions, see the section titled "Definitions and Abbreviations" beginning on page i of the Draft Red Herring Prospectus

Market and Industry Data

Unless stated otherwise, industry data used throughout the Draft Red Herring Prospectus has been obtained from industry publications and publicly available government documents. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Similarly while information contained in the publicly available government documents that is relied upon for the purposes of the Draft Red Herring Prospectus is believed to be complete and reliable, there can be no assurance of the same. Accordingly, no investment decisions should be made based on such information. Although we believe that industry data used in the Draft Red Herring Prospectus is reliable, it has not been verified. Similarly, while we believe that the internal company reports are reliable, they have not been verified by any independent sources.

FORWARD LOOKING STATEMENTS

The Draft Red Herring Prospectus contains certain "forward-looking statements". These forward looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause our actual results to differ materially from those contemplated by the relevant statement.

Important factors that could cause our actual results to differ materially from our expectations include, but are not limited to, the following:

- Our ability to implement our projects due to our limited operating history;
- Financial, operational and technical risks inherent to our projects;
- Unavailability of fuel (water/coal/any other raw material) for our current and proposed power plants;
- Failure of our offtakers to fulfill their payment obligations under the relevant PPA's;
- Our inability to establish new offtake arrangements;
- Our ability to anticipate and manage changes or shortages in the supply of skilled or unskilled labour or technology and continue to operate our business;
- Our inability to raise requisite funding for capital expenditure, including for implementation of our new projects;
- Natural calamities including earthquake, flood, fire and drought in India resulting in an impact on our projects or the general economy;
- General economic and business conditions in India;
- Our ability to successfully implement our strategy;
- Changes in laws or competitive conditions which may affect us adversely;
- Changes in the value of the Rupee and other currency changes, inflation, deflation, changes in monetary policy, unanticipated turbulence in interest rates;
- Changes in political conditions in India;
- Changes in laws and regulations that apply to our clients, suppliers and the power generation and trading and construction and property development sectors; and
- Increasing competition in and the conditions of our clients, suppliers and the power generation and trading and construction and property development sectors.

For a discussion of the factors that could cause our actual results to differ, see the chapters titled "Risk Factors" and "Management Discussion and Analysis of Financial Condition and Results of Operations" on pages xii and 271 respectively of the Draft Red Herring Prospectus. Neither our Company nor the Underwriters nor any of their respective affiliates has 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, the BRLMs and the Co-BRLM will update the Red Herring Prospectus and Propectus to ensure that investors in India are informed of material developments until the time of commencement of trading of the Equity Shares Allotted pursuant to the Issue on the Stock Exchanges.

SECTION III - RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. These risks and uncertainties are not the only issues that we face; additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have a material adverse effect on our business, results of operations and financial condition. The financial data in this chapter is as per our restated financial statements contained in this Draft Red Herring Prospectus.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks mentioned herein. Numbering of the risk factors is for convenience only and may not reflect the relative importance of any of the following risk factors.

In this chapter, any reference to "we", "us", "our" refers to Jaiprakash Power Ventures Limited or JKHCL or the special purpose vehicles proposed to be incorporated for the Arunachal projects and the Meghalaya projects, either on a standalone basis or on a consolidated basis, as the context may require.

I. Risks relating to our Business in General

1. We have a limited history with respect to the operation of power plants and we are subject to all of the business risks and uncertainties associated with any newly operating business.

We plan to expand our installed generation capacity, however, we have limited experience in the operation of hydroelectric power plants and no experience in the construction, management and operation of coal-fired power plants or in power transmission. Our Promoter, Jaiprakash Associates Limited (JAL), has limited experience in the construction, management and operation of coal-fired power plants and no experience in the construction, operation and management of power transmission projects. We are proposing to use a portion of the net proceeds of the Issue to part finance our 1,000 MW coal-fired thermal power plant in the state of Madhya Pradesh and subscribe for a certain percentage of the equity capital of companies engaged in the implementation of a hydroelectric power project and a power transmission project in the state of Himachal Pradesh. Our success in these initiatives will depend on our ability to attract and retain talented and experienced personnel. These businesses are evolving in India and are likely to be subject to substantial regulatory overview with respect to the award, implementation and operation of new projects, the terms of our agreements and the tariffs that we charge. We are subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that we will not achieve our objectives and that the value of your investment in the Equity Shares could decline substantially. In addition, we have limited operating results that can demonstrate our ability to build and manage our business. The financial statements included in the Draft Red Herring Prospectus may not be indicative of the level of revenues we expect from, and the expenditure we expect to incur in future. As a result of the foregoing factors, the financial statements we have presented in the Draft Red Herring Prospectus will not be an accurate estimate of our future performance as a public company or indicative in any way of our future results. Any inability to effectively manage and operate our 400 MW Vishnuprayag plant or develop or operate the projects which we are developing or expect to develop could adversely affect our business, prospects, financial condition and results of operations.

2. Our new projects require a long gestation period and substantial capital outlay before we realise any benefits or returns on investments.

Due to the nature of our business, our projects typically require a long gestation period and substantial capital outlay before completion and may take months or even years before positive cash flows can be generated, if at all. The time and costs required in completing a project may be subject to substantial increases due to factors including shortages of materials, equipment, skilled personnel and labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents, changes in government priorities and policies, changes in market conditions, delays in obtaining the requisite licenses, permits and approvals from the relevant authorities and other unforeseeable problems and circumstances. In particular our Arunachal Pradesh projects and our Meghalaya projects, which represent aggregate planned capacity of 3,245 MW of the current and planned capacity of 5,245 MW are at very early stages. We cannot assure you that these 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. As part of our growth strategy, we may seek to acquire businesses, technologies and products, but we

may fail to complete such acquisitions or realise the anticipated benefits of such acquisitions and may incur costs that could negatively affect our business. In addition, failure to complete a project according to its original specifications or schedule, if at all, may give rise to potential liabilities and, as a result, our returns on investments may be lower than originally expected. Any of these factors may lead to delays in, or prevent, the completion of our projects and result in costs substantially exceeding those originally budgeted for, which would have a material adverse effect on our business, financial condition and results of operations. In addition, it is likely that the benefits of our utilisation of the Issue proceeds will not be immediately available to you and that returns on our investments of these proceeds will not be generated until following the commissioning of each project in which investment is made.

3. We may not be successful in integrating the assets which we expect to own as a result of our subscriptions to equity in certain power assets.

We propose to subscribe to equity shares representing 55.36% of the equity capital in Jaypee Karcham Hydro Corporation Limited (JKHCL) and 23% of the equity capital in Jaypee Powergrid Limited (JPL) using a portion of the proceeds of the Issue. We also propose to subscribe to an equity interest in the special purpose vehicles to be incorporated to implement the 2,025 MW Lower Siang project, the 500 MW Hirong project, the 450 MW Kynshi II project and the 270 MW Umngot project. Even if we are successful in subscribing for such shares, we may not be successful in integrating these businesses with our existing business. We cannot assure you that we will be successful or will not suffer losses in such businesses or that our proposed investments will achieve the goals we have set for it. We may have difficulty integrating newly acquired assets, businesses and employees into our existing operations and managing a substantially larger group.

To the extent our operations continue to expand, we may need to increase the number of our employees and the scope of our operational and financial systems to handle the increased complexity and expanded geographic area of our operations. There can be no assurance that we will be able to manage such growth efficiently, retain and attract qualified management and employees, identify and successfully enter into strategic partnerships or that our current operational and financial systems and controls will be adequate as we grow. This could have a material adverse effect on our business, prospects, financial condition and results of operations.

4. Our projects are subject to construction, financing and operational risks.

The development of new projects involves various risks, including among others, regulatory risk, construction risk, financing risk and the risk that these projects may prove to be unprofitable. We may need to undergo certain changes to our operations as a result of developing these new projects in order to implement such projects effectively, integrate them into our business and comply with conditions under power purchase agreement or agreements entered into by us with various agencies for allocation and implementation. Entering into any new projects may pose significant challenges to our management, administrative, financial and operational resources. We cannot provide any assurance that we will succeed in any new projects we may enter into or that we will recover our investments. The funding requirement and project costs for our projects have been either evaluated by banks for financing purposes or are based on management estimates. If the funding requirements and project costs for these projects are higher than estimated, we will need to find sources to fund the extra costs which may not be readily available. Any failure in the development, financing or operation of any of our new projects will likely materially and adversely affect our business prospects, financial condition and results of operations.

We expect to commence commercial operation of the Karcham-Wangtoo project by 2011, the Nigrie Thermal project by 2012, the Lower Siang project by 2014, the Hirong project by 2015 and the Meghalaya projects by 2016. In addition, we expect the Transmission project to be completed by 2010. We may be adversely affected in the course of development of these and other new projects because:

- contractors hired by us may not be able to complete the construction of our project on time, within budget or to the specifications and standards set out in our contracts with them;

- delays in completion and commercial operation could increase the financing costs, including those due to increases in prices of raw materials associated with construction and increased interest costs, which could cause our budget to be exceeded;

- we may not be able to obtain adequate working capital or other financing to complete construction of and to commence operations of our projects;

- we may not be able to recover the amounts we have invested in our projects if the assumptions contained in the feasibility studies for these projects do not materialize; and

- our protection from force majeure risks is limited to certain amounts under our insurance policies.

These risks are particularly acute in respect of the Arunachal projects and the Meghalaya projects, which are at a very early stage.

Also, we do not have guarantees or indemnities for these projects from any independent third parties. While we maintain insurance policies to cover natural disaster risks and certain other insurable risks, we cannot assure you that any cost overruns or additional liabilities on our part would be adequately covered by such insurance policies, if at all. There can be no assurance that our current or future projects will be completed or, if completed, that they would be completed on time, within the anticipated budget and that they will provide the returns anticipated.

5. Our planned projects and any future projects we implement will require significant capital expenditure for which we will require additional capital. If we are unable to obtain the necessary funds on acceptable terms, our growth plans could be adversely affected.

Our funding requirements for new projects are substantial, and our ability to finance these plans is subject to a number of risks, contingencies and other factors, some of which are beyond our control, including general economic and capital markets conditions and our ability to obtain financing on acceptable terms. While we have financing arrangements for our Vishnuprayag plant and Nigrie Thermal project, JKHCL has financing commitments for its Karcham-Wangtoo project and JPL has received certain in-principle approvals from various banks towards its debt requirements for the Transmission project. We have not yet secured any financing for the Arunachal projects and the Meghalaya projects. Furthermore, adverse developments in the Indian credit markets or a reduced perception in the credit markets of our creditworthiness could increase our debt service costs and the overall cost of our funds. We cannot assure you that debt or equity financing or our internal accruals will be available or sufficient to meet our capital expenditure requirements.

Our ability to obtain required capital on acceptable terms is subject to a variety of uncertainties, including:

- limitations on our ability to incur additional debt, including as a result of prospective lenders' evaluations of our creditworthiness and pursuant to restrictions on incurrence of debt in our existing and anticipated credit facilities;

- investors' and lenders' perception of, and demand for, debt and equity securities of power generation and transmission companies, as well as the offerings of competing financing and investment opportunities in India by our competitors;

- whether it is necessary to provide credit support or other assurances from our Promoter on terms and conditions and in amounts that are commercially acceptable to them;

- limitations on our ability to raise capital in the capital markets and conditions of the Indian, U.S. and other capital markets in which we may seek to raise funds; and

- our future results of operations, financial condition and cash flows.

Any inability to raise sufficient capital to fund our projects could have a material adverse effect on our business and results of operations.

6. We have not applied for, or have not obtained, certain permits, consents, licenses and approvals for our proposed projects.

We require statutory and regulatory permits, consents, licenses and approvals in order to implement and operate our respective businesses. Also currently we have not yet applied for majority of the permits, licenses and approvals for our Arunachal projects, and all of the aforesaid for our Meghalaya projects since these projects are at at very early stages, and we propose to obtain the required licenses at appropriate stages in the future. We require additional licenses in respect of construction, commencement and maintenance of the Nigrie Thermal

project, the Karcham-Wangtoo project and the Transmission project. Further, certain licenses in relation to our Nigrie Thermal project have been issued in the name of JAL and are pending transfer to our Company. In addition, a majority of the licenses and approvals obtained in respect of our existing plant and proposed projects are subject to expiry after specified periods of time, and are issued subject to compliance with specified conditions and restrictions.

We cannot assure that we will be able to apply for any licenses in a timely manner, or at all, or obtain such permits or approvals at such times as may be required, and there can be no assurance that the relevant authorities will issue or transfer any of such permits or approvals in the time frames anticipated by us. Further, we cannot assure that the licenses issued to us would not be subject to suspension or revocation for non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any failure to apply for and obtain the required permits or approvals, or any suspension or revocation of any of the licenses and approvals that have been or may be issued to us, may result in the interruption of the operation of our existing Vishnuprayag plant or impede execution of our proposed projects. For details on the various material licenses obtained in relation to our existing plant and proposed projects, , and licenses and approvals applied for but not received and licenses and approvals that have not yet been applied for in respect of the aforesaid please refer to the chapter titled "Government/Statutory and Business Approvals" beginning on page 331 of the Draft Red Herring Prospectus.

We cannot assure you that we will be able to obtain and comply with all necessary licenses, permits and approvals required for our plants, or that changes in the governing regulations or the methods of implementation will not occur. Additionally, if we fail to comply with all applicable regulations or if the regulations governing our business or their implementation change, we may incur increased costs or be subject to penalties, which could disrupt our operations and adversely affect our business and results of operations.

7. As part of the proposed reorganisation of the Jaypee Group's power assets, we have taken certain steps for which we need to obtain certain lender consents and approvals.

As part of the proposed reorganisation of the Jaypee Group's power assets and pursuant to our contractual arrangements, consents and approvals are required from our lenders. We have not yet applied for or received such consents in relation to the Arunachal Projects and Meghalaya projects, and we cannot assure you that we shall be able to obtain such consents in the future. A delay or inability to receive these approvals may have a material adverse effect on our business prospects, financial condition and results of operations.

8. The objects of the Issue for which funds are being raised are based on our internal estimates, and the utilisation of funds will be at the discretion of our Company.

We cannot assure you that the Issue proceeds will be utilised in conformity with the costs or schedules of implementation of the projects proposed to be implemented as described in the chapter titled "Objects of the Issue" beginning on page 77 of the Draft Red Herring Prospectus. We propose to utilize the Issue proceeds to part-fund the capex during our fiscal years 2008 through 2012, including approximately Rs. 115 million in our fiscal year 2008, approximately Rs. 9,480 million in our fiscal year 2009, approximately Rs. 18,037.5 million in our fiscal year 2010, approximately Rs. 22,357.5 million in our fiscal year 2011 and approximately Rs. 10,000 million in our fiscal year 2012. However, it is possible that the utilisation of Issue proceeds may vary due to various factors that may be beyond our control, including factors that we do not currently foresee. Accordingly, prospective investors in the Issue will need to rely upon our management's judgment with respect to the use of proceeds. If we are unable to enter into arrangements for utilisation of the Issue proceeds as expected and assumed by us in a timely manner or at all, we may not be able to derive the expected benefits from the proceeds of the Issue and our business and financial results may suffer.

9. Our proposed investment in JKHCL may be subject to a pledge or non-disposal undertaking.

One of the objects of the Issue is to invest in the equity share capital of JKHCL. The financing documents executed by JKHCL for the Karcham-Wangtoo project provide that 30% of JKHCL's equity capital will be pledged to the lenders and an additional 46% of JKHCL's equity capital will be subject to a non-disposal undertaking on a pro rata basis. Following our investment in JKHCL, the lenders may also require us to pledge our holding in JKHCL and/or subject our holding in JKHCL to a non-disposal undertaking. Any such restrictions on our investment in the equity share capital of JKHCL could have an adverse effect on our business. For further details, please refer to the chapter titled "Financial Indebtedness" beginning on page 286 of the Draft Red Herring Prospectus.

10. The interests of our controlling shareholder and our affiliates could cause significant conflicts of interest in the ordinary course of our business, including various conflicts with respect to our power business.

Our Promoter, JAL, which will hold approximately 67.40% of our Equity Shares after the completion of the Issue, has a 63.34% subsidiary Jaiprakash Hydro-Power Limited (JHPL), a listed company that operates the 300 MW Baspa II hydroelectric power plant. There is no non-compete agreement in place between JAL, other Jaypee Group companies and us. Other Jaypee Group companies may develop power generation projects in the future that may compete with us. There may be conflicts of interest between Jaypee Group companies, including JAL and JHPL, and our Company as regards bidding for new projects and selling power from projects that are operated by us and by other members of the Jaypee Group.

Conflicts may arise in the ordinary course of our decision-making. Among other situations, conflicts may arise in connection with our negotiations and dealings with Jaypee Group companies with respect to services that they are expected to provide to us and the arrangements that we may enter into with them. Conflicts may also arise in the allocation of resources, including key personnel, contractors and intellectual property, between other Jaypee Group companies, including JAL, and us.

Furthermore, as JAL is a guarantor of certain of our loan and credit facilities, in the event that we default under one or more of these facilities and our creditors invoke JAL's guarantee, JAL would become our creditor, which may lead to a conflict of interest.

In addition, key management personnel and employees may also encounter conflicts of interest in the above situations, among others.

We have had and also expect to have a substantial amount of ongoing transactions with our Promoter Group Companies. For details of such transactions, please refer to the chapter titled "Related Party Transactions" beginning on page 269 of the Draft Red Herring Prospectus.

11. We are significantly dependent on our Promoter and Promoter Group Companies for execution of our projects and for financial support.

We are significantly dependent on our Promoter, JAL, for financial support and execution expertise for our projects under implementation and planned projects. JAL has hitherto provided corporate guarantees for certain of our borrowings. In addition, in the past, JAL has also executed the civil works of the Vishnuprayag plant and is currently the EPC contractor for the Karcham-Wangtoo project. We are and have been dependent on JVPL for design expertise for our projects. We may also be dependent on JAL and other Jaypee Group companies to be able to meet pre-qualification requirements for bidding on projects. Going forward, however, there is no assurance our Promoter and Promoter Group Companies will continue to provide us with the same degree of financial and other support and services. Non – continuance of such arrangements could affect our operations and financial condition.

12. We will continue to be controlled by JAL following the Issue, and our other shareholders will be unable to affect the outcome of shareholder voting.

JAL currently holds 80.57 % of our Equity Shares and will, after the completion of this Issue, continue to own 67.40% of our paid-up capital. Consequently, JAL 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 plans, revenue budgets, capital expenditure, dividend policy, transactions with other JAL-controlled companies, or the assertion of claims against such companies and/or other companies. Under article 90 of our Articles of Association, as long as JAL holds 51% or more of the paid up equity capital of our Company, the Managing Director(s) or the whole-time directors shall be JAL's nominees. Under the Companies Act, shareholders may appoint a Director to our Board by way of an ordinary resolution (a resolution passed by a majority of the votes of shareholders present and voting). Shareholders may also remove a Director from our Board by an ordinary resolution passed after giving special notice to the shareholders. As our majority shareholder, JAL may exercise these rights or impose other restrictions on us. For more details see the chapter titled "Main Provisions of our Articles of Association" beginning on page 401 of the Draft Red Herring Prospectus.

The interests of JAL may be different from our interests or the interests of our other shareholders. JAL could, by exercising its powers of control, delay or defer a change of control of our Company or a change in our capital structure, delay or defer a merger, consolidation, takeover or other business combinations involving us, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company, even if such a transaction may be beneficial to us and our other shareholders.

13. We have not placed orders or entered into definitive agreements for the machinery and equipment required for the Nigrie Thermal project.

We have not yet placed orders, entered into an EPC contract or entered into any definitive arrangements for any of the major machinery and equipment required in relation to the Nigrie Thermal project. It is possible that, when we place such orders, limited supply of machinery or equipment, currency fluctuations or other factors may result in a future increase in the cost of such machinery and equipment. In turn, this could cause the total cost of the Nigrie Thermal project to exceed the current estimated cost, which may have a material adverse effect on our liquidity and results of operations.

14. JKHCL is not adequately protected from cost escalations in relation to certain costs under its EPC contract or from costs not covered under the EPC contract.

JKHCL has entered into an EPC contract with JAL for the implementation of the Karcham-Wangtoo project. Although the EPC contract has certain protections for JKHCL against cost escalations, JAL could be entitled to cost escalations under certain circumstances. In addition, the EPC only protects JKHCL against cost escalation related to the machinery and equipment that are covered by its terms. JKHCL will be responsible for any other cost escalation. In the event of any cost escalation for which JKHCL is liable, the total project cost may increase, which may have a material adverse effect on JKHCL's liquidity and results of operations. For more details regarding the EPC contract for the Karcham-Wangtoo project, please refer to the chapter titled "Key Business Contracts" beginning on page 135 of the Draft Red Herring Prospectus.

15. We face certain contractual risks associated with agreements that we have entered into with respect to our projects.

We are required to undertake various activities and have various obligations, including preparing a DPR and achieving financial closure under the memoranda of agreement, implementation agreements and other agreements associated with our projects. If we fail to undertake such activities and fulfill such obligations within the time prescribed or at all, this could lead to our Company being liable to a regulatory or governmental authority or may also result in cancellation of the project. Any such liability or cancellation could adversely affect our business, results of operations and profitability. For details of these activities and obligations please refer to the chapter titled "Key Business Contracts" beginning on page 135 of the Draft Red Herring Prospectus.

16. Extreme variations in hydrological conditions and geological uncertainties may materially and adversely affect our results of operations.

Our only operating plant, the Vishnuprayag plant, is a hydroelectric plant. Hydroelectric generation at our Vishnuprayag plant, and at the other hydroelectric projects in which we expect to subscribe for interests, is dependent on the amount and location of rainfall, snow melt and river flows in those regions, which vary considerably from quarter to quarter and from year to year. The levels of hydroelectric production can, therefore, vary from period to period. In years of less favorable hydrological conditions, such as periods of drought, hydroelectric plants generate less electricity, which reduces the amount of electricity that they are able to generate and sell. Furthermore, the advent of climate change can cause conditions that may result in unusual hydrological variations and extremities. Any adverse hydrological conditions could render us unable to meet the requirements of our PPAs. Conversely, if hydrological conditions are such that too much rainfall occurs at any one time, such as during the monsoon, water may flow too quickly and at volumes in excess of a particular hydroelectric plant's designated flood levels, which may result in plant shutdowns. Any of these events could reduce our revenues from the sale of electricity, which could have a material adverse effect on our business, financial condition and results of operations.

Extensive geological investigation is carried out by independent engineers before taking up civil works for our projects. While past studies have not indicated any adverse geological features such as major faults, thrusts or highly stressed rock mass and our Vishnuprayag plant has been completed and commissioned, occurrences of such adverse geological conditions in the future cannot be ruled out. Furthermore, the conclusions of

independent geological investigation are subject to uncertainty. In the recent past, there have been incidents of earthquakes in Northern India, where our Vishnuprayag plant and Karcham-Wangtoo project are located, and we cannot state with certainty that any future earthquakes in the region will not affect our operations there. Such adverse geological features could adversely affect our business, financial condition and results of operations.

17. Natural disasters could disrupt our operations and result in loss of revenues and increased costs.

Our operating plant and proposed hydroelectric projects require a constant supply of water to continue to operate and are vulnerable to man-made and natural disasters such as explosions, earthquakes, storms and floods, as well as to terrorist attacks or other enemy actions. The occurrence of a man-made or natural disaster, terrorist attack, enemy action or other accidents could disrupt the operations of our operating plant and hydroelectric projects and result in loss of revenues and increased costs. Although we believe we maintain insurance coverage consistent with industry standards, there can be no assurance that the insurance coverage we maintain for these risks will cover such risks or be adequate to compensate us for all damages and economic losses which we may suffer as a result of any such events.

18. Our business is dependent upon the discharge of water from certain rivers, which is seasonal in nature, such that steady revenue streams throughout the year cannot be assured.

The respective capacities of our Vishnuprayag plant, the Karcham-Wangtoo project and the Lower Siang project have been designed based on historical hydrological data assuming a 90% Dependable Year. We expect the capacities of the Hirong project, the Kynshi II project and the Umngot project to be designed on the same basis. Inadequate availability of water may result in reduced generation of power from our Vishnuprayag plant and our planned hydroelectric projects, which may affect our operations. The water flow from the rivers on which our Vishnuprayag plant and our planned hydroelectric projects are located, increases during the months of May to September each year due to melting snow and monsoons. As a result, approximately 65% of our generation in a year is during this period. This trend is likely to continue in the future. As our business is seasonal in nature, the profitability and revenues will vary quarter to quarter for each financial year.

19. Our proposed thermal power plant will have significant coal requirements, and we may not be able to ensure the availability of coal at competitive prices.

The success of our Nigrie Thermal project will depend on, among other things, our ability to source coal at competitive prices. The Nigrie Thermal project will have the benefit of coal supplies from long-term coal allocations pursuant to a coal supply agreement (CSA) that we have entered into with Madhya Pradesh Jaypee Minerals Limited (MPJML) in respect of the Amelia (North) coal block, which is a joint venture between JAL and Madhya Pradesh State Mining Corporation Limited (MPSMCL). However, the price of coal extracted pursuant to such CSA will vary according to general economic conditions. The price which we shall pay for coal pursuant to such CSA may exceed the cost at which we might otherwise be able to procure coal in the open market or may exceed the price at which we can profitably operate our Nigrie Thermal project. In either case, our business, financial condition and results of operations would be adversely affected.

Furthermore, mining at the Amelia (North) and the Dongri Tal II coal block is yet to commence. MPJML, being a newly incorporated entity which does not have experience in coal mining, and hence is subject to all business risks and uncertainties associated with any new business enterprise, including the risk that it will not be able to achieve the objective of extracting coal as planned, by the time the Nigrie Thermal project is operational or at all. Additionally, we have not yet entered into any agreement for supply of coal from Dongri Tal II coal block and there can be no assurance that we will be able to enter into any such agreement or procure the required supply of coal to run our thermal power plant at anticipated plant load factor.

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

JAL and MPSMCL formed MPJML, a joint venture company, to develop and mine the Amelia (North) Coal Block. A second joint venture company, for the development and mining of the second coal block, Dongri Tal II, is also planned but has not yet been incorporated. We expect to procure coal for the Nigrie Thermal project by entering into CSAs with these joint ventures, including our executed CSA with MPJML. Estimates of coal reserves in these mines are subject to probabilistic assumptions. These estimates are based on interpretations of geological data obtained from sampling techniques and projected rates of production in the future. Actual

reserves and production levels may differ significantly from estimates. In addition, the initial phase of development before production may take longer than anticipated. The economic feasibility of exploiting a discovery may change as a result of changes in the market price for coal during the development period. If the quantity or quality of the coal reserves has been overestimated, we would deplete the coal reserves more quickly than anticipated and may have to source the required coal in the open market for our power generation. This may cause our costs to increase and adversely affect our business, financial condition and results of operation.

21. The construction and operation of our power projects may face opposition from local communities and other parties.

The construction and operation of certain power projects has, in the past, faced opposition from local communities where these projects are located and from special interest groups. In particular, the public may oppose thermal plants due to the perceived negative impact it may have on the environment. We cannot assure you that we will not encounter such opposition. For instance, there is litigation pending in relation to rehabilitation and resettlement demands arising from the Karcham-Wangtoo project. The resettlement and rehabilitation program is developed on a project-by-project basis and is included in our budget for each project, however, the government of the state in which the project is located is ultimately responsible for disbursing compensation funded by us to those individuals that are displaced due to our projects. Significant opposition by local communities, NGOs and other parties to the construction of our power projects could delay our projects, increase the cost of our projects, attract negative publicity and adversely affect our results of operations and financial condition.

22. Our entire sales revenue is currently derived from the supply of power to a single client, Uttar Pradesh Power Corporation Limited (UPPCL).

We currently rely on a single customer, UPPCL, for all of our sales revenue. Under our PPA with UPPCL, the payment of which is secured by a multi-tier payment security mechanism, including a guarantee, provided by the Government of Uttar Pradesh, we are required to sell the entire power available for sale generated by our Vishnuprayag plant to UPPCL. Power available for sale is determined after deducting the power to be provided free of cost to the Government of Uttarakhand and power that is consumed in plant operations, transmission and transformation. While UPPCL is not in arrears with respect to past payments, any material failure or inability, financial or otherwise, on the part of UPPCL to fulfill its obligations under this PPA would have a material adverse effect on our business and operations. For details of the PPA, see the paragraph titled "Vishnuprayag plant" in the chapter titled "Business" and the chapter titled "Key Business Contracts" beginning on pages 114 and 135 of the Draft Red Herring Prospectus.

23. We currently rely on UPPCL, which is a state-owned entity, for our revenues. Political or financial pressures could cause UPPCL to force us to renegotiate our contract, which could adversely affect UPPCL's ability to pay us.

Government authorities, as well as the relevant state electricity boards and utility companies, determine electricity rates and effect rate increases periodically. In the past, several state governments, including the Government of Uttarakhand, where our Vishnuprayag plant is located, have announced the intention to provide free electricity to farmers. Although changes in the retail price of electricity that is charged by the various state utility companies to their customers do not affect the tariffs we are entitled to receive under our PPAs, such policies are likely to put further strain on the financial resources of the state utility companies and may lead to public and political pressure to reduce the rates we charge to the state utility companies. We cannot assure you that the payments we are entitled to receive under our PPAs will not be subject to reductions. Any material reduction in these payments could materially and adversely affect our business, prospects and results of operations.

24. We may face difficulties enforcing the state government guarantee provided under our PPA with UPPCL.

The payment obligation of UPPCL under our PPA with UPPCL is secured by a multi-tier payment security mechanism under which UPPCL is required to maintain an irrevocable letter of credit in our favor. Additionally, we have a first lien on all revenues of UPPCL in designated distribution circles, including those from bulk consumers, which are required to be deposited in an escrow account. In the event of a payment default by UPPCL we would also have recourse to an unconditional guarantee provided by the Government of Uttar Pradesh. We may face difficulties in enforcing guarantees against government entities. Faced with

disputes and counterclaims between transmission companies, electricity boards and generation companies caused by a variety of factors, certain state governments have in the past refused to perform their obligations under such guarantees until such disputes or counterclaims have been fully resolved, which can take a substantial period of time. Any failure by a government entity to fulfill its obligations to us could have a material adverse effect on our cash flows, income, business prospects and results of operations.

25. Our customers may have weak credit histories.

All of our sales revenues currently are derived from sales of power to UPPCL and, in the future, we expect that a substantial portion of our revenues will be derived from state-owned distribution companies, their successor distribution companies and other public and private procurers. Certain of these entities may have had a weak credit history and we cannot assure you that these entities will always be able to pay us in a timely fashion, or at all. We are also exposed to the risks associated with entering into arrangements with other public and private buyers, as we expect to retain a portion of the power produced from our planned capacity for sale on the open market. We cannot assure you that such public and private buyers will always be able to pay us in a timely fashion. If our customers do not pay us on time and in full, our financial condition and results of operations will be adversely affected.

26. Our PPA with UPPCL, and JKHCL's PPA with PTC India Limited (PTCIL), can be terminated by either side upon triggering of "events of default" as defined in the PPA.

According to the terms of our PPA with UPPCL and JKHCL's PPA with PTCIL the occurrence of certain events of default could result in the termination of such PPAs if such events of default are not remedied within the specified cure periods.

If our PPA with UPPCL is terminated pursuant to a default by UPPCL or due to specified force majeure events, we have the right to require UPPCL to purchase our Vishnuprayag plant at a price specified in the PPA. If our PPA with UPPCL is terminated pursuant to a default by us or due to specified force majeure events, UPPCL will have the right to require us to sell our Vishnuprayag plant at a price determined based on a formula specified in the PPA. Such termination payments vary according to the cause for termination and may not be adequate to cover the then prevailing economic value of the relevant plant.

If JKHCL's PPA with PTCIL is terminated due to a default by JKHCL, JKHCL will be required to pay PTCIL compensation equal to an amount specified in the PPA. If JKHCL's PPA with PTCIL is terminated due to a default by PTCIL, PTCIL will be required to pay JKHCL compensation equal to an amount specified in the PPA. This termination payment may not be adequate to cover the then economic value of the PPA.

Any termination of our PPA with UPPCL or JKHCL's PPA with PTCIL could have a material adverse affect on our business and results of operations. For further details on the payments for termination of the said PPAs, please refer to the chapter titled "Key Business Contracts" beginning on page 135 of the Draft Red Herring Prospectus.

27. The occurrence of force majeure events not covered by our PPA with UPPCL, JKHCL's PPA with PTCIL and our and JKHCL's insurance policies may lead to a temporary suspension of operations of our Vishnuprayag plant or the Karcham-Wangtoo plant, respectively, resulting in a loss of revenue.

Under the terms of our PPA with UPPCL and JKHCL's PPA with PTCIL, upon the occurrence of certain force majeure events, UPPCL and PTCIL have agreed to make certain payments to us and JKHCL in the event of our or JKHCL's respective inability to operate the respective power plant or termination of such PPAs. For details of provisions relating to force majeure in our PPAs, please refer to the chapter titled "Key Business Contracts" beginning on page 135 of the Draft Red Herring Prospectus.

However, events which are not covered as force majeure events, either in the PPA with UPPCL or in the JKHCL's PPA with PTCIL or as insured risks, may lead to temporary suspension of operations of our Vishnuprayag plant or JKHCL's Plant (once operational) resulting in loss of revenue to us. In addition we cannot assure you that the amounts received under our insurance policies would be sufficient to cover the loss or damage suffered. Furthermore, the payment in the event of termination of such PPA maybe inadequate to cover the then existing economic value of the relevant power plant.

28. Our long-term PPAs expose us to certain risks and restrictions including limitations on the opportunity

to benefit from upward movements in the market price of the power that we sell.

We derive all of our current sales revenues from a 30 year PPA entered into with UPPCL. In addition, JKHCL has entered into a 35 year PPA (subject to extension) with PTCIL for the Karcham-Wangtoo project. These PPAs restrict our operational and financial flexibility in certain important respects and restrict our ability to grow our revenues from these projects. For example, business circumstances may materially change over the life of these contracts and we may not have the ability to modify our contracts to reflect these changes. Further, being committed under these contracts may restrict our ability to implement changes in our business plan or to enter into agreements with other parties at higher prices should the market price for power rise. This limits our business flexibility, exposes us to an increased risk of unforeseen business and industry changes and could have a material adverse effect on our business, prospects, financial condition and results of operations.

Under our PPA with UPPCL and JKHCL's PPA with PTCIL, the return on equity for our Vishnuprayag plant and the Karcham-Wangtoo plant are fixed at 16% per annum and 14% per annum, respectively, of the equity component of the approved capitalized cost (as approved or as may be approved by the appropriate electricity regulatory commission) for each of our Vishnuprayag plant and the Karcham-Wangtoo project and the incentives for Plant Availability and Secondary Energy are subject to a formula-based cap. Accordingly, variation in our profitability due to these PPAs would be subject to limitations under the terms of the agreements.

Given that our revenue structure under each contract is set over the life of the contract (and fluctuates subject to the built-in adjustment mechanisms contained in each such contract), our profitability is largely a function of how effectively we are able to manage our costs during the terms of our contracts. If we are unable to effectively manage costs, our business, prospects, financial condition and results of operations may be materially and adversely affected.

29. We cannot assure you that we will be successful in selling power in the open market.

Our PPA with UPPCL and JKHCL's PPA with PTCIL are for respective terms of 30 and 35 years, subject to extension. There can be no assurance that we will be able to enter into new take-or-pay arrangements upon the expiry or termination of our PPA with UPPCL or that JKHCL will be able to enter into new take-or-pay arrangements upon the expiry or termination of its PPA with PTCIL, in which case we or JKHCL, as the case may be, would be exposed to competition. As a result, we or JKHCL, as the case may be, would be forced to compete in the open market with other power plant operators for sale of the power that is currently covered by such arrangements.

The take-or-pay obligations owed to JKHCL pursuant to JKHCL's PPAs with PTCIL accrue only in respect of the contracted capacity of the Karcham-Wangtoo power plant. PTCIL is not obligated to purchase any surplus power from JKHCL over and above such contracted capacity. In addition, we do not expect to into enter into long term PPAs with respect to all of the saleable power expected to be produced from our Nigrie Thermal project, the Arunachal projects or the Meghalaya projects. Our strategy of retaining a portion of the power produced by our projects for sale in the open market would require us to compete with other power plant operators. In order to sell power that is not sold pursuant to long-term PPAs, we are likely to compete with other power generation companies with respect to customers and price. Furthermore, we may also be responsible for securing transmission capability to transmit power to our customers.

Any failure by us to compete effectively with respect to open market sales or to identify and secure the use of transmission infrastructure capable of transmitting the power that we sell could have an adverse effect on our business, financial condition and results of operations.

30. The finalisation of tariffs payable to JKHCL by PTCIL under JKHCL's PPA with PTCIL is subject to approval of the total project cost by the Central Electricity Authority (CEA) or the Central Electricity Regulatory Commission (CERC) and subsequent approval of tariffs by CERC. The total project cost so approved and tariffs so finalized may adversely affect our profitability and liquidity.

The CERC Regulations prescribe a formula for determination of the tariff of a power plant. This formula stipulates reimbursement of various cost components of the project in the form of a tariff based on the capital cost of the project. Subsequently, the tariff must also be approved by the appropriate electricity regulatory commission before it is effective.

The capital cost and tariffs so approved and finalized may not be sufficient to realise our anticipated return on the Karcham-Wangtoo project and may adversely affect JKHCL's profitability and liquidity, which may have an adverse effect on our financial condition. For a discussion of the tariff structures contained in our PPAs, please refer to the paragraphs titled "Operating Plant and Projects under Development" and "Key Business Contracts" in the chapters titled "Our Business" and the chapter titled "Key Business Contracts" beginning on pages 114 and 135 respectively of the Draft Red Herring Prospectus.

31. The concession and lease period for each of our hydroelectric power projects is fixed (subject to extension in certain cases) and we will benefit from these projects only for such fixed terms.

Our concession for our Vishnuprayag plant and JKHCL's concession for the Karcham-Wangtoo project are for initial terms of 30 and 40 years, respectively, subject to extension, in each case, for 20 years. There can be no assurance that either of these concessions will be extended beyond its initial term. Upon the expiry of 50 years from the date of commissioning of our Vishnuprayag plant the State of Uttarakhand will have the option to purchase our Vishnuprayag plant on mutually agreed terms. Upon expiry of JKHCL's concession for the Karcham-Wangtoo plant, the state of Himachal Pradesh will be required to purchase the Karcham-Wangtoo plant at a price equal to its depreciated book value as reflected in the annual accounts of JKHCL.

Our lease for the Arunachal projects and Meghalaya projects are for 40 year periods. Upon expiry of its respective lease period each project will revert free of cost to the government of the state in which it is located.

If we and JKHCL are unable to extend the concession periods for these plants, our business and results of operations may be adversely affected.

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

Our PPA with UPPCL is for a term of 30 years (subject to extension) and JKHCL's PPA with PTCIL is for a term of 35 years. Although debt service expense is passed through to UPPCL and PTCIL (to the extent of the contracted power of 704 MW). under our Company's and JKHCL's current PPAs, a PPA may expire or be terminated and we may not have sufficient revenues to meet our debt service obligations or be able to arrange sufficient borrowings to refinance those obligations on commercially acceptable terms, or at all. This mismatch between the financing arrangements and the relevant PPAs would have a material adverse impact on our business, financial condition and results of operations. For a discussion of the tariff structures contained in our PPAs, please refer to the paragraphs titled "Operating Plant and Projects under Development" in the chapter titled "Business" and in the chapter titled "Key Business Contracts" beginning on pages 114 and 135 respectively of the Draft Red Herring Prospectus.

33. Excessive silt can damage our equipment and cause plant shutdowns.

Our hydroelectric plant and projects can be affected by a build up of silt and sediment. Excess levels of silt can also occur in waterways due to changes in environmental conditions. High concentrations of silt in water can cause erosion problems in a station's hydroelectric turbines leading to equipment damage. Any such damage may require us to shutdown the station which would mean we would be unable to generate power, leading to a reduction in revenue.

34. A decline in Plant Availability may adversely affect our revenues.

Plant Availability is our capability to make available the plant to generate power. For our Vishnuprayag plant, which is our only operational plant, the average Plant Availability in the year ended March 31, 2007 was 98.5%, and was 98.67% for the six-month period ended September 30, 2007. Any decline in Plant Availability that results from our operation and maintenance or otherwise may adversely affect our revenues. For details on revenue computation, please refer to the chapter titled "Management's Discussions and Analysis of Financial Condition and Results of Operations of Jaiprakash Power Ventures Limited" beginning on page 271 of the Draft Red Herring Prospectus.

35. We may face claims for any damage or loss incurred on account of our Vishnuprayag plant or our projects under development.

We are liable for any damage or loss arising out of the construction, operation or maintenance of our Vishnuprayag plant and our projects under development pursuant to indemnity clauses in our agreements. We also have responsibilities to other parties, including the general public, and in certain circumstances we may be liable for loss or damage that is caused by us, our operating plant or any project in which we have an interest. In the event of such loss or damage, we may face claims for loss or damage. Our liability in such cases will arise from tort law, and any claims for damages will depend on the type and extent of damages alleged to have been caused by or as a result of our plants or projects. There is no monetary limit for such claims and they may even be brought by third parties or the general public. In the event of such claims, we may be required to temporarily or permanently halt our existing operations or projects under implementation, or continue these subject to compliance with onerous or costly conditions. Such an occurrence will adversely affect our financial condition.

36. We are dependent on the expertise and experience of our Directors, our senior management and skilled employees and our profitability and results of operations may be adversely affected by the departure of our Directors, senior management and experienced skilled employees or our inability to attract new skilled employees.

We are dependent on our Directors and senior management for setting our strategic direction and managing our business, both of which are crucial to our success. Also, a significant number of our employees are skilled personnel and due to their limited supply, we may face strong competition to recruit and retain skilled and professionally qualified staff. Our continued success also depends upon our ability to attract, recruit and retain a large group of experienced professionals and staff. The loss of the services of our senior management, including our directors, or our inability to recruit, train or retain a sufficient number of experienced personnel could have a material adverse effect on our operations and profitability. Our ability to retain experienced staff members as well as senior management, including our Directors, will in part depend on us maintaining appropriate staff remuneration and incentive schemes. We cannot assure you that the remuneration and incentive schemes we have in place will be sufficient to retain the services of our senior management and skilled employees.

37. Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees or other disputes with our employees.

As at December 15, 2007, we had 254 full-time employees. None of our employees at the workman level are affiliated with any labour unions. However, there can be no assurance that our employees will not form a union, join any existing union or otherwise organize themselves.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. Although, we currently have harmonious relations with our employees and they are not unionized at present, there can be no assurance that we will continue to have such relations or that the employees will not unionize in the future. If our relations with our employees are strained, it may become difficult for us to maintain our existing labour policies, and our business may be adversely affected.

Organized efforts by employees to affect compensation increases and other terms of employment may divert management's attention and increase operating expenses which could adversely affect our business and results of operations.

38. Our new projects and expansion plans are subject to a number of contingencies.

Our new projects and expansion plans are subject to a number of contingencies, including changes in laws and regulations, governmental action or inaction, delays in obtaining permits or approvals, accidents, natural calamities, terrorist attacks, acts of war and other factors beyond our control. In addition, most of our projects are dependent on the availability of competent external contractors for construction, delivery and commissioning, as well as the supply and testing of equipment. We cannot assure you that the performance of our external contractors will always meet our terms and conditions or performance parameters. Inadequate performance by these contractors could result in incremental cost and time overruns which in turn could adversely affect our new projects and expansion plans. Although our contractors typically furnish performance guarantees and guarantees with respect to defects, we cannot assure you that in the event of poor execution of contracts we would always be able to enforce such guarantees. Also, due to the significant level of general construction activity in India currently, there is a considerable demand for construction companies and the availability of competent construction companies may be limited. If we are not able to award our projects to

competent contractors on a timely basis, or on terms that provide for the timely and cost-effective execution of the projects, our projects may be delayed and our returns on those projects will be affected.

39. We intend to incur substantial borrowings in connection with the development of our projects. We may not be able to meet our obligations under those debt financing arrangements and may face acceleration in the repayment of our borrowings.

We intend to finance most of the cost of each of our prospective projects with third-party debt and therefore expect to incur substantial borrowings in the future. Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flow generated by our business. We cannot assure you that we will generate sufficient cash to enable us to service existing or proposed borrowings, comply with covenants or fund other liquidity needs. If we fail to meet our debt service obligations or financial or other covenants provided for by the financing documents, the relevant lenders could declare us in default under the terms of our borrowings, accelerate the maturity of our obligations or take over the financed project. We cannot assure you that, in the event of any such acceleration, we will have sufficient resources to repay these borrowings. Failure to meet our obligations under the debt financing arrangements could have a material adverse effect on our cash flows, business and results of operations. As of September 30, 2007, our total borrowings were Rs. 11,455.65 million.

40. Lenders' rights under our financing arrangements may adversely impact our business.

Our lenders have certain rights under our financing arrangements, including (i) the right to obtain a non-disposal undertaking from our Promoter regarding maintaining its equity shareholding in us to the satisfaction of the lenders; (ii) the right to appoint one or more nominee(s) on our Board of Directors during the currency of our loans (which rights are also referenced in our Articles of Association); (iii) the right to require our Promoter to pledge shares of our equity capital and (iv) certain lenders have a right to convert their outstanding amounts into Equity Shares of our Company in the event of our default under our financing arrangements.

The lenders also have certain rights which restrict the operation and growth of our business, including (i) restricting us from undertaking any new projects or leasing any assets without obtaining prior approval of the lenders during the currency of the loan; (ii) restricting us from undertaking expansion, diversification or modernization plans without obtaining prior approval of the lenders and without proper tie-up of funds, as well as investment in associate, allied or group concerns without prior approval of the lenders; (iii) restricting us from paying dividends without written approval of the lenders; and (iv) restricting us from issuing new shares, incurring further debt, creating further encumbrances on our assets and, undertaking guarantee obligations. In addition, some of our loan agreements may contain financial covenants that require us to maintain, among other things, a specified debt service coverage ratio. For example, pursuant to our loan agreements with respect to our Vishnuprayag plant, we are required to maintain an average annual debt service coverage ratio of 1.38 and a minimum annual debt service coverage ratio of 1.1. For further details of lenders' rights under our loan agreements, please refer to the chapter titled "Financial Indebtedness" beginning on page 286 of the Draft Red Herring Prospectus.

In the event the lenders refuse to grant the requisite approvals, such refusal may adversely impact our business. Further, any breach by us of any of the conditions imposed by such approvals granted by the lenders may be considered as a default of our obligations under such loan agreements.

41. Increases in interest rates or changes in exchange rates may materially impact our results of operations.

Under our PPA with UPPCL and JKHCL's PPA with PTCIL, indirect interest rate risk and currency risk are passed on to UPPCL and PTCIL respectively. However, there can be no assurance that we will be able to pass these risks on to our other customers in the future. In particular, if we do not secure long-term PPAs for a portion of our planned capacity, we are likely to be exposed to interest rate risk and currency risk. We may enter into interest, currency or other hedging contracts or financial arrangements in the future to minimize our exposure to interest rate fluctuations, currency fluctuations or other risks. We cannot assure you, however, that we will be able to do so on commercially reasonable terms or that any such agreements we enter into will protect us fully against these risks. Any increase in interest expense or the real value in Rupees of our foreign currency loan servicing obligations may have a material adverse effect on our business prospects, financial condition and results of operations.

42. We undertake some of our projects with third parties, which entails certain risks.

We propose to subscribe for shares in JPL for the construction and development of the Transmission project. The other shareholders of JPL are Powergrid Corporation of India Limited (PGCIL) and JHPL. Investments through third party arrangements may, under certain circumstances, involve risks. Third parties may fail to meet their technical, financial and other obligations in respect of the joint venture. Third parties may have business interests or goals that may differ from our business interests or goals, or those of our shareholders. We propose to have a minority interest in the Transmission project. Therefore, JHPL and PGCIL will have effective control with respect to shareholder actions or approvals, except where our affirmative agreement is required under the Companies Act or the terms of the joint venture agreement. Any disputes that may arise between us and third parties or JHPL and PGCIL may cause delays in completion or the suspension or abandonment of the project. The shareholders agreement among JPL, PGCIL and JHPL (to which we are now a party by virtue of the Deed of Adherence executed by us) contains provisions that restrict the transfer of shareholdings. Hence, if we determine that we have sought to pursue participation in a particular project with the wrong partners, we may be unable to change partners or continue to participate in the project as we had planned.

43. Changes in technology may impact our business by making our operating plant and projects less competitive.

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. The development and implementation of such technology entails 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 and financial performance could be adversely affected.

Changes in technology may make other generation plants more competitive or may result in us having to make additional capital expenditures. In addition, other technologies that can produce electricity, such as microturbines, fuel cells, windmills and photovoltaic (solar) cells are being developed. It is possible that advances in technology will increase the cost-efficiency and viability of alternative methods of electricity production to a level that is equal to or below that of most central station electricity production. If this were to happen, the value of our operating plant and projects may be significantly impaired.

44. We may have increased risks relating to subsidiaries that are not wholly-owned by us and associate companies that are partially-owned by us.

We expect to invest a portion of the proceeds from the Issue in JKHCL, our Promoter Group company and proposed subsidiary and JPL, our Promoter Group company. None of our proposed subsidiaries will be wholly-owned by us. To the extent there is a minority interest in any of our proposed subsidiaries, our net profit will exclude the share of profits corresponding to the minority interest. Therefore, we may not fully benefit from the investments made in subsidiaries that are not wholly-owned by us.

We propose to subscribe for 55.36% of the equity capital in JKHCL and 23% of the equity capital in JPL, in addition to subscribing for equity in the special purpose vehicles expected to be incorporated for the Arunachal projects and the Meghalaya projects.

Although we propose to subscribe for a significant stake in each of these companies and through such stakes we expect to be able to appoint certain of the directors on the boards of such companies, unanimity of the board may be required for major decisions relating to the business operations of some of these companies. To the extent there are disagreements between us and our partners regarding the business and operations of these companies and the projects undertaken by them, we cannot assure you that we will be able to resolve them in a manner that will be in our best interests.

Disputes may arise between us and our partners with respect to these companies and projects. In addition, other shareholders and interested parties in such companies and projects may:

- be unable or unwilling to fulfill 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;
- have financial difficulties; or
- have disputes with us.

Any of the foregoing could have a material adverse effect on our business, prospects, financial condition and results of operations.

45. We and JKHCL have not yet acquired certain land in relation to the planned projects and we and JKHCL may not be able to acquire sufficient land area for our and JKHCL's respective project site development.

We are in the process of acquiring land required for developing our Nigrie Thermal project and JKHCL is in the process of acquiring land in relation to the Karcham-Wangtoo project. We have not yet identified the land requirements in respect of our Arunachal and Meghalaya projects. Our land requirement involves land held by private individuals (acquired or expected to be acquired pursuant to the Land Acquisition Act, 1894), forest land (expected to be diverted for use in the relevant project to the state government by the Ministry of Environments and Forests, Government of India, and leased out by the state government for the relevant project) and government land (held by the state government or its various departments, which is expected to be leased out by the state government to the relevant project after receiving consent from the relevant department of the state government).

Of the total estimated land requirement of 456.28 hectares for the Nigrie Thermal project, approximately 67.5 hectares of land was purchased, and pursuant to the transfer of the implementation of the Nigrie Thermal project to our Company, the mutation of the aforesaid land to our Company is pending. The balance land for the Nigrie Thermal project has yet to be acquired by JAL or our Company. Moreover, in relation to our Nigrie Thermal Project the land acquisition procedures prescribed under the Land Acquisition Act, 1894 have yet to be completed so as to provide us with clear and absolute title to the relevant land.

JKHCL has obtained possession of 155.74 hectares of the 161.24 hectares estimated to be required by it for the Karcham-Wangtoo project (excluding land on which underground works are carried out). Approval has been obtained for the lease of government land admeasuring 130.18 hectares for the Karcham-Wangtoo project. However, the lease agreement for the same has not yet been entered into, as the consideration for the lease is under negotiation with the Government. Approval is yet to be received for lease of the balance government land. We cannot assure you that any such lease will be entered into in a timely manner, on terms that are commercially acceptable to JKHCL, or at all.

We cannot assure that we or JKHCL will be able to acquire the land best suited for our or JKHCL's projects, in which case we or JKHCL may need to settle for alternative land, which may impair our or JKHCL's operations. We cannot assure you that such acquisitions will be completed in a timely manner, on terms that are commercially acceptable to us or JKHCL, or at all. For more details, please refer to the chapter titled "Objects of the Issue" beginning on page 77 of the Draft Red Herring Prospectus.

Furthermore, legal proceedings or objections have been initiated with respect to some of these land acquisitions by the affected persons, primarily with respect to claims for enhanced compensation for the land acquired, and are pending before various forums and courts in India. For further information, please refer to the chapter titled "Outstanding Litigation, Material Developments and other Disclosures" beginning on page 298 of the Draft Red Herring Prospectus.

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

We intend to use the net proceeds of the Issue in the manner as described in the chapter titled "Objects of the Issue" beginning on page 77 of the Draft Red Herring Prospectus. Our management may determine that it is appropriate to revise our estimated costs (either suo moto or based on advise from our lenders), fund requirements and deployment schedule owing to factors such as geological assessments, exchange or interest rate fluctuations and changes in design or configuration of a project, incremental rehabilitation and other preoperative expenses and other external factors that may not be within the control of our management.

Pending utilisation for the purposes described above, we intend to temporarily invest the proceeds of this Issue in high quality liquid instruments including deposits with banks and investments in mutual funds (or money market mutual funds) as may be approved by our Board or a duly authorized committee thereof. Although the utilisation of the net proceeds from the Issue and other financings will be monitored by the Board of Directors and the Monitoring Agency, there are no limitations on interim investments that we can make using such net proceeds. In addition, Rs. [•] million has been allocated to general corporate purposes and will be used at the discretion of the management in the order of priority mentioned in the chapter titled "Objects of the Issue" beginning on page 77 of the Draft Red Herring Prospectus.

47. Our Vishnuprayag plant is currently entitled to certain tax benefits, which may not be available to our other projects.

In accordance with and subject to the condition specified in Section 80 IA of the Income Tax Act, 1961 of India, our projects are currently entitled to a deduction of 100% of the profits derived from the generation, distribution or transmission of power for any ten consecutive tax assessment years out of fifteen years beginning from the year in which the undertaking generates, or commences transmission or distribution of power, as long as this is no later than March 31, 2010. Currently, only our Vishnuprayag plant is operational. All of our planned projects are scheduled to become operational only after March 31, 2010 and therefore will not be eligible to receive such tax benefits. We cannot assure you that the Government of India will extend the period of availability for such tax benefits or will not terminate such benefits early. If such tax benefits become unavailable, our business, financial condition and results of operations could be materially and adversely affected.

48. Our Company, our Promoter, our Promoter Group Companies and our Directors are involved in certain legal proceedings, and have paid penalties in the past.

Our Company, our Promoter, our Promoter Group Companies and our Directors are involved in certain legal proceedings, and have paid penalties in the past. Details of these are as stated hereinbelow:

A. Our Company is involved in one legal proceeding

There is one appeal being appeal No. 9/2006 pending before the District Judge, Gopeshwar filed jointly by our Company and JAL. The appeal has been filed for challenging the decision of the Civil Judge Senior Division of District Chamoli in Suit No. 32/2002 filed by Mr. Bhrighuvanshcharya Chela Prapanna against our Company and JAL wherein the Civil Judge Senior Division had declared the sale of plot nos. 797 and 798 in village Chai, District Chamoli, valued at Rs. 0.094 million, in favour of our Company and JAL to be null and void..

B. Directors of our Company are involved in the following legal proceedings

Our Directors, Mr. Sunil Kumar Sharma and Mr. Jaiprakash Gaur, are involved in certain legal proceedings and claims. These proceedings are pending at different levels of adjudication before various courts and tribunals. Any adverse decision may affect our Directors and may render them liable for penalties. A classification of these legal proceedings against / by our Directors is given in the following table:

Type of legal proceedings	Total amount of pending cases/show cause notices/summons	Financial implications (to be extent quantifiable) (Rs. in million)
Criminal cases	2	Not quantifiable
Criminal cases (filed by the Director)	1	Not quantifiable
SEBI-related matter	1 show cause notice	Not quantifiable
Compensation cases	1	0.53 million

In addition to the aforesaid the name of two of our Directors, namely Mr. Gopi Krishna Arora and Mr. Dharmendar Nath Davar appears on the defaulters list of the RBI. Mr. Gopi Krishna Arora's name appears in respect of two companies, viz Shalimar Wire Industries Limited and Koshika Telecom Limited. He has resigned as Director from both these companies, and in case of Shalimar Wires Industries Limited, has resigned with effect from October 19, 2004. Mr Dharmendar Nath Davar's name appears in respect of two companies, viz.

IFB Finance Limited and Vishwas Steels Limited. He has tendered his resignation from both these companies with effect from May 7, 2005 and April 15, 2000 respectively.

C. Our Promoter is involved in the following legal proceedings

Cases filed by JAL:

Type of legal proceedings	Total amount of pending cases/show cause notices/summons	Financial implications (to the extent quantifiable) (Rs. in million)
Arbitration cases	26	9,571.36 and US $ 1.879 million. Not quantifiable with respect to one case
Civil cases	12	45.05. Not quantifiable with respect to 8 cases.
Contempt of court cases	1	Not quantifiable
Criminal cases	15	5.96. Not quantifiable with respect to 7 cases.
Appeal before Debt Recovery Appellate Tribunal	1	2,070
Electricity cases	20	323.01. Not quantifiable with respect to 9 cases.
Income Tax /Sales Tax/ Central Excise /Trade Tax cases	86 pending cases and 24 show cause notices	696.7
Labour cases	2	0.49. Not quantifiable with respect to 1 case.
Land dispute claims	28 (including 1 contempt petition)	28.67. Not quantifiable with respect to 9 cases and contempt petition.
Recovery of money claims	21	19.72
Royalty claims	8	377.45
Writ petitions	3	4.99. Not quantifiable with respect to 2 cases.

Cases filed against JAL:

Type of legal proceedings	Total amount of pending cases/show cause notices/summons	Financial implications (to the extent quantifiable) (Rs. in million)
Arbitration cases	43	3,987.18. Not quantifiable with respect to one case.
Cases concerning chares of erstwhile JIL (now JAL)	184	Not quantifiable
Civil cases	35	2,414.37. Not quantifiable with respect to 26 cases.
Compensation cases	20 (including one contempt petition)	6.02. Not quantifiable with respect to contempt petition
Consumer cases	62	4.32. Not quantifiable with respect to 50 cases
Criminal cases	35	9.99. Not quantifiable with respect to 23 cases.
Appeal before the Debt Recovery Tribunal / Debt Recovery Appellate Tribunal	2	2,070.00

Type of legal proceedings	Total amount of pending cases/show cause notices/summons	Financial implications (to the extent quantifiable) (Rs. in million)
Electricity cases	11	48.66. Not quantifiable with respect to 2 cases
Employees provident fund cases	2	Not quantifiable
Income Tax /Sales Tax/ Central Excise /Trade Tax cases/ Entry Tax Cases/Service Tax	15	2,092.51
Labour cases	60	12.71. Not quantifiable with respect to 25 cases
Land dispute claims	68	65.7. Not quantifiable with respect to 55 cases.
Motor accident claims	37	23.56
MRTP cases	1 pending case and 1 show cause notice	Not quantifiable
Public interest litigation	2	Not quantifiable
Recovery of money claims	3	4.94
Writ petitions	5	Not quantifiable

D. Our Promoter Group Companies are involved in the following legal proceedings

(i) Jaypee Hotels Limited ("JHL")

Cases filed by JHL:

Type of legal proceedings	Total amount of pending cases/show cause notices/summons	Financial implications (to be extent quantifiable) (Rs. in million)
Criminal Cases	1	0.09
Motor Accident Cases	1	0.3
Labour cases	3	Not quantifiable
Civil Cases	5	2.64
Electricity Cases	1	0.93
Tax Cases	4	0.55. Not quantifiable with respect to 3 cases.
Customs ad Excise Cases	1	7.4

(ii) Jaiprakash Hydro-Power Limited ("JHPL")

Cases filed by JHPL:

Type of legal proceedings	Total amount of pending cases/show cause notices/summons	Financial implications (to be extent quantifiable) (Rs. in million)
Compensation Cases	8	1.66. Not quantifiable with respect to 3 appeals
Land dispute	7	2.4
Electricity cases	1	Not quantifiable
Writ Petition	1	59.99
Arbitration Cases	1	115.7

Cases filed against JHPL:

Type of legal proceedings	Total amount of pending cases/show cause notices/summons	Financial implications (to be extent quantifiable) (Rs. in million)
Criminal Cases	8	Not quantifiable.
Civil Cases	1	Not quantifiable
Electricity Cases	2	Not quantifiable
Motor Accident claims	1	0.15

(iv) Jaypee Ventures Private Limited ("JVPL")

Cases filed by JVPL:

Type of legal proceedings	Total amount of pending cases/show cause notices/summons	Financial implications (to be extent quantifiable) (Rs. in million)
Labour cases	1	Not quantifiable

Cases filed against JVPL:

Type of legal proceedings	Total amount of pending cases/show cause notices/summons	Financial implications (to be extent quantifiable) (Rs. in million)
Labour Cases	1	Not quantifiable

(v) Jaypee Karcham Hydro Corporation Limited ("JKHCL")

Cases filed by JKHCL:

Type of legal proceedings	Total amount of pending cases/show cause notices/summons	Financial implications (to be extent quantifiable) (Rs. in million)
Civil cases	1	Not quantifiable

Cases filed against JKHCL:

Type of legal proceedings	Total amount of pending cases/show cause notices/summons	Financial implications (to be extent quantifiable) (Rs. in million)
Civil Cases	1	Not quantifiable
Public Interest Litigation	1	Not quantifiable
Land Cases	3	2.05

The amount(s) disclosed in the above tables are the amount(s) expressly claimed, being the liability and financial impact which may be incurred if unsuccessful in legal proceedings. However, it does not include those penalties, interests and costs, if any, which may be imposed which may have been pleaded but not quantified in the course of legal proceedings, or which the Court/Tribunal otherwise has the discretion to impose. The imposition and amount of such penalties/interest/costs are at the discretion of the Court/Tribunal where the case is pending. Such liability, if any, would crystallize only on the order of the Court / Tribunal where the case(s) is /(are) pending.

E. Penalties imposed in the past five years onour Company, our Promoter, our Promoter Group Companies

(i) Penalties paid by Our Company

Sr. No.	Amount of penalty imposed (Rs.)	Brief particulars regarding penalty	Remarks (paid/payable and reasons therefor)
1.	1000/-	Penalty imposed for delay in submission of half yearly ST-3 returns for the period October, 2004 to March, 2005 and our Company contravened the provisions of Section 70(1) of the Finance Act, 1994 read with Rule 7(2) of the Service Tax Rules, 1994	Paid

(ii) Penalties paid by JAL, our Promoter

Sr. No.	Amount of penalty imposed (Rs.)	Brief particulars regarding penalty	Remarks (paid/payable and reasons therefor)
1.	1,010,209	Penalties imposed on JAL for the FY 2002-2003	Paid
2.	1,330,793	Penalties imposed on JAL for the FY 2003-2004	Paid
3.	2,727,315	Penalties imposed on JAL for the FY 2004-2005	Paid
4.	1,763,841	Penalties imposed on JAL for the FY 2005-2006	Paid
5.	3,020,593	Penalties imposed on JAL for the FY 2006-2007	Paid

(iii) Penalties paid by JVPL, our Promoter Group Company, in the last five years

Sr. No.	Amount of penalty imposed (Rs.)	Brief particulars regarding penalty	Remarks (paid/payable and reasons therefor)
1.	538,050/-	Penalty imposed for the FY 2002-2003	Paid
2.	233/-	Penalty imposed for the FY 2003-2004	Paid
3.	238,044/-	Penalty imposed for the FY 2004-2005	Paid
4.	3,190,922/-	Penalty imposed for the FY 2005-2006	Paid
5.	779,539/-	Penalty imposed for the FY 2006-2007	Paid

(iv) Penalties paid by JHL, our Promoter Group Company, in the last five years

Sr. No.	Amount of penalty imposed (Rs.)	Brief particulars regarding penalty	Remarks (paid/payable and reasons therefor)
1.	32,000	Penalty imposed for the FY 2002-2003	Paid
2.	106,691	Penalty imposed for the FY 2003- 2004	Paid
3.	11,444	Penalty imposed for the FY 2004- 2005	Paid
4.	34,266	Penalty imposed for the FY 2005- 2006	Paid
5.	800	Penalty imposed for the FY 2006- 2007	Paid

(v) Penalties paid by JPL, our Promoter Group Company, in the last five years:

Sr. No.	Amount of penalty imposed (Rs.)	Brief particulars regarding penalty	Remarks (paid/payable

			and reasons therefor)
1.	500	Penalty imposed for the FY 2007-2008	Paid

(vi) Penalties paid by JKHCL, our Promoter Group Company:

Sr. No.	Amount of penalty imposed (Rs.)	Brief particulars regarding penalty	Remarks (paid/payable and reasons therefor)
1.	200	Penalty imposed for the FY 2006-2007	Paid

For more information regarding litigation involving us, our Promoter, our Directors and our Promoter Group Companies, please refer to the chapter titled "Outstanding Litigation and Material Development" beginning on page 298 of the Draft Red Herring Prospectus.

49. Contingent Liabilities as of September 30, 2007.

We have the following contingent liabilities as of September 30, 2007:

Outstanding balance of bank guarantees	Rs. 37.39 million
Outstanding letters of credit (including foreign LC)	Rs. 72.48 million
Estimated amount of contracts remaining to be executed (net of advances)	Rs. 75.31 million
Total:	Rs. 185.18 million

If any of these contingent liabilities materialize, our profitability could be adversely affected. For more details of our contingent liabilities, please refer to the chapter titled "Financial Statements - Annexure [●]" beginning on page 221 of the Draft Red Herring Prospectus.

50. Our quarter-to-quarter financial information may not be comparable because such financial information would vary if a new project were commissioned in a particular quarter.

We start generating income from a project after commencement of commercial operations of the project. At any point in time, we have several ongoing projects with different project completion schedules. As a result, the completion of one or more projects in a particular quarter could increase our income. In such a case, our income in that quarter may not be comparable to our income in previous quarters.

51. We depreciate our assets at a rate that is different from the rates applicable under the Companies Act.

Our accounting policy for charging depreciation on our assets is on a straight line basis at the rate of 2.57% annually, as approved by the Ministry of Corporate Affairs, Government of India. As a result, we use a lower rate of depreciation than the rates that would apply to us under the Companies Act. As such, our results of operations may be generally higher than the results we would have recorded had we been applying the depreciation rates in the Companies Act.

52. Neither we, nor any company in the Jaypee Group has applied for registration of our logo, and therefore our logo has limited protection.

As of the date of the Draft Red Herring Prospectus, neither we nor any company in the Jaypee Group has applied for the registration of our logo "Switching on India" as it appears on the cover of the Draft Red Herring Prospectus. Pending our application for registration, if and when made, our trademark and tradename shall have limited legal protection. We may therefore incur significant legal costs to protect our trademark and tradename from any unauthorized use, or to defend any proceedings brought by third parties who allege that our trademark or tradename or our use of them is in infringement of their intellectual property rights. However, JVPL has applied for the registration of the "Jaypee Group" logo. In addition, if our application for registration of our trademark or tradename, if and when made, is not approved, we may not be able to use our trademark or

tradename in connection with our business, which could require us to incur additional costs and therefore adversely affect our brand name and tradename recognition.

53. A majority of our Equity Shares owned by JAL have been pledged and will continue to be pledged in favor of lenders, who may exercise their rights under the pledge agreements in events of default.

A majority of the Equity Shares owned by JAL have been pledged in favour of the lenders as security for the loans provided to us. If we default on our obligations under the relevant financing documents, the lenders may exercise their rights under the share pledges, have the shares transferred to their names and exercise management control over us. If this happens, we may not be able to conduct our business as planned, or at all.

54. While we declared dividends in fiscal 2007 and an interim dividend in fiscal year 2008, we cannot assure you that we will make dividend payments in the future.

While we declared dividends in fiscal year 2007 and an interim dividend in fiscal year 2008, we may not pay dividends in the future. Such payments will depend upon a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors.

55. Our offices and other premises from which we operate are not owned by us.

We do not own the premises on which our registered office and other offices are located. We operate from rented and leased premises. If any of the owners of these premises do not renew the agreements under which we occupy the premises or renew such agreements on terms and conditions unfavourable to us, we may suffer a disruption in our operations and incur costs related to moving offices.

56. Our Promoter and one of our Promoter Group companies have made public issues in the past. Some of the objects as stated in the respective offer documents were not met.

Our Promoter, JAL (then known as Jaiprakash Industries Limited or JIL), made a public issue of 41,565,180 equity shares of Rs. 10 each at a premium of Rs. 50 per equity share in 1993 to shareholders and employees of JAL and associate companies aggregating to Rs. 2,493.90 million. The objects of that issue were to partially finance setting up a cement plant at Rewa in the state of Madhya Pradesh and setting up the 300 MW Baspa Stage-II hydroelectric project in the state of Himachal Pradesh. The details of these transactions are as follows:

Particulars	Projections	Actual Amounts
Cement Plant – III		
Capacity	1.5 MTPA	1.5 MTPA
Commencement of commercial operation	October, 1995	October 21, 1995
Cost of the project	Rs. 3,500 million	Rs. 4,750 million
Baspa-II Hydro Electric Project		
Capacity	300 MW	300 MW
Commencement of commercial operation	June, 1997	June, 2003
Cost of the project	Rs. 8,500 million	Rs. 16,247.20 million

JAL's projections of sales and profitability for its fiscal years 1994 and 1995, as contained in the offer document for its public issue, were not met.

JHL, our Promoter Group company, made a public issue of 27,000,000 equity shares of Rs. 10 each at a premium of Rs. 15 per share in 1993 to existing equity and preferred shareholders of JHL, employees of JHL and associate companies and also to the shareholders of JIL (now JAL), Jaiprakash Enterprises Limited and associate companies. The issue was made with the object of constructing, equipping and furnishing a five star deluxe hotel cum convention centre at Agra, and for capital expenditure and long term working capital

requirements. JHL's projections regarding sales and profitability, for its fiscal years 1994 and 1995, as contained in the offer document for its public issue, were not met.

For further details, please refer to the chapters titled "Our Promoter" and "Our Promoter Group Companies" beginning on pages 194 and 203 of the Draft Red Herring Prospectus.

57. Our Company has issued Equity Shares in the last twelve months. These Equity Shares have been issued at prices which may be less than the Issue Price.

Our Company has issued 23.50 million Equity Shares in the last twelve months. 8 million Equity Shares have been allotted to the Jaypee Group Employees Welfare Trust at a price of Rs. 15(fifteen) per Equity Share, 10.5 million Equity Shares have been allotted to ICICI Bank Limited and 5 million Equity Shares have been allotted to State Bank of India at a price of Rs. 234 (Rupees Two Hundred Thirty only) per Equity Share. The prices at which these allotments have been made may be less than the Issue Price. For further details, please refer chapter titled "Capital Structure" beginning on page 65 of the Draft Red Herring Prospectus.

59.***A part of the Issue proceeds are proposed to reimbursed to our Promoter/invested in the equity share capital of our Promoter Group Companies***

A part of the Issue proceeds are proposed to be reimbursed to our Promoter, JAL, towards the expenses incurred by JAL towards the Nigrie Thermal project and the Arunachal projects, which have been transferred from JAL to our Company. Further, we propose to invest in the equity share capital of JKHCL and JPL, our Promoter Group companies. For details, please refer chapter titled "Objects of the Issue" beginning on page 77 of the Draft Red Herring Prospectus.

II. Risks relating to the Power Business

58. The operations of our power plants may be adversely affected by any breakdown of key equipment, civil structure and/ or transmission system including grid failures.

The breakdown or failure of generation equipment, other key equipment or of a civil structure can disrupt generation of electricity by any of our power plants and result in performance being below the expected levels. These events may result in our inability to generate further power and lead to a loss of revenues and increased maintenance costs.

Further, any breakdown or failure of transmission system can disrupt transmission of electricity by our power plants to the applicable point of evacuation. In certain specified circumstances, our PPA with UPPCL and JKHCL's PPA with PTCIL provide for the payment of tariff on the basis of Deemed Generation for the period when a breakdown or failure of the transmission system disrupts electricity transmission. However, this payment is limited to the Design Energy for that period, and we will not be compensated for the Secondary Energy that could be generated during such period. In the case of JKHCL's PPA with PTCIL, Energy Charges for Deemed Generation are not admissible if the energy sold to PTCIL during the year is equal to or greater than the Design Saleable Energy.

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, are also subject to being shut down. If such events occur, the ability of our operating power plant to supply electricity to its off-taker may be materially and adversely impacted. In the event any power generation facility is significantly damaged or forced to shut down for a significant period of time, this would have a material adverse effect on our business, financial conditions and results of operation.

59. Our ability to increase revenues from power generation depends to a certain extent on the existence of transmission infrastructure with sufficient capacity to transmit the generating capacity of our existing and future power plants.

As of the date of the Draft Red Herring Prospectus, India's electric transmission infrastructure continues to experience constraints on the electricity that can be transmitted or "wheeled" from power plants to off-takers. If these transmission constraints continue, the electricity that off-takers, distribution utilities and other large purchasers receive from independent power producers could be adversely affected. These transmission

constraints could have an impact on our operating power plants. Therefore, any transmission constraints could have an adverse impact on the level of revenues we generate from our power generation business.

60. The operation of power generation and transmission facilities is subject to many hazards and we may not be able to obtain or maintain adequate insurance which may have a material adverse effect on our business, financial condition and results of operations.

The generation and distribution of electricity involves many significant hazards that could result in fires, explosions, spills, discharges, leakages, release of hazardous materials, and other unexpected or dangerous conditions, accidents and environmental risks. In addition, many of these events may cause personal injury and loss of life, severe damage to or destruction of our properties and the properties of others and environmental pollution, and may result in suspension of operations and the imposition of civil or criminal penalties.

Any significant interruption to our operations resulting from the occurrence of such hazards or from severe weather and natural disasters, such as earthquakes, floods and cyclones, could materially and adversely affect our business, financial condition and results of operations. Additionally, our operating assets could be targets of terrorist attacks. While no such major events have occurred to date, there can be no assurance that such accidents, events or natural disasters will not occur in the future; and, that if they do occur, that our power generation, transmission and distribution facilities would not be materially and adversely impacted.

Although we maintain insurance against many of these hazards, we do not insure against all of them. As a result, there can be no assurance that insurance proceeds received under these policies would adequately cover all liabilities that may be incurred or any direct or indirect costs and losses that may be suffered, including liabilities to and losses claimed by third parties. If any of our power generation and distribution facilities suffer a large uninsured loss, or if any insured loss suffered significantly exceeds available insurance coverage or is not covered by our insurance policies our business, financial condition and results of operations may be adversely affected.

In addition, the insurance coverage for our facilities is subject to periodic renewal. Numerous factors outside our control can affect market conditions, which in turn can affect the availability of insurance coverage as well as premium levels for the policies. Our insurance coverage is also subject to certain exclusions, limitations and deductibles. If the availability of insurance coverage is reduced significantly, we may become exposed to certain risks for which we are not or could not be insured. Also, if premia for the insurance coverage required for these facilities increase significantly, we could incur substantially higher costs for such coverage or may decide to reduce the coverage amounts, either of which could have an adverse effect on our financial condition and results of operations.

For more information on the insurance coverage for our facilities, see the paragraph titled "Insurance" in the chapter titled "Our Business" beginning on page 114 of the Draft Red Herring Prospectus.

61. The power business can be dangerous and can cause injury to people or property in certain circumstances.

The power transmission business requires individuals to work with electricity under potentially dangerous circumstances. If improperly handled or subjected to unsuitable conditions, high voltage electricity can hurt or kill employees or other persons and cause damage to our properties and the properties of others. This could subject us to disruptions in our business, legal and regulatory difficulties and costs and liabilities which could adversely affect our results of operations and our reputation.

In certain countries, there have been attempts by claimants to argue that the high-voltage transmission of electricity can have an adverse effect on the health of people who spend time near transmission infrastructure. If any such claim were to be brought against us and succeed, our business and financial condition could be adversely affected.

62. If power generated by us is not evacuated by our customers, our profitability will be adversely impacted as we will not be able to claim incentives under our PPAs.

We are required to deliver power generated by our Vishnuprayag plant at its Bus-bar. PPAs we enter into in the future may place the responsibility for evacuation of power beyond the Bus-bar upon our customers. In the event of our customers not being able to evacuate power or one or more of our customers instructing us not to

generate power partially or completely, such customer would be required to make payments to us under certain provisions of our PPA with it. In such a situation, we will not be able to claim incentives under the relevant PPA and our profitability may be adversely impacted.

Additionally, JKHCL is under an obligation to supply power to PTCIL for 35 years from the date of commissioning of the Karcham-Wangtoo project. However, JPL, (the entity with which JKHCL has signed a transmission service agreement) has a transmission license only for 25 years. If JPL is unable to renew the transmission license, JKHCL will have to find alternate means for the transmission of power to PTCIL. In case of the unavailability of such alternative means, or if such alternative means are not commercially viable, this could have an adverse effect on JKHCL's business and results of operation.

63. Continued compliance with, and any changes in, safety, health and environmental laws and regulations may adversely affect the Company's results of operations and financial condition.

Our business is subject to complex regulations, both local as well as central government, supervised by multiple regulatory authorities and government bodies. To conduct our business, we must obtain licenses, permits and approvals for our projects, for which we may have made, or are in the process of making an initial or renewal application. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. Furthermore, our Government approvals and licenses are subject to numerous conditions, some of which are onerous and require substantial expenditure. If we fail to comply or a regulator claims that we have not complied with these conditions, our business, prospects, financial condition and results of operations would be materially adversely affected. For more information regarding our approvals, please refer to the chapter titled "Government/Statutory and Business Approvals" beginning on page 331 of the Draft Red Herring Prospectus.

The operation of our operating power plant and the projects that we are developing or propose to develop are subject to a broad range of safety, health and environmental laws and regulations. These laws and regulations impose controls on air and water discharges, on the storage, handling, discharge and disposal of fuel, employee exposure to hazardous substances and other aspects of the operations of these facilities and businesses. We have incurred, and expect to continue to incur, operating costs to comply with such laws and regulations. In addition, we have made and expect to continue to make capital expenditures on an ongoing basis to comply with safety, health and environmental laws and regulations. The discharge of hazardous substances or other pollutants into the air, soil or water may cause us to be liable to third parties, or to the relevant government units or organizers with jurisdiction over the areas where our facilities are located. We may be required to incur costs to remedy the damage caused by such discharges or pay fines or other penalties for non-compliance.

Safety, health and environmental laws and regulations in India have been increasingly stringent and it is possible that these laws and regulations will become significantly more stringent in the future. The adoption of new safety, health and environmental laws and regulations, new interpretations of existing laws, increased governmental enforcement of environmental laws or other developments in the future may require additional capital expenditures or the incurrence of additional operating expenses in order to comply with such laws and to maintain current operations. Furthermore, if the measures implemented by us to comply with these new laws and regulations are deemed insufficient by the government, compliance costs may significantly exceed current estimates. If we fail to meet safety, health and environmental requirements, we may be subject to administrative, civil and criminal proceedings initiated by the government, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against us, as well as orders that could limit or halt our operations.

There can be no assurance that we will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, the costs of which could be material. Clean-up and remediation costs of the sites in which our facilities are located and related litigation could materially and adversely affect our cash flow, results of operations and financial condition.

64. We compete with other Indian and foreign companies in the power sector.

A large number of power projects are awarded by the Government of India and the state governments following competitive bidding processes and satisfaction of other prescribed pre-qualification criteria. Once the prospective bidders meet the technical requirements of the tender, the contract is usually awarded to the lowest bidder. We face intense competition in the bidding process from domestic as well as international companies.

In recent years, with the opening of these sectors to foreign companies, large international corporations with greater resources and assets than us have entered the market and they may be able to achieve better economies of scale allowing them to bid profitably at more competitive rates. In addition, new entrants to this sector may reduce their margin in order to gain market share. The nature of the bidding process may cause us and our competitors to lower prices to win contracts so as to maintain our respective market share. As a result of this competition, we face substantial margin pressure, which could have a material adverse effect on our business, prospects, financial condition, and results of operations.

We may also face similar competition from other Jaypee Group companies such as JAL and JHPL, which are engaged, or may in the future engage, in the power business.

In addition, we expect to face future competition in acquiring new projects and assets from government entities or other power companies, including competition due to ongoing changes in government policy. These changes include the removal of licensing requirements for the establishment and operation of thermal power plants, open access to transmission and distribution networks and the removal of certain restrictions on the right to build captive power plants. These changes may increase the financial viability of private generation investment, and increase the competition we face in the expansion of our power business.

III. External Risk Factors

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

The Balance Amount Payable, if any, may not be paid and the amount raised through the Issue may be lower than the proposed Issue size. In the event of such shortfall, the extent of the shortfall will be made good by way of such means available to our Company and at the discretion of the management, including by way of incremental debt or cash available with us. Furthermore, Equity Shares, if any, issued pursuant to Payment Method-1, will not be traded after the date of allotment until the Balance Amount Payable is received, the Equity Shares have been fully paid-up and corporate actions for credit of such Equity Shares into demat accounts of the successful allottees has been taken, receipt of listing and trading approval from the Stock Exchange. The process of corporate action may take about two weeks from the Due Date for Balance Amount Payable. During this period, shareholders who pay the Balance Amount Payable for the partly paid Equity Shares will not be able to trade in those Equity Shares. For further details, please refer to the chapter titled "The Issue" on page 50 of the Draft Red Herring Prospectus.

66. If the rate of Indian price inflation increases, our results of operations and financial condition may be adversely affected.

In 2006, India's wholesale price inflation index indicated an increasing inflation trend compared to recent years. An increase in inflation in India could cause a rise in the price of transportation, wages, raw materials or any other expenses. If this trend continues, we may be unable to reduce our costs or pass our increased costs on to our customers and our results of operations and financial condition may be materially and adversely affected. Our PPAs provide for reimbursement of increases in operation and maintenance (O&M) costs, based on certain pre-defined parameters. Any increase in our O&M costs over and above the reimbursable amount may adversely impact our profitability.

67. Fluctuation in the value of the Rupee against foreign currencies may have an adverse effect on our results of operations.

While a substantial portion of our revenues will be denominated in Rupees, we expect to incur indebtedness denominated in foreign currencies to finance the development of power projects. We may also enter into certain contracts for our project development, the price of which could be denominated in foreign currencies. Accordingly, any fluctuation in the value of the Rupee against these currencies will affect the Rupee cost to us of servicing and repaying our foreign currency borrowings. Our PPAs allow us to pass through foreign exchange fluctuations. While appreciation of the Rupee against foreign currencies may improve our results of operations and financial condition, if we are unable to recover the costs of foreign exchange variations through our tariffs, the depreciation of the Rupee against foreign currencies may adversely impact our results of operations and financial condition.

68. The extent and reliability of Indian infrastructure could adversely impact our results of operations and financial conditions.

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

69. Our performance is linked to the stability of policies and the political situation in India.

The role of the Indian central and state governments in the Indian economy has remained significant over the years. Since 1991, the Government of India has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. The leadership of India has undergone multiple changes since 1996. Any political instability in India may adversely affect the Indian securities markets in general, which could also adversely affect the trading price of our Equity Shares. The present Indian government consists of a coalition of political parties. The withdrawal of one or more of these parties from a coalition government would result in political instability. Any political instability could delay the reform of the Indian economy and could have a material adverse effect on the market for our shares. There can be no assurance to the investors that these liberalization policies will continue under the newly elected government. Protests against privatisation could slow down the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting companies in the power sector, foreign investment, currency exchange rates and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our business.

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

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

71. Our ability to raise foreign debt may be constrained by Indian law.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources for our power projects under development or acquisitions and other strategic transactions and hence could constrain our ability to obtain 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. Limitations on foreign debt may have a material adverse impact on our business growth, financial condition and results of operations.

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

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

73. After the Issue, the price of our Equity Shares may become highly volatile, or an active trading market for our Equity Shares may not develop.

The price of our Equity Shares on the Indian Stock Exchanges may fluctuate after the Issue as a result of several factors, including: volatility in the Indian and global securities market; our operations and performance; performance of our competitors; the perception in the market with respect to investments in the power generation sector; adverse media reports about us or the Indian power generation sector; changes in the estimates of our performance or recommendations by financial analysts; significant developments in India's economic liberalisation and deregulation policies; and significant developments in India's fiscal regulations. There has been no public market for the Equity Shares of the Company and the price of the Equity Shares may fluctuate after the Issue. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue, or that the price at which the Equity Shares are initially traded will correspond to the price at which the Equity Shares will trade in the market subsequent to the Issue.

74. You will not be able to immediately sell any of the Equity Shares you purchase in this Issue on the Stock Exchanges.

Under the SEBI Guidelines, we are permitted to allot Equity Shares within 15 days of the Bid/Issue Closing Date. Consequently, the Equity Shares you purchase in the Issue may not be credited to your book or dematerialized account with Depository Participants until 15 days of the Bid/Issue Closing Date. You can start trading in the Equity Shares only after they have been credited to your dematerialized account and listing and trading permissions are received from the Stock Exchanges.

75. The Issue Price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue.

The Issue Price of our Equity Shares will be determined by the Company in consultation with the BRLMs and Co-BRLM. This pricewill be based on numerous factors (discussed in the chapter titled "Basis for the Issue Price" beginning on page 91 of the Draft Red Herring Prospectus) and may not be indicative of the market price for our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. There can be no assurance that the investor will be able to resell their shares at or above the Issue Price. Among the factors that could affect our share price are:

- quarterly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- changes in revenue or earnings estimates or publication of research reports by analysts;
- speculation in the press or investment community;
- general market conditions; and
- domestic and international economic, legal and regulatory factors unrelated to our performance.

76. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

Following the Issue, our listed shares will be subject to a daily "circuit breaker" imposed by all stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers will be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares.

The stock exchanges will not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance can be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

77. Additional issuances of equity may dilute your holdings.

Any future issuance of our Equity Shares or securities linked to our Equity Shares may dilute your shareholding in our Company. We intend to apply the proceeds of this Issue to [●], and we may issue additional Equity Shares or securities linked to our Equity Shares to finance other projects. Any issuance of Equity Shares may dilute the holdings of our existing shareholders.

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

Notes to Risk Factors

i) The net worth of our Company was Rs. 6,753.03 million as of September 30, 2007 as per our restated financial statements included in the Draft Red Herring Prospectus. For more information, please refer to the chapter titled "Financial Statements" beginning on page 221 of this Draft Red Herring Prospectus.

ii) Based on our restated financial statements, our net asset value per Equity Share, based on our net worth of Rs. 6,753.03 million, was Rs. 13.27 as of September 30, 2007. For more information, see the chapter titled "Financial Statement" beginning on page 221 of the Draft Red Herring Prospectus.

iii) Public issue of 104,000,000 Equity Shares for cash at a price of Rs. [•] per Equity Share (including a share premium of Rs. [●] per Equity Share) aggregating Rs. [•] million by our Company. The Issue comprises a Net Issue to the public of [•] Equity Shares, an Employee Reservation Portion of [•] Equity Shares and a Listed Promoter Group Companies Shareholders Reservation Portion of [•] Equity Shares. The Issue will constitute 16.34% of the fully diluted post-Issue paid-up equity capital of our Company. The Net Issue will constitute [•]% of the fully diluted post-Issue paid-up equity capital of our Company. Our Company is considering a Pre-IPO Placement of up to [•] Equity Shares with certain investors. The Pre-IPO Placement, if any, would be completed prior to the filing of the Red Herring Prospectus with the RoC. In case of any Pre-IPO Placement, the Net Issue will stand reduced to the extent of such Pre-IPO Placement, subject to the Net Issue to the public being at least 10% of the fully diluted post-Issue paid up capital of our Company.

iv) The average cost of acquisition per Equity Share for our Promoter is as follows:

Name of Promoter	Cost per Equity Share Rs.
JAL	10

v) For details on related party transactions and loans and advances made to any company in which our Directors are interested, please refer to the chapters titled "Related Party Transactions" and "Financial Statements" beginning on pages 269 and 221, respectively of the Draft Red Herring Prospectus.

vi) For details of transactions in the securities of our Company by our Promoter, our Promoter Group and Directors in the last six months, see the chapter titled "Capital Structure – Notes to Capital Structure" beginning on page 65 of the Draft Red Herring Prospectus.

vii) For details of interest of our Promoter, other ventures of our Promoter, Directors and key managerial personnel, please refer to the chapters titled "Financial Statements", "Our Management", "Our Promoter" and "Our Promoter Group Companies" beginning on pages 221, 171, 194, and 203 respectively of the Draft Red Herring Prospectus.

viii) Investors may note that in case of over-subscription in the Issue, at least 60% of the Net Issue shall be Allotted on a proportionate basis to QIBs. 5% of the QIB Portion shall be available for allocation to Mutual Funds and the remaining QIB Portion shall be available for Allocation to QIB

Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Net Issue cannot be Allotted to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue shall be available for Allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, [•] Equity Shares and [•] Equity Shares shall be available for Allocation on a proportionate basis to Eligible Employees and Eligible Shareholders respectively, subject to valid Bids being received at or above the Issue Price. For more information, see the chapter titled "Issue Structure" beginning on page 364 of the Draft Red Herring Prospectus.

ix) Trading in Equity Shares of our Company for all investors shall be in dematerialised form only.

x) Investors are advised to refer to the chapter titled "Basis for Issue Price" beginning on page 91 of the Draft Red Herring Prospectus.

xi) Any clarification or information relating to the Issue shall be made available by the BRLMs and Co-BRLM and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. For any clarification or information relating to the Issue, investors may contact the BRLMs and Co-BRLM, who will be obliged to provide such clarification or information to the investors.

xii) Investors may contact the BRLMs and Co-BRLM and the Syndicate Members for any complaints pertaining to the Issue.

For information on the changes of the objects clause of the Memorandum of Association of the Company, please refer to the chapter titled "History and certain Corporate Matters" beginning on page 166 of the Draft Red Herring Prospectus.

SECTION IV - INTRODUCTION

SUMMARY OF INDUSTRY AND BUSINESS

Industry Overview

India has emerged as one of the fastest growing economies in the world. Its current economic performance reflects a healthy trend based on increased consumption, investment and exports. The economy has grown by 8.9% for the second quarter of fiscal 2006-2007 over the corresponding quarter of the previous year. The growth rate primarily resulted from the 'construction' sector with a growth of 11.1% and 'trade, hotels, transport and communication' sector which logged a 11.4% rise in the second quarter of 2007-08. According to the GDP data released by the Central Statistical Organization, a key risk to the continued growth of the Indian economy is inadequate infrastructure. Infrastructure investment in India is on the rise, but growth may be constrained without further improvements. The Government of India has identified the power sector as a key sector of focus to promote sustained industrial growth. It has embarked on an aggressive mission –"Power for All by 2012"– and has undertaken multiple reforms to make the power sector more attractive to private sector investment.

For further details, please refer to the chapter titled "Industry Overview" on page 42 of this Draft Red Herring Prospectus.

Our Business

We are an Indian power company, incorporated on May 18, 1995, that is part of the Jaypee Group. We plan, develop, implement and operate power projects in India. We currently operate the largest hydroelectric power plant in the private sector in India (source: "White Paper on Strategy for the 11th Plan" downloaded from the CEA website on October 31, 2007). Jaiprakash Associates Limited (JAL) and Jaypee Ventures Private Limited (JVPL), which are both part of the Jaypee Group, own 80.56% and 15.02%, respectively, of our Equity Shares.

The Jaypee Group is a diversified infrastructure conglomerate in India with interests in civil engineering and construction, cement, power, real estate, expressways, hospitality, golf courses and not-for-profit education. We believe we benefit from the Jaypee Group's experience in the conceptualization, design, development, construction and operation of hydroelectric power plants. Together with the Jaypee Group, we are able to manage multiple aspects of power projects, from front-end engineering design to completion, operation and maintenance.

We own one operating hydroelectric power plant and we are implementing one coal-fired thermal project:

- a 400 MW run-of-the-river hydroelectric power plant consisting of four 100 MW units on the river Alaknanda in Chamoli district of the state of Uttarakhand that was fully commissioned in October 2006 (our Vishunuprayag plant); and
- a 1,000 MW coal-fired thermal power plant in Sidhi district of the state of Madhya Pradesh expected to commence operations in 2012 (our Nigrie Thermal project, which consists of two 500 MW units) for which we entered into an implementation agreement with the state of Madhya Pradesh on December 12, 2007.

We propose to subscribe to equity shares representing the following interests using the proceeds of the Issue:

- 55.36% of the equity capital of Jaypee Karcham Hydro Corporation Limited (JKHCL), which is implementing a 1,000 MW(4 x 250 MW units) run-of-the-river hydroelectric power project on the river Sutlej, in Kinnaur district of the state of Himachal Pradesh, expected to commence operations in 2011 (the Karcham-Wangtoo project); and
- 23% of the equity capital of Jaypee Powergrid Limited (JPL), which is developing a 230 km long power transmission project to evacuate power from the Karcham-Wangtoo project, expected to commence operations by 2010 (the Transmission project).

We plan to implement a 2,025 MW hydroelectric project (the Lower Siang project), expected to commence operations in 2014, and a 500 MW hydroelectric project (the Hirong project), expected to commence operations

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in 2015, in the state of Arunachal Pradesh (collectively the Arunachal projects). These projects were initially awarded to JAL and were transferred to us through a tripartite agreement dated December 13, 2007 executed between Government of Arunachal Pradesh, JAL and our Company. The memoranda of agreement for these projects provide for the Government of Arunachal Pradesh to own 11% of the equity capital in the special purpose vehicle(s) that are to be incorporated to implement each of these projects.

We also plan to implement a 450 MW hydroelectric project (the Kynshi II project) and a 270 MW hydroelectric project (the Umngot project) in the state of Meghalaya (collectively the Meghalaya projects), each of which is expected to commence operations in 2016, for which we have entered into two memoranda of agreement dated December 11, 2007 with the Government of Meghalaya. The memoranda of agreement provide for the Government of Meghalaya to own 26% of the equity capital in the special purpose vehicle(s) that are to be incorporated to implement each of the Meghalaya projects.

In total, these power generation projects represent an aggregate current and planned generation capacity of 5,645 MW, consisting of our 400 MW Vishnuprayag plant, our 1,000 MW Nigrie Thermal project under development, the 1,000 MW Karcham-Wangtoo project under implementation by JKHCL, a company in which we propose to subscribe to 55.36% of the equity capital and the planned 2,025 MW Lower Siang project, 500 MW Hirong project, 450MW Kynshi II project and 270 MW Umngot project, each to be implemented by a special purpose vehicle that we expect to incorporate pursuant to the terms of such project's memorandum of agreement.

For further details about the contract in relation to our Vishnuprayag plant, our Nigrie Thermal project, the Karcham-Wangtoo project, the Transmission project, the Arunachal projects and the Meghalaya projects, please refer to this chapter and the chapter titled "Key Business Contracts" beginning on page 135 of the Draft Red Herring Prospectus.

For the year ended March 31, 2007 (our first fiscal year following the commissioning of the Vishnuprayag plant), our total revenues were Rs. 2,165.91 million and our restated net profit after tax was Rs. 761.33 million. In the six months ended September 30, 2007 our total revenues were Rs. 2,427.95 million, and our restated net profit after tax was Rs. 1,326.17 million. In the year ended March 31, 2007, our average selling price of electricity was Rs. 2.56 per kilowatt hour (computed based on net Saleable Energy under the terms of our PPA and including incentives for Plant Availability and Secondary Energy). We declared a maiden dividend of 7% for the year ended March 31, 2007 and an interim dividend of 12%.

For the year ended March 31, 2007 and for the six months ended September 30, 2007, Plant Availability for our Vishnuprayag plant was 98.5% and 98.67%, respectively, which entitles us to certain incentives pursuant to our PPA.

We believe that the following are our primary competitive strengths:

Strong position in India's power sector based on efficiency, location and project mix

We believe we have a strong position in India's power sector for the following reasons:

1. Our Vishnuprayag plant is the largest operating hydroelectric power plant in India's private sector, according to the "White Paper on Strategy for 11th Plan" (source: website of the CEA downloaded on October 31, 2007). The plant is operating successfully and has generated energy in excess of its Design Energy with Plant Availability in excess of 98% in its first year of operation. In order to ensure rated output on a sustained basis, our major plant equipment for each of our projects has been or is expected to be sourced from vendors in Western Europe, North America and South America.

2. Our hydroelectric power plant and proposed hydroelectric projects under development are located in India's Northern and North-Eastern regions, where water flow tends to be constant and conducive to power generation. Our thermal project is located in Central India in close proximity to its fuel supply.

3. We have a mix of hydroelectric and thermal power plants (in operation, under implementation and planned) that is predominantly based on hydroelectric power projects. Approximately 80% of the total planned capacity of projects that we operate or propose to develop is hydroelectric power, which positions us well to benefit from the sale of Peaking Power and low operating costs.

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Ability to Leverage the Jaypee Group's Expertise, Experience and Technical Capabilities

We believe we benefit from the Jaypee Group's expertise, resources, project sourcing and in-house capabilities, which help us develop and operate projects in a technically proficient and cost-effective manner. The Jaypee Group has added 700 MW of hydroelectric power capacity since the power sector reforms implemented by the Government of India in 1991. The Jaypee Group has added 700 MW of new hydroelectric capacity out of a total 786 MW of hydroelectric capacity added by the Indian private sector over the last ten years. The Jaypee Group's Baspa-II 300 MW hydroelectric power plant was among the first build-own-operate-transfer plants to be commissioned following the 1991 Indian power sector reforms. JHPL was awarded Silver Shield of the Ministry of Power National Awards for Meritorious Performance 2004-2005 by the honourable Prime Minister of India in recognition of the outstanding performance of the Baspa-II 300 MW hydroelectric power plant in its first full year of operation. The Jaypee Group has a strong project implementation track record as a hydroelectric construction company and has participated in projects that have added over 7,880 MW of hydroelectricity to the national grid over the last five years.

We expect to have access to the Jaypee Group's in-house organization that specializes in project design, with detailed engineering capabilities ranging from the concept stage to the manufacture of specialized parts and the commissioning, operation and maintenance of projects. This team is supported by reputed international and domestic project consultants. As of March 31, 2007, the Jaypee Group had approximately 2,500 in-house engineers with expertise in a range of engineering disciplines, particularly hydrology, electrical, civil and structural design, hydro mechanical and geotechnical design. These engineers have specialized skills and experience relating to tunnel design, variable and unpredictable geological conditions and certain specific analysis, design and CAD software applications. In addition, we expect to benefit from the Jaypee Group's in-house hydro-mechanical workshop, which we believe will provide further efficiencies by manufacturing certain hydro-mechanical equipment within our promoter group. The Jaypee Group is also developing an in-house coating facility for the runners which can be used by our hydroelectric power projects and has mining experience that we believe will be beneficial to our proposed Nigrie Thermal project.

Steady cash flows from long-term power purchase agreements

We sell the entire Saleable Energy generated from our Vishnuprayag plant to Uttar Pradesh Power Corporation Limited (UPPCL) pursuant to our Power Purchase Agreement (PPA) with UPPCL. UPPCL's payments under this PPA are secured by a multi-tier payment security mechanism. UPPCL is required to maintain an irrevocable letter of credit in our favor. Additionally, we have a first lien on all revenues of UPPCL in designated distribution circles, including those from bulk consumers, which are required to be deposited in an escrow account. In the event of a default by UPPCL, we will have recourse to an unconditional guarantee provided by the Government of Uttar Pradesh. JKHCL has entered into a PPA with PTC India Limited (PTCIL) to sell 704 MW, which is 80% of its Saleable Energy from the Karcham-Wangtoo project. PTCIL is required to provide JKHCL with a monthly irrevocable letter of credit which may be drawn by JKHCL in respect of payments due under the PPA. Additionally, JKHCL has a lien on all revenues of PTCIL under any power sale agreements for JKHCL's power, which are required to be deposited in a bank account and which account would be used to satisfy PTCIL's obligations to JKHCL in the event PTCIL does not replenish the letter of credit or if an enforceable letter of credit is not in place to secure payments to JKHCL. If JKHCL is unable to realize payments from such account, PTCIL would be required to invoke the payment security mechanism under any power sale agreement entered into to discharge its obligations under its PPA with JKHCL. These PPAs are long-term agreements that we believe will provide steady cash flows in the medium and long-term.

Low operating cost of hydroelectric plants

Each of the Vishnuprayag plant, the Karcham-Wangtoo project, the Lower Siang Project, the Hirong Project, the Kynshi II project and the Umngot project is a "run-of-the-river" hydroelectric power generation plant or project. As hydroelectric power plants rely on natural water flow to generate electricity, there are no specific raw material costs and therefore they are not exposed to market fluctuations in raw material costs. Hydroelectric projects also have lower operation and maintenance expenditure compared to other power projects. Approximately 80% of the total planned capacity of projects that we operate or propose to develop is hydroelectric power, which we believe will result in a favourable operating cost structure.

Allocated fuel supply and cost-efficiencies associated with our Nigrie Thermal project

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Our Nigrie Thermal project is expected to obtain its fuel requirement pursuant to long term coal supply agreements (CSA), from coal blocks managed by joint ventures (incorporated or to be incorporated) of JAL and the Madhya Pradesh State Mining Corporation Limited (MPSMCL). With respect to the Amelia (North) coal block, JAL and MPSMCL have entered into a joint venture agreement dated January 27, 2006 pursuant to which Madhya Pradesh Jaypee Minerals Limited (MPJML), the joint venture company, is expected to mine and produce coal for our Nigrie Thermal project. MPSMCL has issued a letter of intent to JAL dated June 11, 2007 for development of the Dongri Tal II coal block through a similar joint venture agreement. However, the joint venture company is yet to be incorporated. On December 25, 2007, we entered into a CSA with MPJML for a term of 25 years, in respect of the Amelia (North) Coal Block during which MPJML has agreed to supply to us, and we have agreed to purchase, 2.5 million tonnes of coal per year. We expect to enter into a similar coal supply agreement for coal from the Dongri Tal II coal block. Our Nigrie Thermal project is strategically located near these coal mines, which we believe will reduce our transportation costs in connection with this fuel supply. In addition, we expect to lower the disposal costs associated with our thermal plant and also expect to earn additional revenue streams by selling coal ash to various cement plants or by setting up our own cement manufacturing facility to utilise the coal ash. We believe that our proximity to these coal blocks, allocated fuel supply and cost efficiencies as outlined above will enable us to generate electricity at competitive rates.

Strong operating performance due to plant efficiency

We measure our efficiency with reference to our Plant Availability and generation targets achieved. With respect to the Vishnuprayag plant, for the year ended March 31, 2007 and the six months ended September 30, 2007, the plant generated 951.55 MU and 1,475.21 MU, respectively, excluding Infirm Energy, with Plant Availability of 98.5% and 98.67%, respectively. We believe this initial performance data demonstrates our ability to operate and maintain power projects efficiently. In order to consistently ensure a high availability of our plant and equipment, we extensively monitor and systematically carry out the prescribed maintenance scheduled for the plant. For operation and maintenance, we have formed a group which is specially trained in operation and maintenance activities. This group's functions include:

- operation activities including scheduling and optimization of generation, keeping in view water availability and system conditions; and

- maintenance activities including preventive maintenance, overhauling and reconditioning of equipment and attending to shut-downs within minimum time to prevent loss of generation.

To facilitate operation and maintenance, detailed operation and maintenance manuals containing prescribed maintenance schedules, preventive steps and a data bank of spares and tools have been created. Sufficient inventories of spares have been procured to prevent loss of generation. Operation and maintenance staff are trained at suppliers' works through various training programmes in India and abroad from time to time.

Strong and experienced management team, well-trained workforce and streamlined operating processes

We have an experienced management team with a hands-on understanding of both the financial and technical aspects of the power generation business. Our senior management has extensive operational and management experience in the power generation industry and has enjoyed a long tenure with us and the Jaypee Group. Our management team also has an extensive knowledge of the Indian power industry and regulatory environment. We believe we have a good reputation with off-takers, financiers, regulatory agencies and other industry participants. Our reputation and our management expertise will be key factors in ensuring the sustainability of our operations. We invest substantial resources in employee training and development. In addition, we expect that our uniform operational systems, processes and staff training procedures will enable us to replicate our operating standards across our operating plant and the projects we expect to develop. Please refer to the chapter titled "Our Management" beginning on page 171 of the Draft Red Herring Prospectus.

Profit from the sale of carbon emissions credits

We have opted for Verified Emission Reduction (VER) under the Voluntary Carbon Standard for our Vishnuprayag plant, a program that encourages sustainable development projects that reduce greenhouse gas emissions by issuing tradable certificates called VERs. VERs generated by our Vishnuprayag plant upto March 31, 2007 have been sold during the current financial year on a spot basis in the international market. VERs generated by our Vishnuprayag plant is computed as 1000 kWH = 0.75VER We believe we will be able to continue to profit from the sale of VERs from our Vishnuprayag plant in the future. In addition, JKHCL expects

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to work toward achieving eligibility for the Karcham-Wangtoo project under the Clean Development Mechanism (CDM). If accredited under the CDM, the Karcham Wangtoo project would generate approximately 3.35 million CERs based on the computation of 1000 kWH = 0.75 CER. Our Nigrie Thermal project may also seek to become eligible under the CDM based on that project's proposed use of supercritical technology, which is a technology for efficient energy use and emissions reduction.

Our Strategy

Our corporate vision is to become a world class, diversified power company with diversified sources of revenue and low business risk. The following are our strategies for achieving our vision:

Benefit from the growth of the Indian power sector

The Government of India in its 11th Plan (2007-2012) has recommended a capacity addition of 78,577 MW to meet increasing power shortages. According to the CEA, the total aggregate peak shortage of power was 13,897 MW in the year ended March 31, 2007. The 11th Plan Working Group has recommended a capacity addition in the range of 82,200 MW to 94,300 MW for the 12th Plan (2012-2017). We believe that our planned power projects will contribute to the substantial growth of the Indian power sector that is contemplated by the 11th Plan and proposed for the 12th Plan.

Expand our installed capacity to develop a diversified portfolio of assets

Our Vishnuprayag plant has operated successfully in its first year of operation, generating energy in excess of its Design Energy (calculated on a pro rata basis for the portion of the year that our Vishnuprayag plant was in operation). We are currently engaged in the development of one thermal power project and we are developing or propose to develop five hydroelectric projects through special purpose vehicle(s) in which we propose to subscribe to equity capital. These six power generation projects are expected to result in aggregate new planned capacity of 5,245 MW, consisting of our 1,000 MW Nigrie Thermal project, the 1,000 MW Karcham-Wangtoo project being implemented by JKHCL, a company in which we propose to subscribe to 55.36% of the equity capital, the 2,025 MW Lower Siang project and the 500 MW Hirong project, for which the memoranda of agreement provide for the Government of Arunachal Pradesh to own 11% of the equity capital of special purpose vehicle(s) to be incorporated to implement the projects, and the 450MW Kynshi II project and the 270 MW Umngot project, for which the memoranda of agreement provide for the Government of Meghalaya to own 26% of the equity capital of the special purpose vehicle(s) to be incorporated to implement the projects. We believe that once our planned projects are commissioned we will be well-positioned to supply Peaking Power based on our multiple hydroelectric projects. We may also consider strategic growth opportunities, including through acquisitions and investments, to expand our portfolio of assets

Achieve balance among long term power purchase agreements and open market sales

Our Vishnuprayag plant and the Karcham-Wangtoo project benefit from the security of long term PPAs that require UPPCL to purchase the entire Saleable Energy that we produce from the Vishnuprayag plant and PTCIL to purchase 80% of the Saleable Energy (704 MW) that JKHCL expects to produce from the Karcham-Wangtoo project. JKHCL intends to retain 20% of the Saleable Energy that it expects to produce from the Karcham-Wangtoo project during the first 12 years of operation and approximately 14% thereafter for sale in the open market. Our current strategy targets the sale of approximately 60% of the total current and planned capacity of our power plant and projects, including the projects in which we propose to subscribe to equity interests, pursuant to long term PPAs. Our current strategy targets the sale of the remaining 40% of the power from our planned projects in the open market. We believe this strategy will enable us to benefit from any upward movements in power prices in the open market and that this combination of security and flexibility in the power tariff that we expect to realize will position us well to succeed in both strong and weak energy price environments.

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Vertically integrate our business by developing the capacity for power transmission

JPL, a company in which we propose to subscribe to 23% of the equity capital using a portion of the proceeds of the Issue, is implementing the Transmission project to evacuate power from the 1,000 MW Karcham-Wangtoo project, which is being developed by JKHCL, a company in which we propose to subscribe to 55.36% of the equity capital using a portion of the proceeds of the Issue. By adding transmission capacity to our business, we believe we will benefit from vertical integration by reducing our reliance on external transmission facilities.

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SUMMARY OF FINANCIAL INFORMATION

The following information should be read with the information contained in the Auditors' report included in section titled "Financial Statements" beginning on page 221 of the Draft Red Herring Prospectus.

Annexure I: SUMMARY OF ASSETS & LIABILITIES, AS RESTATED

(Rs. in million)

	Description	For the Half Year ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
A.	**Fixed Assets**						
	Gross Block	16,810.44	16,712.11	125.22	161.83	160.31	177.75
	Less: Depreciation	596.88	370.36	6.87	5.50	4.12	2.73
	Net Block	**16,213.56**	**16,341.75**	**118.35**	**156.33**	**156.19**	**175.02**
	Capital Work-in-Progress	23.72	-	15,375.75	9,695.98	6,432.50	4,235.79
	NET BLOCK	**16,237.28**	**16,341.75**	**15,494.10**	**9,852.31**	**6,588.69**	**4,410.81**
B.	**Investments**	**-**	**-**	**-**	**-**	**-**	**-**
C.	**Current Assets ,Loans & Advances**						
	Inventories	5.63	17.12	-	255.24	203.59	86.38
	Sundry Debtors	421.35	565.28	-	-	-	-
	Cash and Bank balances	1,882.08	978.12	247.72	327.19	226.31	138.23
	Other Current Assets	17.72	7.70	0.63	1.53	0.21	0.07
	Loans and Advances	288.61	151.10	159.39	1,065.85	1,446.65	1,334.10
	Total current assets	**2,615.39**	**1,719.32**	**407.74**	**1,649.81**	**1,876.76**	**1,558.78**
	Total Assets	**18,852.67**	**18,061.07**	**15,901.84**	**11,502.12**	**8,465.45**	**5,969.59**
	Liabilities and Provisions						
D	**Loan Funds**						
	Secured Funds	11,205.65	11,608.25	10,177.67	6,544.38	4,699.70	2,763.73
	Unsecured Funds	250.00	250.00	250.00	250.00	250.00	-
E	**Current Liabilities & Provisions**						
	Current Liabilities	233.97	248.97	380.68	421.63	232.10	661.91
	Provisions	282.49	527.49	12.26	4.44	1.98	1.97
F.	**Deferred Tax Liability (Net)**	**-**	**-**	**-**	**-**	**-**	**-**
G.	**Advance Against Depreciation**	**127.53**	**-**	**-**	**-**	**-**	**-**
	Total Liabilities	**12,099.64**	**12,634.71**	**10,820.61**	**7,220.45**	**5,183.78**	**3,427.61**
	Net Worth(A+B+C-D-E-F-G)	**6,753.03**	**5,426.36**	**5,081.23**	**4,281.67**	**3,281.67**	**2,541.98**
	Represented by:						
H.	Share Capital	5,090.00	5,090.00	4,290.00	4,290.00	3,290.00	2,550.00
	Share Application Money	-	-	800.00	-	-	-
	Reserves and Surplus	1,670.64	344.47	-	-	-	-
	LESS:-						
I	**Miscellaneous Expenditure**	**7.61**	**8.11**	**8.77**	**8.33**	**8.33**	**8.02**
	(to the extent not written off or adjusted)						
	Net Worth(H+I)	**6,753.03**	**5,426. 36**	**5,081.23**	**4,281.67**	**3,281.67**	**2,541.98**

The accompanying significant accounting policies and significant notes on accounts are an integral part of this statement.

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Annexure II: SUMMARY STATEMENT OF PROFIT & LOSS ACCOUNT, AS RESTATED

(Rs. In million)

Description	For the Half Year ended September 30, 2007	For the year ended March 31, 2007
INCOME		
Revenue from Operations	2,279.08	2,141.58
Other Income	44.70	24.31
Foreign Currency Exchange Rate Difference	104.17	0.02
TOTAL	**2,427.95**	**2,165.91**
EXPENDITURE		
Operation Expenses	32.06	13.46
Employees' Remuneration & Benefits	35.43	26.86
General, Administrative and Other Expenses	46.72	47.49
Depreciation	225.86	363.16
Interest and Finance Charges	590.57	905.31
Deferred Revenue Expenditure written Off	0.49	0.98
TOTAL	**931.13**	**1,357.26**
Profit for the year before tax, Prior period Adjustments	**1,496.82**	**808.65**
Less: Prior Period Expenditure/(Income) (Net)	-	-
Profit Before Tax	**1,496.82**	**808.65**
Less: Provision for Taxation- - Current Year	169.59	90.73
- Earlier Years	-	-
Provisions for Fringe Benefit Tax- - Current Year	0.43	0.15
- Earlier Years	-	-
Profit after Current Tax	**1,326.80**	**717.77**
Less: Provision for Deferred Tax - Current Year	-	-
- Earlier Years	-	-
Profit after Tax as per audited statement of accounts (A)	**1,326.80**	**717.77**
Adjustment on account of		
Changes in accounting policies (Forex difference)	-	49.14
Impact of material adjustment	-	-
Depreciation	(0.67)	-
MAT & Deferred Tax Adjustments	0.08	(5.51)
Employees Benefits	(0.04)	(0.07)
Total Adjustments (B)	(0.63)	43.56
Adjusted Profit (A-B)	**1,326.17**	**761.33**
Add: Balance of Profit brought forward	54.47	-
Less: Debenture Redemption Reserve	-	290.00
Total Adjusted Profit Available for Appropriation	**1,380.64**	**471.33**
Appropriation		
Interim Dividend Paid	-	-
Dividend Tax Paid	-	-
Proposed Final Dividend	-	356.30
Provision for Dividend Tax	-	60.56
Adjusted Available surplus carried to Summary of Restated Assets and Liabilities	**1,380.64**	**54.47**

The accompanying significant accounting policies and significant notes on accounts are an integral part of this statement

Note: As the Company commenced commercial operations during Fiscal 2006-07, there was no profit and loss statement for the earlier years.

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THE ISSUE

Equity Shares offered in the Issue:	104,000,000 Equity Shares.
Of which	
Employee Reservation Portion [(1)]	[●] Equity Shares available for Allocation to Eligible Employees on a proportionate basis.
Listed Promoter Group Companies Shareholder Reservation Portion[(1)]	[●] Equity Shares available for Allocation to Eligible Shareholders on a proportionate basis.
Net Issue to the public [(2)]	[●] Equity Shares.
Of which:	
A) Qualified Institutional Buyers Portion	At least [●] Equity Shares (constituting at least 60% of the Net Issue) out of which 5% of the QIB Portion or [●] Equity Shares shall be available for Allocation on a proportionate basis to Mutual Funds only, and [●] Equity Shares shall be available for Allocation, on a proportionate basis to all QIBs, including Mutual Funds. If at least 60% of the Net Issue cannot be Allotted to QIBs, then the entire application moneys will be refunded.
B) Non-Institutional Portion [(1)]	Not less than [●] Equity Shares, constituting not less than 10% of the Net Issue, available for Allocation to Non-Institutional Bidders on a proportionate basis, subject to valid Bids being received at or above the Issue Price.
C) Retail Portion [(1)]	Not less than [●] Equity Shares constituting not less than 30% of the Net Issue, available for Allocation to Retail Individual Bidders on a proportionate basis, subject to valid Bids being received at or above the Issue Price.
Equity Shares outstanding prior to the Issue	532,500,000 Equity Shares.
Equity Shares outstanding after the Issue	636,500,000 Equity Shares.
Use of Proceeds	See the chapter titled "Objects of the Issue" beginning on page 77 of the Draft Red Herring Prospectus for additional information.

(1) In case of under-subscription in the Employee Reservation Portion and the Listed Promoter Group Companies Shareholders' Reservation Portion, the same would be allowed to be met with spillover *inter-se* from the any other category, at the sole discretion of our Company, in consultation with the BRLMs, the Co-BRLM and the Designated Stock Exchange, subject to at least 60% of the Net Issue being Allotted on a proportionate basis to QIBs. In case of under-subscription in the Net Issue (except in the QIB Portion), spillover to the extent of under- subscription shall be permitted from other categories or a combination of categories, the Employee Reservation Portion and the Listed Promoter Group Companies Shareholders' Reservation Portion at the discretion of our Company in consultation with the BRLMs, the Co-BRLM and the Designated Stock Exchange. Such *inter-se* spillover, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.

(2) Our Company is considering a Pre-IPO Placement of certain Equity Shares with some investors. The Pre-IPO Placement, if any, will be completed before the filing of the Red Herring Prospectus with the RoC. The number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, if any, subject to the Net Issue to the Public being at least 10% of the fully diluted post-Issue paid-up capital of our Company. Further, the reservation for Eligible Shareholders and Eligible Employees shall be subject to a maximum of 10% of such revised Issue size.

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Payment Methods

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

Amount Payable per Equity Share (Rs.)	Payment Method -1@			Payment Method -2		
	Retail Individual Bidders			Any Category***		
	Face Value	Premium	Total	Face Value	Premium	Total
On Application	2.5	[●]	[●]	10.0	[●]	[●]
By Due Date for Balance Amount Payable **	7.5	[●]	[●]	-	-	-
Total	10.0	[●]	[●]	10.0	[●]	[●]

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

@ Please refer to page xxxvii for risks associated with Payment Method - 1

** Retail Individual Bidders opting for Payment Method 1 shall be required to make the payment of the Balance Amount Payable by the Due Date for Balance Amount Payable. The notice of the Balance Amount Payable will also be published in three (3) widely circulated newspapers (one English national newspaper, one Hindi national newspaper and one regional language newspaper) along with the statutory advertisement for the Basis for Allotment.

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

Key Features of the Payment Methods

1) Payment Method – 1

a) Only Retail Individual Bidders are eligible for this method. QIBs and Non-Institutional Bidders cannot submit a Bid under this Payment Method.

b) While bidding, the Bidder shall make a payment of Rs. [●] per Equity Share, irrespective of the Bid Price. Investors should note that the total Bid Amount will be used to determine whether a Bid is in the Retail Individual category and not the amount payable on submission of Bid-Cum-Application Form.

c) Under Payment Method-1, of the Rs. [●] paid while bidding, Rs. 2.5 would be adjusted towards face value of the Equity Shares and Rs. [●] shall be towards share premium of the Equity Shares applied for.

d) At the time of allotment:

1. If the amount paid by the Bidder is equal to or higher than the total amount payable (being the Issue Price multiplied by the number of shares allotted) by the Bidder on the Equity Shares allotted to the Bidder, we reserve the right to adjust the excess amount towards the Balance Amount Payable and issue fully paid Equity Shares only. The excess amount, if any, after adjusting the Balance Amount Payable shall be refunded to the Bidder (i.e., Refund = Total amount paid on bidding minus the total amount payable on the shares allotted).

2. If the amount paid by the Bidder is less than the total amount payable by the Bidder (being the Issue Price multiplied by the number of shares allotted) on the Equity Shares allotted to the Bidder, we reserve the right to adjust the excess of the amount received from the Bidder over the Amount Payable on Submission of Bid-cum-Application Form towards the Balance Amount Payable and issue a Call Notice for the balance.

3. The notice of the Balance Amount Payable will also be published in three (3) widely circulated newspapers (one English national newspaper, one Hindi national newspaper

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and one regional language newspaper) along with the statutory advertisement for the Basis for Allotment.

e) Equity Shares in respect of which the Balance Amount Payable remains unpaid may be forfeited, at any time after the Due Date for Balance Amount Payable.

f) Indicative timetable for payment and corporate action with respect to Balance Amount Payable under d (2) above:

Sr. No.	Event	Indicative Time Period (On or around)
a.	(i) Basis of Allotment	Day X – 9 days
	(ii) CAN along with the Call Notice, including a statement of Balance Amount Payable per allotted share, issued to the successful Bidders opting for Payment Method-1	
b.	Listing of shares	Day X
c.	Period (30 days) during which shareholders may make payment for the Balance Amount Payable (at the designated bank branches to be announced)	Day X + 21 days
d.	Corporate action for appropriation of Balance Amount Payable and for credit of fully paid shares to the demat accounts of shareholders who have paid the amount	Day X + 35 days

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

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

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

2) Payment Method – 2

a) Bidders under any category can choose this method.

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

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

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

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

Assumptions:

- *Issue Price Rs. 100 per equity share*
- *Under Payment Method–1, Rs. 25.0 is payable on submission of the Bid-cum-Application Form,*

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and

- *Under Payment Method – 1, out of the Amount Payable on Application, Rs. 2.5 is towards face value and Rs. 22.5 is towards premium.*

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

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

*** Bidders in QIB category will be required to make payment of 10% of the Bid Amount multiplied by the number of equity shares bid, with the balance being payable on allocation. The Non-Institutional Bidders and Retail Individual Bidders not opting Payment Method - 1 will be required to make payment of 100% of the Bid Amount multiplied by the number of equity shares bid, with the balance being payable on allocation.

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

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

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

* Assuming allotment arrived based on the Basis of Allocation and as per the mechanism described in the "Issue Procedure" on page 368 of the Draft Red Herring Prospectus and approved by the Stock Exchanges.

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

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

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

Important note:

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

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

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GENERAL INFORMATION

Our Company was incorporated as Jaiprakash Power Ventures Limited pursuant to a certificate of incorporation dated May 18, 1995 bearing number 20-18069 of 1995 under the Companies Act issued by the Registrar of Companies, Uttar Pradesh.

Registered Office:

113, Rajpur Road
Dehradun – 248 001
Uttarakhand
India
Tel: +91 135 274 6760
Fax: +91 135 274 0860
CIN: U36991UR1995PLC018069.

Corporate/Head Office:

'JA House'
63, Basant Lok
Vasant Vihar
New Delhi – 110 057
India
Tel: +91-11-2614 1540
Fax: +91-11-2614 5389
Compliance Officer: Mr. Manmohan Sibbal
Email**:** jpvl.ipo@jalindia.co.in
Website: www.jppowerventures.com

Address of Registrar of Companies:

The Registrar of Companies, Uttar Pradesh & Uttarkhand
10/499-B, Allen Ganj
Khalasi Lines
Kanpur 208 001
Uttar Pradesh
India

Board of Directors:

The following persons constitute our present Board of Directors:

Name and Designation	DIN	Nature of Directorship
Mr. Jaiprakash Gaur, Director	00008085	Non-Executive and Non-Independent Director
Mr. Suresh Kumar, Executive Chairman and Chief Executive Officer	00010049	Executive and Non-Independent Director
Mr. N.C. Sharma, Vice-Chairman	00010129	Non-Executive and Non-Independent Director
Mr. Suren Jain, Managing Director	00011026	Executive and Non-Independent Director
Mr. Arun Gupta, Whole-time Director	00226354	Executive and Non-Independent Director
Dr. B. Samal, Additional Director	00007256	Independent Director
Mr. Bal Krishna Taparia, Director	00019760	Independent Director
Mr. Basant Kumar Goswami, Director	00003782	Independent Director
Mr. Dharmendar Nath Davar, Director	00002008	Independent Director
Mr. Gopi K. Arora, Director	00017824	Independent Director
Mr. Gunjit Singh, Additional Director	00079437	Independent Director
Mr. Harish Chandra Jain, Nominee Director	00610254	Non-Executive and Non-Independent Director
Mr. M. J. Subbaiah, Additional Director	00044799	Independent Director
Mr. Manoj Gaur, Director	00008480	Non-Executive and Non-Independent Director
Mr. P. G. Sastry, Additional Director	01890172	Independent Director
Mr. R.N Bhardwaj, Additional Director	01571764	Independent Director
Mr. Raj Kumar Kapoor, Nominee Director	00110338	Non-Executive and Non-Independent Director

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Name and Designation	DIN	Nature of Directorship
Mr. Rangi Lal Gupta, Director	00013811	Non-Executive and Non-Independent Director
Mr. Subhash Chandra Bhargava, Director	00020021	Independent Director
Mr. Sunil Kumar Sharma, Director	00008125	Non-Executive and Non-Independent Director

For further details of our Board of Directors please see the chapter titled "Our Management" beginning on page 171 of the Draft Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. Manmohan Sibbal
'JA House'
63, Basant Lok
Vasant Vihar
New Delhi – 110 057
India
Tel: +91 11 2614 1540
Fax: +91 11 2614 5389
Email**:** jpvl.ipo@jalindia.co.in

The investors can contact the Compliance Officer or the Registrar in case of pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, demat credit of allotted Equity Shares in respective beneficiary account, receipt of refund orders if any etc.

Bankers to our Company

ICICI Bank Limited
ICICI Bank Towers
Bandra Kurla Complex
Bandra (E)
Mumbai – 400 051.
Tel: +91 22 2635 6519
Fax: +91 22 2653 1368
E-Mail: navneet.jindal@icicibank.com

Industrial Development Bank of India Limited
IDBI Tower.
WTC Complex
Cuffe Parade
Mumbai – 400 005
Tel: +91 22 6655 2205
Fax: +91 22 2218 1195
E-Mail: r.kumar@idbi.co.in

Punjab National Bank
Large Corporate Branch
A-9, Connaught Place
New Delhi – 110 001
Tel: +91 11 2332 7376
Fax: +91 11 2371 2158
E-Mail: bo2164@pnb.co.in

Oriental Bank of Commerce
43, First and Second Floor
SCO, Basant Lok
New Delhi – 110 057
Tel: +91 11 2614 7501
Fax: +91 11 2614 7847
E-Mail: bm0407@obc.co.in

Book Running Lead Managers

ENAM Securities Private Limited
801/ 802, Dalamal Towers
Nariman Point
Mumbai 400 021
India
Tel: +91 22 6638 1800
Fax: +91 22 2284 6824
E-mail: jpvl.ipo@enam.com
Investor Grievances Email id:
complaints@enam.com
Website: www.enam.com
Contact person: Ms. Kinjal Palan
SEBI Registration No.: IMN000006856

Morgan Stanley India Company Private Limited
1101-1115, Hilton Towers
Nariman Point
Mumbai - 400 021
Tel: +91 22 6621 0555
Fax: +91 22 6621 0556
E-mail: jpvl_ipo@morganstanley.com
Investor Grievances Email id:
investors_india@morganstanley.com
Contact Person: Mr. Amit H. Shah
Website:
www.morganstanley.com/indiaofferdocuments
SEBI Registration No.: INM000011203

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Deutsche Equities India Private Limited
DB House, Hazarimal Somani Marg
Fort, Mumbai 400 001, India
Tel: +91 22 6658 4600
Fax: +91 22 2200 6765
E-mail: jpvl.ipo@db.com
Contact person: Mr. Sameer Taimni
Investor Grievances E-mail id: db.redressal@db.com
Website: www.db.com/India
SEBI Registration No.: INM000010833

J. P. Morgan India Private Limited
9th Floor, Mafatlal Centre
Nariman Point
Mumbai - 400 021
India
Tel: +91 22 2285 5666
Fax: +91 22 6639 3091
E-mail: jpvl_ipo@jpmorgan.com
Investor Grievances Email id:
investorsmb.jpmipl@jpmorgan.com
Contact Person: Mr. Abhishek Goenka
Website: www.jpmipl.com
SEBI Registration No.: INM000002970

IDFC-SSKI Private Limited
803/4, Tulsiani Chambers
8th Floor, Nariman Point
Mumbai - 400 021, India
Tel: +91 22 6638 3333
Fax: +91 22 2204 0282
E-mail: jpvl.ipo@idfcsski.com
Contact person: Ms. Anjali Peri
Investor Grievances E-mail id: www.sski.co.in
Website: www.sski.co.in
SEBI Registration No.: INM000010254

ICICI Securities Limited*
ICICI Centre
H.T. Parekh Marg
Churchgate
Mumbai - 400 020, India
Tel: +91 22 2288 2460
Fax: +91 22 2882 6580
E-mail: jpvl_ipo@isecltd.com
Contact person: Mr.Nikhil Dhingra
Investor Grievances E-mail id:
customercare@isecltd.com
Website: www.icicisecurities.com
SEBI Registration No.: INM000011179

JM Financial Consultants Private Limited
141 Maker Chamber III
Nariman Point
Mumbai - 400 021, India
Tel: +91 22 6630 3030
Fax: +91 22 2204 7185
E-mail: jpvl.ipo@jmfinancial.in
Contact person: Poonam Karande
Investor Grievances E-mail id:
grievance.ibd@jmfinancial.in
Website: www.jmfinancial.in
SEBI Registration No.: INM000010361

Kotak Mahindra Capital Company Limited
3rd Floor, Bakhtawar
229 Nariman Point
Mumbai - 400 021, India
Tel: +91 22 6634 1100
Fax: +91 22 2283 7517
E-mail: jpvl.ipo@kotak.com
Contact person: Mr. Chandrakant Bhole
Investor Grievances E-mail id:
kmccredressal@kotak.com
Website: www.kotak.com
SEBI Registration No.: INM000008704

* ICICI Securities Limited is an associate of ICICI Bank Limited, a shareholder of and Banker to our Company. For further details, please refer to the chapters titled "Capital Structure" and "Financial Indebtedness" beginning on pages 65 and 286 of the Draft Red Herring Prospectus.

Co-Book Running Lead Manager

Axis Bank Limited
Central Office, Maker Tower 'F'
11th Floor, Cuffe Parade, Colaba
Mumbai 400 005, India
Tel: +91 22 6707 1725
Fax: +91 22 2216 2467
E-mail: jpvl.ipo@axisbank.com
Investor Grievances E-mail id:
axbmbd@axisbank.com
Contact Person: Mr. Vishal Sharan
Website: www.axisbank.com
SEBI Registration No.: INM000006104

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Registrar to the Issue

Karvy Computershare Private Limited
Plot No. 17-24
Vitthal Rao Nagar
Madhapur
Hyderabad – 500081
Tel: + 91 40 2342 0818
Fax: + 91 40 2342 0814
E-mail: jpventuresipo@karvy.com
Website: www.karishma.karvy.com
Contact Person: Mr. M Muralikrishna
SEBI Registration No.: INR000000221

The investors can contact the Compliance Officer or the Registrar in case of pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, demat credit of allotted Equity Shares in the respective beneficiary account, receipt of refund orders if any etc.

Legal Advisors

Domestic Legal Counsel to our Company

M/s. Crawford Bayley & Co.
Advocates & Solicitors
State Bank Buildings, 4th floor
N. G. N. Vaidya Marg, Fort
Mumbai - 400 023
India
Tel.: +91 22 2266 8000
Fax: +91 22 2266 3978
E-mail: sanjay.asher@crawfordbayley.com

International Legal Counsel to our Company

Skadden, Arps, Slate, Meagher & Flom
42/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong
Tel: +852 3740 4700
Fax: +852 3740 4727

Domestic Legal Counsel to the Underwriters

S&R Associates
64, Okhla Industrial Estate, Phase III
New Delhi – 110 020,
India
Tel: +91 11 4069 8000
Fax: +91 11 4069 8001

International Legal Counsel to the Underwriters

Linklaters Allen & Gledhill Pte Ltd, Singapore
One Marina Boulevard # 28-00
Singapore - 018989
Tel +65 6890 7300
Fax +65 6890 7308

Syndicate Member(s)

[●]

Escrow Collection Banks

[●]

Refund Bank

[●]

Statutory Auditors

Awatar & Co.
Chartered Accountants
1203, Rohit House

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3, Tolstoy Marg
New Delhi – 110 001
Tel: + 91 11 2332 0537
Fax: + 91 11 2335 8544
E-mail: awatar@awatar.com

Statement of inter-se allocation of responsibilities among the BRLMs and the Co-BRLM.

The following table sets forth the inter se allocation of responsibilities for various activities among Enam Securities Private Limited (ENAM), Morgan Stanley India Company Private Limited (MS), Deutsche Equities India Private Limited (DB), J.P. Morgan India Private Limited (JPM), IDFC-SSKI Private Limited (SSKI), ICICI Securities Limited (ISEC), JM Financial Consultants Private Limited (JM Financial) and Kotak Mahindra Capital Company Limited (KOTAK) as the Book Running Lead Managers and Axis Bank Limited (AXIS) as the Co-Book Running Lead Manager for the Issue:

Activities	Responsibility	Coordinator
Capital structuring with the relative components and formalities such as type of instruments, etc.	ENAM, MS, JPM, DB, SSKI, KOTAK, JM Financial, ISEC, AXIS	ENAM
Due diligence of the Company's operations/management/ business plans/legal, etc. Drafting and design of offer document and of statutory advertisement including memorandum containing salient features of the Prospectus. The Book Running Lead Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, Registrar of Companies and SEBI including finalisation of the Prospectus and ROC filing.	ENAM, MS, JPM, DB, SSKI, KOTAK, JM Financial, ISEC, AXIS	ENAM
Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertisement, brochure, corporate films, etc.	ENAM, MS, JPM, DB, SSKI, KOTAK, JM Financial, ISEC, AXIS	MS
Appointment of Printers	ENAM, MS, JPM, DB, SSKI, KOTAK, JM Financial, ISEC, AXIS	ENAM
Appointment of Advertising Agency	ENAM, MS, JPM, DB, SSKI, KOTAK, JM Financial, ISEC, AXIS	JPM
Appointment of Registrar to the Issue	ENAM, MS, JPM, DB, SSKI, KOTAK, JM Financial, ISEC, AXIS	DB
Appointment of Bankers to the Issue	ENAM, MS, JPM, DB, SSKI, KOTAK, JM Financial, ISEC, AXIS	SSKI
International Institutional marketing of the issues, which will cover, *inter alia* • Preparing roadshow presentation and frequently asked questions; • Finalizing the list and division of investors for one to one meetings; and • Finalizing road show schedule and investor meeting schedules	ENAM, MS, JPM, DB, SSKI, KOTAK, JM Financial, ISEC, AXIS	MS
Domestic Institutional Marketing of the issue which will cover, *inter alia* • Finalising the list and division of investors for one on one meetings, institutional allocation; and • Finalizing road show schedule and investor meeting schedules	ENAM, MS, JPM, DB, SSKI, KOTAK, JM Financial, ISEC, AXIS	IDFC-SSKI
Retail/Non-Institutional marketing strategy which will cover, *inter alia,* • Formulating marketing strategies, preparation of publicity budget; • Finalising media, marketing and public relations strategy; • Finalising centres for holding conferences for brokers, etc.; • Finalising collection centres	ENAM, MS, JPM, DB, SSKI, KOTAK, JM Financial, ISEC, AXIS	ISEC

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Activities	Responsibility	Coordinator
• Follow-up on distribution of publicity and issue material including form, Prospectus and deciding on the quantum of the issue material. • Co-ordination with Stock Exchanges for book building software, bidding terminals and mock trading		
Finalisation of Issue Price in consultation with the Company	ENAM, MS, JPM, DB, SSKI, KOTAK, JM Financial, ISEC, AXIS	JPM
Post bidding activities including management of Escrow Accounts, co-ordinate non-institutional allocation, coordination with Registrar and Banks, intimation of allocation and dispatch of refund to Bidders, etc. The post issue activities of the issue will involve essential follow up steps, which include finalisation of trading and dealing instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as Registrar to the Issue, Banker to the Issue and the bank handling refund business. The Book Running Lead Managers shall be responsible for ensuring that these agencies fulfil their functions and enable them to discharge the responsibility through suitable agreements with the Issuer Company.	ENAM, MS, JPM, DB, SSKI, KOTAK, JM Financial, ISEC, AXIS	DB

Credit Rating

This being an equity issue, credit rating is not required.

IPO Grading

This Issue has been graded by [●] as [●] vide their letter dated [●], indicating [●].

Trustees

This being an issue of Equity Shares, the appointment of trustees is not required.

Monitoring Agency

[●]

Project Appraisal

Not applicable.

Book Building Process

The Book Building Process refers to the collection of Bids from investors, which is based on the Price Band, with the Issue Price being finalised after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- Our Company;
- Book Running Lead Managers;
- Co-Book Running Lead Manager;
- Syndicate Member(s);
- Registrar, and
- Escrow Collection Bank(s) and Refund Bank(s).

Pursuant to Rule 19(2)(b) of the SCRR, this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process, wherein at least 60% of the Net Issue shall be available for Allocation on a proportionate basis to Qualified Institutional Buyers (QIBs) including up to 5 % of the QIB Portion that shall be available for Allocation on proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for Allocation on a proportionate basis to all QIB Bidders, including Mutual Funds. If at least 60% of the Net Issue cannot be Allotted to QIBs, then the entire application money will be refunded herewith. Further, not less than 10% of the Net Issue shall be available for Allocation on a

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proportionate basis to Non Institutional Bidders and not less than 30% of the Net Issue shall be available for Allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, up to [●] Equity Shares shall be available for Allocation on a proportionate basis to Eligible Employees and up to [●] Equity Shares shall be available for Allocation on a proportionate basis to Eligible Shareholders.

We will comply with the SEBI Guidelines for this Issue. In this regard, we have appointed the BRLMs, the Co-BRLM and Syndicate Member(s) to procure subscriptions to the Issue.

QIBs are not allowed to withdraw their Bid after the Bid/ Issue Closing Date and are required to pay at least 10% Margin Amount upon submission of their Bid. Allocation to QIBs will be on proportionate basis. For details see the chapter titled "Issue Procedure" beginning on page 368 of the Draft Red Herring Prospectus.

The Book Building Process under the SEBI Guidelines is subject to change, from time to time. Accordingly, investors are advised to make their own judgement about investment through the Book Building Process prior to making a Bid.

Steps to be taken for bidding:

1. Check eligibility for making a Bid (see paragraph titled "Who Can Bid" in the chapter titled "Issue Procedure" beginning on page 368 of the Draft Red Herring Prospectus);

2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form.

3. Ensure that you have mentioned your Permanent Account Number (PAN) in the Bid-cum-Application Form.

4. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in the Draft Red Herring Prospectus and in the Bid-cum-Application Form.

5. Bids by QIBs will only have to be submitted to the BRLMs and the Co-BRLM.

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

The bidders can bid at any price within the price band. For instance, assume a price band of Rs. 60 to Rs. 72 per equity share, issue size of 5,400 equity shares and receipt of five bids from the bidders. A graphical representation of the consolidated demand and price would be made available at the bidding centers and on the websites of the BSE and the NSE during the bidding/issue period. The illustrative book as set forth below shows the demand for the equity shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
1,500	72	1,500	27.78%
3,000	69	4,500	83.33%
4,500	66	9,000	166.67%
6,000	63	15,000	277.78%
7,500	60	22,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which the company is able to issue the desired quantity of equity shares is the price at which the book cuts off, i.e. Rs. 66 in the above example. The company, in consultation with its book running lead manager(s), will finalize the issue price at or below such cut off price, i.e., at or below Rs. 66. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective category.

Withdrawal of the Issue

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Our Company, in consultation with the BRLMs and the Co-BRLM reserves the right not to proceed with the Issue, including after the Bid/Issue Closing Date, but at any time before Allotment in the Issue, without assigning any reason therefor. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and (ii) the final ROC approval of the Prospectus after it is filed with the ROC. In terms of the SEBI Guidelines, the QIBs shall not be allowed to withdraw their Bids after the Bid/Issue Closing Date.

Bid/Issue Program

BID/ISSUE OPENS ON	**[●], 2008**
BID/ISSUE CLOSES ON	**[●], 2008**

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 3.00 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid-cum-Application Form **except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 1.00 p.m. (Indian Standard Time)** and uploaded till (i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) till such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders, Eligible Employees and Eligible Shareholders where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue 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 under the Issue. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders, Eligible Employees and Eligible Shareholders 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 and the Co-BRLM to the Stock Exchanges within half an hour of such closure.

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid /Issue Opening Date.

In case of revision in the Price Band, the Issue Period will be extended for three (3) additional days after revision of the Price Band, subject to the Bidding Period/Issue Period not exceeding ten (10) working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the websites of the BRLMs and the Co-BRLM and at the terminals of the other members of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with the ROC, our Company intends to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued and sold in the Issue. Pursuant to the terms of the Underwriting Agreement, the BRLMs and the Co-BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and 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 completed prior to filing of the Prospectus with RoC)

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Name and Address of the Underwriters	Indicative Number of Equity shares to be underwritten	Amount Underwritten (Rupees in million)
Enam Securities Private Limited 801/ 802, Dalamal Towers, Nariman Point Mumbai - 400 021, India Tel: +91 22 6638 1800 Fax: +91 22 2284 6824	[•]	[•]
Morgan Stanley India Company Private Limited 1101-1115, Hilton Towers Nariman Point Mumbai - 400 021 Tel: +91 22 6621 0555 Fax: +91 22 6621 0556	[•]	[•]
Deutsche Equities India Private Limited DB House, Hazarimal Somani Marg, Fort Mumbai - 400 001 Tel: 91 22 6658 4600 Fax: 91 22 2200 6765	[•]	[•]
J.P. Morgan India Private Limited 9th Floor, Mafatlal Centre Nariman Point, Mumbai - 400 021 Tel:+91 22 2285 5666 Fax: +91 22 6639 3091	[•]	[•]
IDFC-SSKI Private Limited 803/4, Tulsiani Chambers, 8th Floor, Nariman Point, Mumbai - 400 021 Tel:+91 22 6638 3333 Fax: +91 22 2204 0282	[•]	[•]
ICICI Securities Limited ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020 Tel: 91 22 2288 2460 Fax: 91 22 2882 6580	[•]	[•]
JM Financial Consultants Private Limited 141 Maker Chamber III, Nariman Point Mumbai - 400 021 Tel: 91 22 6630 3030 Fax: 91 22 2204 7185	[•]	[•]
Kotak Mahindra Capital Company Limited 3rd floor, Bakhtawar, 229, Nariman Point Mumbai - 400 021 Tel: +91 22 6634 1100 Fax: +91 22 2283 7517	[•]	[•]

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Name and Address of the Underwriters	Indicative Number of Equity shares to be underwritten	Amount Underwritten (Rupees in million)
AXIS Bank Limited 111, Maker Towers 'F' Cuffe Parade, Colaba Mumbai - 400 005, India Tel: +91 22 6707 1425 Fax: +91 22 2216 2467	[●]	[●]
[●]	[●]	[●]

The abovementioned amount is indicative and this would be finalised after determination of the Issue Price and actual Allocation of the Equity Shares. The Underwriting Agreement is dated [●].

Allocation among the Underwriters may not necessarily be in the proportion of their underwriting commitments. Notwithstanding the above table, the BRLMs, the Co-BRLM and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe to Equity Shares to the extent of the defaulted amount.

In the opinion of our Board of Directors (based on certificates dated [●] given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchange(s).

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CAPITAL STRUCTURE

Our capital structure as on date of filing the Draft Red Herring Prospectus with SEBI is as follows:

(Amount in Rs. million)

Number of Equity Shares	Aggregate Nominal Value	Aggregate Value at Issue Price
A) AUTHORISED CAPITAL		
900,000,000 Equity Shares	**9,000.00**	**-**
B) ISSUED, SUBSCRIBED AND PAID-UP CAPITAL PRIOR TO THE ISSUE		
532,500,000 Equity Shares	**5,325.00**	-
C) PRESENT ISSUE IN TERMS OF THE DRAFT RED HERRING PROSPECTUS		
Issue of 104,000,000 Equity Shares Of which: Up to [●] Equity Shares (Employees Reservation Portion). Up to [●] Equity Shares (Listed Promoter Group Companies Shareholders' Reservation Portion).	**1040.00** [●] [●]	[●]
*Net Issue of [●] Equity Shares	[●]	[●]
Of Which		
Atleast [●] Equity Shares (QIB Portion)		
Not less than [●] Equity Shares (Non-Institutional Portion)	[●]	[●]
Not less than [●] Equity Shares (Retail Portion)	[●]	[●]
D) ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE		
636,500,000 Equity Shares fully paid-up	[●]	[●]
E) SECURITIES PREMIUM ACCOUNT		
Prior to the Issue	**3,512.00**	
Post the Issue**	-	[●]

* Our Company is considering a Pre-IPO Placement of up to certain Equity Shares with some investors. The Pre-IPO Placement, if any, will be completed before the filing of the Red Herring Prospectus with the RoC. The number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, if any, subject to the Net Issue to the public being at least 10% of the fully diluted post-Issue paid up capital of our Company. Further, the reservation for Eligible Shareholders (shareholders of our Promoter and those Promoter Group Companies whose equity shares are listed on stock exchanges in India (being Jaiprakash Associates Limited, Jaiprakash Hydro-Power Limited and Jaypee Hotels Limited) as on the specified date to be fixed by each Promoter Group Company) and Eligible Employees shall be subject to a maximum of 10% of such revised Issue size.

The Equity Shares allotted under the Pre-IPO Placement, if completed, shall be subject to a lock-in period of one (1) year from the date of Allotment pursuant to the Issue.

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*** The securities premium account will be determined after completion of the Book Building Process and determination of Issue Price.*

The present Issue has been authorised by the Board of Directors at their meeting held on December 14, 2007, and by the shareholders of our Company at an EGM held on December 18, 2007.

Details of changes to the authorised share capital

1. The initial authorised share capital of Rs. 250,000,000 comprising of 25,000,000 Equity Shares was increased to Rs. 1,000,000,000 consisting of 100,000,000 Equity Shares pursuant to a resolution of our shareholders dated April 11, 1998.

2. The authorised share capital of Rs. 1,000,000,000 comprising of 100,000,000 Equity Shares was increased to Rs. 9,000,000,000 consisting of 900,000,000 Equity Shares pursuant to a resolution of our shareholders dated October 18, 1999.

Notes to capital structure

1. **Share Capital History of our Company**

Date of allotment	No. of Equity Shares	Cumulative No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of consideration	Reasons for Allotment/ Reduction	Cumulative Paid –up Capital (Rs.)	Share premium (Rs.)	Cumulative Share Premium (Rs.)
May 18, 1995	700	700	10	10	Cash	Original Subscribers to the Memorandum	7,000	-	-
March 14, 1998	14,370,000	14,370,700	10	10	Other than Cash	Issue of Equity Shares to our Promoter, JAL (erstwhile JIL), as consideration on the acquisition as a going concern of the Vishnupray ag plant.	143,707,000	-	-
October 25, 1999	120,000,000	134,370,700	10	10	Cash	Further issue of Equity Shares to our Promoter, JAL (erstwhile JIL)	1,343,707,000	-	-
March 22, 2000	30,629,300	165,000,000	10	10	Cash	Further issue of Equity Shares to our Promoter, JAL (erstwhile JIL)	1,650,000,000	-	-

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Date of allotment	No. of Equity Shares	Cumulative No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of consideration	Reasons for Allotment/ Reduction	Cumulative Paid –up Capital (Rs.)	Share premium (Rs.)	Cumulative Share Premium (Rs.)
March 28, 2001	10,200,000	175,200,000	10	10	Cash	Further issue of Equity Shares to our Promoter, JAL (erstwhile JIL)	1,752,000,000	-	-
June 9, 2001	33,800,000	209,000,000	10	10	Cash	Further issue of Equity Shares to our Promoter, JAL (erstwhile JIL)	2,090,000,000	-	-
December 19, 2001	46,000,000	255,000,000	10	10	Cash	Further issue of Equity Shares to our Promoter, JAL (erstwhile JIL)	2,550,000,000	-	-
June 16, 2003	21,000,000	276,000,000	10	10	Cash	Further issue of Equity Shares to our Promoter, JAL (erstwhile JIL)	2,760,000,000	-	-
December 22, 2003	10,000,000	286,000,000	10	10	Cash	Further issue of Equity Shares to our Promoter, JAL (erstwhile JIL)	2,860,000,000	-	-
March 31, 2004	43,000,000	329,000,000	10	10	Cash	Further issue of Equity Shares to our Promoter, JAL (erstwhile JIL)	3,290,000,000	-	-
November 6, 2004	28,000,000	357,000,000	10	10	Cash	Further issue of Equity Shares to our Promoter, JAL (erstwhile JIL)	3,570,000,000	-	-

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Date of allotment	No. of Equity Shares	Cumulative No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of consideration	Reasons for Allotment/ Reduction	Cumulative Paid –up Capital (Rs.)	Share premium (Rs.)	Cumulative Share Premium (Rs.)
March 24, 2005	72,000,000	429,000,000	10	10	Cash	Further issue of Equity Shares to our Promoter, JAL (erstwhile JIL)	4,290,000,000	-	-
April 22, 2006*	80,000,000	509,000,000	10	10	Cash	Issue of Equity Shares to ICICI Bank Limited.	5,090,000,000	-	-
January 5, 2008	8,000,000**	517,000,000	10	15	Cash	Issue of Equity Shares to the Jaypee Group-Employees Welfare Trust**	5,170,000,000	40,000,000	40,000,000
	10,500,000***	527,500,000	10	234	Cash	Issue of Equity Shares to ICICI Bank Limited.	5,275,000,000	2,352,000,000	2,392,000,000
	5,000,000****	532,500,000	10	234	Cash	Issue of Equity Shares to SBI.	5,325,000,000	1,120,000,000	3,512,000,000

* These Equity Shares were allotted to ICICI Bank Limited pursuant to the subscription agreement dated July 12, 2005 entered into between our Company and ICICI Bank Limited. Further these Equity Shares have been transferred by ICICI Bank Limited to Jaypee Ventures Private Limited, a Promoter Group Company. For further details, please see Note No.8 below of the "Notes to Capital Structure".

**Allotment of 8,000,000 Equity Shares each at a premium of Rs. 5 each to Mr. Manoj Gaur as trustee for the "Jaypee Group – Employees Welfare Trust", being the beneficial owner. Declarations under Section 187-C of the Companies Act has been received by our Company, and has been consequently been filed with the Registrar of Companies.

******* These Equity Shares have been allotted to ICICI Bank Limited pursuant to a subscription agreement dated January 3, 2008 entered into between our Company and ICICI Bank Limited (ICICI Subscription Agreement) and agreement dated January 3, 2008 entered into between our Promoter and ICICI Bank Limited. For further details on the same please refer to the chapter titled "History and Other Corporate Matters" beginning on page 166 of the Draft Red Herring Prospectus.

******** These Equity Shares have been allotted to State Bank of India (SBI), pursuant to a subscription agreement dated January 5, 2008 entered into between our Company and SBI (SBI Subscription Agreement) and an agreement dated January 5, 2008 entered into between our Promoter and SBI. For further details on the same please refer to the chapter titled "History and Other Corporate Matters" beginning on page 166 of the Draft Red Herring Prospectus.

There has been no issuance of bonus shares of our Company that has been made out of revaluation reserves or reserves without accrual of cash resources as per Clause 4.6.1 (ii) of the SEBI Guidelines.

Other than as mentioned in the table above, our Company has not made any issue of Equity Shares during the preceding one (1) year from the date of the Draft Red Herring Prospectus.

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2. **Promoter's contribution and Lock-in:**

A. Set forth below are the details of the build up of the Promoters' shareholding, Promoter's contribution and lock – in

Name of the Promoter	Date on which Equity Shares were allotted and made fully paid up	Number of Equity Shares	Face Value (in Rs.)	Issue price (in Rs.)	Consideration (cash, bonus, consideration other than cash)	Percentage of pre-Issue paid-up capital	Percentage of post-Issue paid-up capital	Lock-in Period
Jaiprakash Associates Limited*	May 18, 1995	100	10	10	Cash	0.00	0.00	1 year
	March 14, 1998	14,370,000	10	10	Other than Cash	2.70	2.26	1 year
	October 25, 1999	120,000,000	10	10	Cash	22.54	18.85	1 year
	March 22, 2000	30,629,300	10	10	Cash	5.75	4.81	1 year
	March 28, 2001	10,200,000	10	10	Cash	1.91	1.60	1 year
	June 9, 2001	33,800,000	10	10	Cash	6.35	5.31	1 year
	December 19, 2001	46,000,000	10	10	Cash	8.64	7.23	1 year
	June 16, 2003	21,000,000	10	10	Cash	3.94	3.30	1 year
	December 22, 2003	10,000,000	10	10	Cash	1.88	1.57	1 year
	March 31, 2004	43,000,000	10	10	Cash	8.07	6.76	3 year
	November 6, 2004	28,000,000	10	10	Cash	5.26	4.40	3 year
	March 24, 2005	72,000,000	10	10	Cash	13.52	11.31	3 year
Total		**428,999,400**				**80.56**	**67.40**	

Note: The entire pre-Issue shareholding of our Promoter is in dematerialised form. Pursuant to Section 391 read with Section 394 of the Companies Act, the High Court of Judicature at Allahabad, vide its order dated March 10, 2004 had sanctioned the scheme of amalgamation of the erstwhile Jaiprakash Industries Limited (JIL) with Jaypee Cement Limited (JCL) and subsequently, the name of Jaypee Cement Limited was changed to Jaiprakash Associates Limited. The Equity Shares of our Company, which were earlier held in the name of JIL, were recorded in JAL's name in the depository systems on December 13, 2007.

* The beneficial interest in 600 Equity Shares vests with our Promoter, and these Equity Shares are held by certain individuals in their capacity as nominees. The requisite declarations under Section 187-C of the Companies Act have been filed with the RoC. For further details please see note No. 6 of "Notes to Capital Structure" below.

Our Promoter has pledged 247,200,000 Equity Shares representing 38.84% of our post-Issue capital in favour of IDBI Trusteeship Services Limited (in its capacity as STA Senior Lenders and IDBI Trusteeship Services Limited as Debenture Trustee for the subscribers and debenture holders) pursuant to Financing Documents (Pledged Shares) entered into by our Company in respect of our Vishnuprayag plant.

Our Company has filed requisite forms with the RoC that evidences that the beneficial interest in respect of the Pledged Shares shall vest in IDBI Trusteeship Services Limited in certain events of default (Events of Default) specified under the various loan agreements executed between our Company and the Lenders in respect of our Vishnuprayag plant. Our Promoter will continue to hold the beneficial interest until occurrence of an event of default under the loan agreements.

Details of Promoter's contribution Locked-in for three (3) years

As per clause 4.1.1 of the SEBI Guidelines, an aggregate of 20% of the post-Issue shareholding held by our Promoter shall be locked in for a period of three (3) years. The details of such lock-in are given below:

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Sr. No.	Name	Date of Allotment/ Transfer And Date when made fully paid-up	Consideration (Cash, Bonus, Kind, etc.)	No. of Equity Shares	Face Value (Rs.)	Issue Price/ Transfer Price (Rs.)	% of Post Issue paid-up capital
1.	Jaiprakash Associates Limited	March 31, 2004	Cash	28,000,000	10	10	4.40
		November 6, 2004	Cash	28,000,000	10	10	4.40
		March 24, 2005	Cash	72,000,000	10	10	11.31
Total				128,000,000			20.11

With respect to the 429,000,000 Equity Shares held by our Promoter that were pledged with IDBI Trusteeship Services Limited (Pledgee), we have received the consents of the following Lenders for de-pledging up to 181,800,000 Equity Shares to be locked in as minimum Promoter's contribution for a period of three (3) years from the date of Allotment of Equity Shares pursuant to this Issue, as detailed below.

Sr. No.	Name of Lender/ Financial Institutions	Date of Approval/ NOC
1.	ICICI Bank Limited	December 20, 2007
2.	Industrial Development Bank of India Limited	December 24, 2007
3.	Power Finance Corporation Limited	January 1, 2008
4.	Rural Electrification Corporation Limited	December 19, 2007
5.	Life Insurance Corporation of India	December 28, 2007
6.	Punjab National Bank	December 27, 2007

Out of the 181,800,000 Equity Shares in respect of which we have received the abovementioned NOCs, 128,000,000 Equity Shares shall be locked-in for a period of 3 years as part of minimum Promoter's contribution, and the remaining 53,800,000 Equity Shares shall be locked-in for a period of one (1) year. The abovementioned NOCs are subject to certain conditions. For further details on the significant conditions specified in the NOCs, please refer to chapter titled "Financial Indebtedness" beginning on page 286 of the Draft Red Herring Prospectus.

Note: The lock-in period shall commence from the date of Allotment of Equity Shares in the Issue. Specific written consent has been obtained from JAL, our Promoter, to lock-in 128,000,000 Equity Shares for a period of three (3) years to ensure minimum Promoter's contribution to the extent of 20% of the post-Issue paid-up capital of our Company. The Equity Shares proposed to form part of the Promoter's contribution subject to lock-in, will not be disposed / sold / transferred by our Promoter during the period starting from the date of filing the Draft Red Herring Prospectus with SEBI until the date commencement of the lock-in period**.** The Equity Shares that are being locked-in are not ineligible for computation of Promoter's contribution under clause 4.6 of the SEBI Guidelines.

We confirm that the minimum Promoter's contribution of 20% of the post-Issue capital, which is subject to lock-in for three (3) years, does not consist of:

i) Equity Shares acquired for consideration other than cash and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluations reserves or reserves without accrual of cash resources or against shares which are otherwise ineligible for computation of Promoter's contribution;

ii) Securities acquired during the preceding one (1) year, at a price lower than the price at which Equity Shares are being offered to the public in the Issue;

iii) Any private placement made by solicitation of subscriptions from unrelated persons either directly or through any intermediary;

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iv) Equity Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the minimum Promoter's contribution subject to lock-in;

v) Equity Shares issued to our Promoter on conversion of partnership firms into limited company;

vi) Equity Shares with a contribution of less than Rs. 25,000 per application from each individual and contribution less than Rs. 1,00,000 from firms and companies; or

vii) Pledged Equity Shares held by our Promoter.

Details of Share capital locked-in for one (1) year

Other than the Equity Shares locked-in as Promoter's contribution as stated in the table above, the entire pre-Issue capital of our Company shall be locked in for a period of one (1) year from the date of Allotment of Equity Shares in the Issue. Upon the completion of the Pre-IPO Placement, the Equity Shares issued and allotted in the Pre-IPO Placement will be locked-in for a period of one (1) year from the date of Allotment in the Issue. Out of the 181,800,000 Equity Shares in respect of which we have received consent, 128,000,000 Equity Shares shall be locked-in for a period of 3 years as part of minimum Promoter's contribution, and the remaining 53,800,000 Equity Shares shall be locked-in for a period of one (1) year. In addition, the Equity Shares held by our Promoter other than the Equity Shares as above constituting 247,200,000 Equity Shares shall be de-pledged for the purpose of lock-in and shall subsequently be re-pledged with the lenders. Our Company has applied to ICICI Bank Limited (Facility Agent on behalf of all lenders) through a letter dated January 2, 2008 for grant of its no-objection to (i) de-pledge 247,200,000 Equity Shares held by our Promoter (ii) allow registration of the one (1) year lock-in respect of these Equity Shares, and (iii) re-pledge of these Equity Shares.

Pursuant to Clause 4.15 of the SEBI Guidelines, our Promoter may pledge the locked-in Equity Shares only with banks or financial institutions as collateral security for loans granted by such banks /financial institutions, provided that (i) the pledge of Equity Shares is one of the terms for the sanction of loans, and (ii) if the Equity Shares are locked-in as Promoter's contribution for three (3) years, then in addition to the requirement in (i) above, such shares may be pledged only if the loan has been granted from such banks/financial institutions for the purpose of financing one or more of the objects of the Issue.

In terms of clause 4.16.1(a) of the SEBI Guidelines, the Equity Shares held by persons other than our Promoter which are locked-in as per Clause 4.14 of the SEBI Guidelines may be transferred to any other person holding Equity Shares, which are locked-in as per Clause 4.14 of the SEBI Guidelines subject to continuation of lock-in with transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

The Equity Shares to be locked-in by the Promoter shall not be sold/hypothecated/transferred during the lock-in period. However, in terms of clause 4.16.1(b) of the SEBI Guidelines the Equity Shares held by Promoter, which are locked in, may be transferred to and among Promoter(s) / Promoter Group or to a new promoter(s) or persons in control of our Company, subject to the continuation of lock-in with the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

3. An over-subscription to the extent of 10% of the Net Issue can be retained for the purpose of rounding off to the nearest multiple of 1, while finalising the basis of Allotment. Consequently, the actual Allotment may increase by a maximum of 10% of the Net Issue, as a result of which the post-Issue paid up capital would also increase by the excess amount of Allotment so made. In such an event, the number of Equity Shares held by our Promoter and subject to lock- in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.

4. The non-transferability of Equity Shares which are subject to lock-in shall be intimated to the depository and shall be marked appropriately. The details of the lock-in of the Equity Shares shall also be provided to the Stock Exchanges before the listing of the Equity Shares.

5. Our Company, our Promoter, our Promoter Group, their respective directors, the BRLMs or the Co-BRLM have not entered into any buy back or standby or similar arrangement for the purchase of Equity Shares being offered through the Issue from any person.

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6. a) List of our top ten shareholders as on the date of filing of the Draft Red Herring Prospectus with SEBI:

Sr. No.	Name of Shareholder	Number of Equity Shares	Percentage (%)
1.	Jaiprakash Associates Limited	428,999,400	80.56
2.	Jaypee Ventures Private Limited	80,000,000	15.02
3.	ICICI Bank Limited	10,500,000	1.97
4.	Mr. Manoj Gaur, in his capacity as a trustee for the Jaypee Group – Employees Welfare Trust #	8,000,000	1.51
5.	State Bank of India	5,000,000	0.94
6.	Mr. Jaiprakash Gaur* and Jaiprakash Associates Limited	100	0.00
6.	Mr. Sarat Kumar Jain* and Jaiprakash Associates Limited	100	0.00
6.	Mr. Satyendra Prakash Joshi* and Jaiprakash Associates Limited	100	0.00
6.	Mr. Nanak Chand Sharma* and Jaiprakash Associates Limited	100	0.00
6.	Mr. Shyam Datt Nailwal* and Jaiprakash Associates Limited	100	0.00
6.	Mr. Harish Kumar Vaid* and Jaiprakash Associates Limited	100	0.00
	Total	**532,500,000**	**100.00**

Note: We have eleven (11) shareholders as on the aforesaid date.

b) The list of our top ten shareholders as on ten (10) days prior to filing of the Draft Red Herring Prospectus with SEBI:

Sr. No.	Name of Shareholder	Number of Equity Shares	Percentage (%)
1.	Jaiprakash Associates Limited	428,999,400	84.28
2.	Jaypee Ventures Private Limited	80,000,000	15.72
3.	Mr. Jaiprakash Gaur* and Jaiprakash Associates Limited	100	0.00
3.	Mr. Sarat Kumar Jain* and Jaiprakash Associates Limited	100	0.00
3.	Mr. Satyendra Prakash Joshi* and Jaiprakash Associates Limited	100	0.00
3.	Mr. Nanak Chand Sharma* and Jaiprakash Associates Limited	100	0.00
3.	Mr. Shyam Datt Nailwal* and Jaiprakash Associates Limited	100	0.00
3.	Mr. Harish Kumar Vaid* and Jaiprakash Associates Limited	100	0.00
	Total	509,000,000	**100.00**

Note: Our Company had eight (8) shareholders on the aforesaid date

c) The list of our top ten shareholders as on two (2) years prior to filing of the Draft Red Herring Prospectus with SEBI:

Sr. No.	Name of Shareholder	Number of Equity Shares	Percentage (%)
1.	Jaiprakash Associates Limited	428,999,400	100.00
2.	Mr. Jaiprakash Gaur* and Jaiprakash Associates Limited	100	0.00
2.	Mr. Sarat Kumar Jain* and Jaiprakash Associates Limited	100	0.00
2.	Mr. Satyendra Prakash Joshi* and Jaiprakash Associates Limited	100	0.00
2.	Mr. Nanak Chand Sharma* and Jaiprakash Associates Limited	100	0.00
2.	Mr. Shyam Datt Nailwal* and Jaiprakash Associates Limited	100	0.00
2.	Mr. Harish Kumar Vaid* and Jaiprakash Associates Limited	100	0.00
	Total	**429,000,000**	**100.00**

Note: Our Company had seven (7) shareholders on the aforesaid date

* The beneficial interest in these Equity Shares vests with our Promoter, and these Equity Shares are held by the aforesaid individuals in their capacity as nominees. The requisite declarations under Section 187-C of the Companies Act have been filed with the RoC.

8,000,000 Equity Shares are held by Mr. Manoj Gaur as trustee for the "Jaypee Group – Employees Welfare Trust", being the beneficial owner. Declarations under Section 187-C of the Companies Act has been received by our Company, and have consequently been filed with the RoC.

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7. **Shareholding Pattern of our Company**

Sr. No.	Particulars	Pre – Issue		Post Issue	
		No. of Equity Shares	Percentage (%)	No. of Equity Shares	Percentage (%)
(a)	**Promoter**				
	Jaiprakash Associates Limited	428,999,400	80.56	428,999,400	67.40
	Sub-total	**428,999,400**	**80.56**	**428,999,400**	**67.40**
(b)	**Promoter Group (other than Promoter)**				
	Jaypee Ventures Private Limited	80,000,000	15.02	80,000,000	12.57
	Sub-total	**80,000,000**	**15.02**	**80,000,000**	**12.57**
(c)	**Directors, their relatives, friends and associates**				
	Mr. Jaiprakash Gaur*	100	0.00	100	0.00
	Mr. Sarat K. Jain*	100	0.00	100	0.00
	Mr. Satyendra P. Joshi*	100	0.00	100	0.00
	Mr. Nanak C. Sharma*	100	0.00	100	0.00
	Mr. Shyam Datt Nailwal*	100	0.00	100	0.00
	Mr. Harish K. Vaid*	100	0.00	100	0.00
	Sub-total	**600**	**0.00**	**600**	**0.00**
(d)	**Others**				
	Mr. Manoj Gaur, in his capacity as a trustee for the Jaypee Group – Employees Welfare Trust #	8,000,000	1.50	8,000,000**	1.26**
	ICICI Bank Limited	10,500,000	1.97	10,500,000**	1.65**
	State Bank of India	5,000,000	0.94	5,000,000**	0.78**
	Other Shareholders pursuant to the Issue			104,000,000	16.34
	Sub-Total	**23,500,000**	**4.41**	**127,500,000**	**20.03**
Total (a+b+c+d+e)		**532,500,000**	**100.00**	**636,500,000**	**100.00**

* The beneficial interest in these Equity Shares vests with our Promoter, and these Equity Shares are held by the aforesaid individuals in their capacity as nominees. The requisite declarations under Section 187-C of the Companies Act have been filed with the RoC.

8,000,000 Equity Shares are held by Mr. Manoj Gaur as trustee for the "Jaypee Group Employees Welfare Trust", being the beneficial owner. Declarations under Section 187-C of the Companies Act has been received by our Company, and have consequently been filed with the ROC. The beneficiaries under the Jaypee- Group Employees' Welfare Trust include the employees and Directors of our Company, and the Equity Shares may be transferred to such employees and Directors at the discretion of the trustees of the Trust, at such price as may be decided by them. For further details please see note No. 15 of "Notes to Capital Structure" below.

** Assuming no subscription is made by them in the present Issue.

8. Our Promoter/ Promoter group/ Directors have not purchased and or sold / financed any securities of our Company in the past six (6) months preceding the date on which the Draft Red Herring Prospectus is filed with SEBI except as detailed below:

Name of the Promoter / Promoter Group Company	Allotment of Shares	Purchase	Sale	Price (Rs)	Name of Transferor / Transferee	Date of Allotment/ Transfer	Final Shareholding
Jaypee Ventures Private Limited*	-	80,000,000	-	12.42	ICICI Bank Limited	November 27, 2007	80,000,000

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Name of the Promoter / Promoter Group Company	Allotment of Shares	Purchase	Sale	Price (Rs)	Name of Transferor / Transferee	Date of Allotment/ Transfer	Final Shareholding
Mr. Manoj Gaur, in his capacity as a trustee for the Jaypee Group – Employees Welfare Trust**	8,000,000	-	-	15	-	January 5, 2008	8,000,000

* These Equity Shares have been transferred to JVPL pursuant to a Buyback Notice dated November 27, 2007 in accordance with the Subscription Agreement dated July 12, 2005 between our Company and ICICI Bank Limited (ICICI), and the Shareholders and Buyback Agreement dated July 23, 2005, and Shareholders and Buyback Addendum I dated March 27, 2006 entered into between our Promoter and ICICI, pursuant to which ICICI had subscribed for 80 million Equity Shares at par of Rs. 10, for an aggregate value of Rs. 800 million (together referred to as the "Buy-Back Agreement"). The total purchase price (Buyback Price) under the Buyback Agreement, aggregating Rs. 993.45 million, was determined at an amount which would assure a minimum return of 16% p.a. on the total subscription amount, being Rs. 800 million (during the period commencing from the date of first subscription to the Equity Shares by ICICI) and ending on the Settlement Date (being the date of the Buyback Notice for paying the Buyback Price).

** the purchase of the aforementioned shares for the Jaypee Group Employees Welfare Trust has been financed by JVPL at Rs. 15 per Equity Share.

9. We have neither revalued our assets nor have we issued any shares out of revaluation reserves since our incorporation.

10. Our Company has not raised any bridge loan against the proceeds of the Issue.

11. In the case of over-subscription in all categories, up to [●] Equity Shares shall be available for Allocation on a proportionate basis to Eligible Employees in the Employee Reservation Portion, up to [●] Equity Shares shall be available for Allocation on a proportionate basis to Eligible Shareholders in the Listed Promoter Group Companies Shareholders' Reservation Portion, and at least 60% of the Net Issue shall be available for allocation on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. If at least 60% of the Net Issue cannot be Allotted to QIBs, then the entire application money will be refunded. Further, not less than 10% of the Net Issue shall be available for Allocation on a proportionate basis to Non Institutional Bidders and not less than 30% of the Net Issue shall be available for Allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above this Issue Price.

12. Only Eligible Employees (as defined in the section titled "Definitions and Abbreviations" beginning on page i of the Draft Red Herring Prospectus) shall be eligible to apply in the Issue under the Employee Reservation Portion on a competitive basis. Bids by Eligible Employees can also be made in the "Net Issue to the Public" portion and the same shall not be treated as multiple Bids. Further only Eligible Shareholders (as defined in the section titled "Definitions and Abbreviations" beginning on page i of the Draft Red Herring Prospectus) shall be eligible to apply in the Listed Promoter Group Companies Shareholders' Reservation Portion on a competitive basis. In case of under-subscription in the Employee Reservation Portion and the Listed Promoter Group Companies Shareholders' Reservation Portion, the same would be allowed to be met with spillover *inter-se* from the any other category, at the sole discretion of our Company, in consultation with the BRLMs, the Co-BRLM and the Designated Stock Exchange, subject to at least 60% of the Net Issue being Allotted on a proportionate basis to QIBs. In case of under-subscription in the Net Issue (except in the QIB Portion), spillover to the extent of under- subscription shall be permitted from other categories or a combination of categories, the Employee Reservation Portion and the Listed Promoter Group Companies Shareholders' Reservation Portion at the discretion of our Company in

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consultation with the BRLMs, the Co-BRLM and the Designated Stock Exchange. Such *inter-se* spillover, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.

13. The Equity Shares are fully paid up and there are no partly paid up Equity Shares as on the date of filing the Draft Red Herring Prospectus with SEBI.

14. Except for the allotment of 14,370,000 Equity Shares on March 14, 1998 to our Promoter as consideration on the acquisition as a going concern of the Vishnuprayag plant, our Company has not issued any shares for consideration other than cash.

15. Our Company has issued and allotted 8,000,000 Equity Shares on January 5, 2008 to "Jaypee Group Employees Welfare Trust" (Said Trust) pursuant to resolution a passed at the Extraordinary General Meeting held on December 18, 2007 at a price of Rs. 15 per Equity Share, being a premium of Rs. 5 per Equity Share on January 5, 2008. This Trust, of which the Issuer is the Settlor, has been set up primarily for the benefit of "Employees", that is, all present and future employees of any of the Jaypee Group Entities (as defined in the Trust Deed in relation to the Said Trust). , and they may be transferred Equity Shares of our Company at the discretion of the trustees of the Trust, at such price as may be decided by them. The Equity Shares allotted to the said Trust shall be locked-in for a period of one year from the date of Allotment.

16. Except for the Pre-IPO Placement, there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing the Draft Red Herring Prospectus with SEBI until the Equity Shares issued/ proposed to be issued pursuant to this Issue have been listed.

17. We presently do not have any intention or proposal to alter our capital structure for a period of six (6) months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, except that if we enter into acquisition(s) or joint venture(s), we may consider additional capital to fund such activities or to use Equity Shares as a currency for such acquisition(s) or participation in such joint venture(s).

18. As per the extant policy, OCBs are not permitted to participate in the Issue.

19. Our Promoter and Promoter Group Companies will not participate in the Issue.

20. Our Company does not have any employee stock option/ employee stock purchase scheme.

21. No payment, direct or indirect, in the nature of discount, commission, allowance or otherwise shall be made either by us or our Promoter to the persons who receive Allotments, if any, in this Issue.

22. As on the date of filing of the Draft Red Herring Prospectus with SEBI there are no outstanding warrants, options or rights to convert debentures, loans, or other financial instruments into our Equity Shares. 247,200,000 Equity Shares have been pledged to IDBI Trusteeship Services Limited pursuant to Pledge Agreements dated June 24, 2005, March 25, 2003 and May 16, 2002. For details of the description of the financial facilities and the terms and conditions of the pledge, see the chapter titled "Financial Indebtedness" beginning on page 286 of the Draft Red Herring Prospectus.

23. There shall be only one denomination of Equity Shares of our Company unless otherwise permitted by law. Our Company shall comply with disclosure and accounting norms as may be specified by SEBI from time to time.

24. Our Company has not made any public or rights issue of any kind or class of securities since its incorporation.

25. A Bidder cannot make a Bid for more than the number of Equity Shares offered to the public through this Issue, and subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidders.

26. Our Company has eleven (11) shareholders as on the date of filing the Draft Red Herring Prospectus with SEBI.

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27. Except for Equity Shares allotted to Bidders opting for Payment Method-1, all Equity Shares will be fully paid up at the time of allotment failing which no allotment shall be made.

28. We have availed of several loans and financial facilities from the various banks and financial institutions, namely ICICI Bank Limited, Industrial Development Bank of India, Power Finance Corporation, Rural Electrification Corporation, Life Insurance Corporation and Punjab National Bank (Lenders). In respect of various agreements entered into by our Company with our Lenders and sanction letters issued by our Lenders to us, we are bound by certain restrictive covenants. For further details on the restrictive covenants contained in the various financing documents, please see chapter titled "Financial Indebtedness" beginning on page 286 of the Draft Red Herring Prospectus.

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OBJECTS OF THE ISSUE

We intend to deploy the proceeds from the Issue as under:

I. To finance the equity component of Rs. 15,000 million for the 1,000 MW thermal power plant at Nigrie in district Sidhi, Madhya Pradesh ("Nigrie Thermal project");
II. To subscribe to the equity share capital of Jaypee Karcham Hydro Corporation Limited, ("JKHCL"), for an amount aggregating to Rs. 9,300 million for a 55.36% interest, towards part-funding the equity component of Karcham-Wangtoo Hydro-Electric Project (HEP) (1,000 MW) project ("Karcham-Wangtoo project");
III. To subscribe to the equity share capital of Jaypee Powergrid Limited ("JPL"), for an amount aggregating to Rs. 690 million for a 23% interest, towards part-funding of the equity component of the project for establishment of transmission system for the Karcham-Wangtoo project ("Transmission project");
IV. For general corporate purpose; and
V. To meet Issue expenses

Total fund requirement of our Company and deployment towards the Objects of the Issue

The total fund requirement of our Company and the amount proposed to be deployed towards the objects of the Issue for each of the objects is given in the following table:

(Rs. in million)

Sr. No.	Particulars	Our total fund requirement	Amount proposed to be financed from Issue proceeds	Amount proposed to be financed through third party debt	Proposed funds deployment by our Company					
					Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Total
1.	Nigrie Thermal project**	50,000	15,000	35,000	-	6,250	13,750	20,000	10,000	50,000
2.	Subscription to the equity share capital of JKHCL, for a 55.36% interest, towards part-funding the equity component of Karcham-Wangtoo project#	9,300	9,300	-	-	3,000	4,000	2,300	-	9,300
3.	Subscription to the equity share capital of JPL, for a 23% interest, towards part-funding of the equity component of the project for establishment of transmission system for the Karcham-Wangtoo project.##	690	690	-	115	230	287.5	57.5	-	690
4.	General Corporate Purposes		[●]*							
5.	Issue expenses		[●]*							
	Total	**[●]**	**[●]**	**-**	**115**	**9,480**	**18,037.5**	**22,357.5**	**10,000**	**59,990**

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** Will be incorporated at the time of filing of the Prospectus with the RoC.*
*** The Nigrie Thermal project was initially being implemented by JAL, and was transferred to our Company by an amendment to the Memorandum of Understanding among the Government of Madhya Pradesh, JAL and our Company in December 2007. The expenditure as on November 30, 2007 was therefore incurred by JAL, which is part of project cost and is proposed to be reimbursed to JAL out of the Issue proceeds.*
 # The equity deployed as on date, which is Rs. 7,500 million, has been financed by JAL, our Promoter. of which JKHCL is currently the wholly owned subsidiary.
Calculated as our share of 23%, based on the expected deployment of equity in the Transmission project, and assuming proportionate contribution by our Company.

The objects of the Issue also include creating a public trading market for the Equity Shares of our Company by listing them on the Stock Exchanges. We believe that the listing of our Equity Shares will provide liquidity to our existing shareholders and enhance our visibility and brand name.

The Main Objects clause of our Memorandum of Association enables us to undertake the activities proposed pursuant to the objects of the Issue, for which the funds are being raised pursuant to this Issue. Our existing activities are within the ambit of the objects clause of the Memorandum of Association of our Company.

The net proceeds of the Issue after deducting Issue expenses are estimated at approximately Rs. [•] million.

Our assessment of fund requirement and deployment is based on management estimates. The cost estimates of the above projects are based on estimates based on prevailing rates and previous orders for similar equipments. The actual costs would depend upon the negotiated prices with the suppliers/contractors and may vary from the above estimates. Our business, by its very nature, is dynamic and competitive in nature, which may necessitate changes in our business plan to avail of new opportunities or to meet competitive threats, including those that we may not currently envisage. The changes, if any, in our business plan, shall be made keeping in mind investor's interest. In case of shortfall in the Issue proceeds to meet the aforesaid objects of the Issue, we propose to meet the same through internal accruals and/or further issue of capital and/or debt.

In case of any variations in the actual utilisation of funds earmarked for the above activities, including on account of cost overruns in the projects for which investments are being made in JKHCL or JPL, increased fund deployment for a particular activity may be met by surplus funds, if any available in the other activities, or from internal accruals, debt or equity.

The balance proceeds of the Issue, if any, will be used for general corporate purposes, including towards re-imbursement to JAL for expenses incurred by it for the Arunachal projects, after such re-imbursement, towards other general corporate purposes, as may be determined by the Board from time to time, including but not restricted to meeting equity contribution or other expenses for our new projects (including our Arunachal projects and Meghalaya projects), bidding/negotiating for new projects, strategic initiatives, entering into strategic alliances, inorganic growth including through joint ventures and acquisitions, meeting exigencies in the ordinary course of business, and any other purpose as may be approved by our Board of Directors.
No part of the Issue proceeds is currently intended to be paid as consideration to our Promoter, Directors, Promoter Group Companies or key managerial personnel, save and except the following:

1. Re-imbursement of expenses of Rs. 225.38 million incurred by JAL, our Promoter and our holding company, towards the Nigrie Thermal project;
2. Investment in the equity share capital of JKHCL, a subsidiary of JAL and our Promoter Group Company, for 55.36% interest, and which will become our subsidiary after the aforesaid subscription of 55.36% interest;
3. Investment in the equity share capital of JPL, our Promoter Group Company, being a joint venture company set up between JHPL and PGCIL, which is setting up the Transmission project, for 23% interest;
4. Re-imbursement of expenses of Rs. 1,063.91 million incurred by JAL towards the Lower Siang and Hirong projects in Arunachal Pradesh.

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MEANS OF FINANCE

Of the objects stated above, we require debt only for our Nigrie Thermal project, while the other objects are proposed to be financed wholly out of the Issue proceeds. We confirm that we have made firm arrangements through verifiable means towards the 75% of the stated means of finance, excluding the amount to be raised through the Issue. For details regarding funds tie-up for our Nigrie Thermal project, please refer paragraph titled "*Setting up of a 1,000 MW thermal power plant at Nigrie, district Sidhi, Madhya Pradesh – Means of Finance"* in this chapter titled "Objects of the Issue"**.**

Details of use of Issue Proceeds

I. Setting up of a 1,000 MW thermal power plant at Nigrie, district Sidhi, Madhya Pradesh.

We propose to set up a 1,000 MW (2 X 500 MW) coal based thermal power generation plant with super critical technology. This thermal power generation plant ("Nigrie Thermal project") is proposed to be located predominantly at Nigrie Village, District Sidhi, Madhya Pradesh, with fuel linkages from Amelia (North) coal block and Dongri Tal-II coal block. The Nigrie Thermal project is proposed to be commissioned in the year 2012, and is proposed to be set up with use of supercritical technology, which is a technology for efficient energy use and emissions reduction. The Nigrie Thermal project was initially to be implemented by JAL pursuant to a Memorandum of Understanding dated January 16, 2007 between the Government of Madhya Pradesh and JAL. By an amendment to the Memorandum of Understanding on December 8, 2007, among the Government of Madhya Pradesh, JAL and our Company, it was agreed that our Company shall establish the Nigrie Thermal project. Further, our Company has entered into an Implementation Agreement dated December 12, 2007 with the Government of Madhya Pradesh, which lays down the terms of the implementation of the Nigrie Thermal project. For further details, please refer to the chapter titled "Key Business Contracts" beginning on page 135 of the Draft Red Herring Prospectus.

The relevant details in relation to the same are as follows:

A. Cost of the Thermal Project

The cost of the Nigrie Thermal project is estimated by us to be Rs. 50,000 million. The detailed break-down of cost is as follows:

Particulars	**Amount (Rs. in million)**
Land and site development	133.7
Civil work and infrastructure	4,384.1
Plant and equipment	34,072.6
Total power island cost	**38,590.4**
Transmission line	2,500.0
Rakes of bottom open wagons	276.0
Total hard cost	**41,366.4**
Overheads and preliminary expenses	1,937.7
Financing costs	5,084.3
Contingency provisions	1,235.0
Margin money for working capital	376.6
Total project cost	**50,000.0**

a) Land and site development (Rs.133.7 million)

In principle approval for acquisition of 456.28 hectares of land for our Nigrie Thermal project has been received. Land requirements include land for bottom ash disposal, township and other facilities. The estimated cost of acquiring the project land along with relevant ancillary expenses is estimated to be Rs. 133.7 million. For further details of current status of land acquisition, please refer to the paragraph titled "Infrastructural facilities for the Nigrie Thermal project" appearing on page 80 of the Draft Red Herring Prospectus.

b) Civil work and infrastructure (Rs. 4,384.1 million)

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The civil works and infrastructure primarily includes civil and structural work for the main plant, development of water supply system, roads, bridges and railway system etc. We have not obtained any formal quotations from any third party vendors towards this estimate, and the same is based on our internal estimates based on prevailing market rates for implementation of similar works/ purchase of equipment.

JAL has carried out certain minor civil works required to set up basic infrastructural facilities in the project area.

c) Plant and equipment (Rs. 34,072.6 million)

The Nigrie Thermal project is proposed to be implemented through various contract packages. Our Company proposes to procure the plant and machinery required for the Nigrie Thermal project through various packages to be awarded to international/domestic vendors on competitive basis. The cost estimates are based on the prevailing rates for plant and machinery for similar sized plants. Along with main plant and machinery, this estimate also includes: (i) transportation and insurance for imported and indigenous supply items; (ii) erection, testing, commissioning and supervision; (iii) coal handling plant package; (iv) ash handling plant; (v) spares; (vi) plant water system and (vii) control equipments.

No orders have been placed for any of the major/significant plant and machineries.

d) Transmission line (Rs. 2,500 million)

The power generated from the Nigrie Thermal project is expected to be evacuated through a 400 KVA transmission system to the interconnection point at Satna, Madhya Pradesh, which is about 150 kilometers from the project site. Our company proposes to construct a double circuit Extra High Voltage (EHV) transmission line at an estimated cost of Rs. 2,500 million.

e) Rakes of Bottom Open Wagons (Rs. 276 million)

An amount of Rs. 276 million is estimated as part of the project cost towards purchase of wagons, which are required for the transportation of coal from the coal blocks to the project site.

f) Overheads and preliminary expenses (Rs. 1,937.7 million)

Overheads and preliminary expenses include establishment and administrative expenses, pre-operative expenses, training, technical fees, audit and accounts, legal expenses, insurance etc. during the project implementation period.

g) *Financing cost (Rs. 5,084.3 million)*

The total project cost is proposed to be funded through debt-equity ratio of 70:30. The financing charges primarily include the interest during construction and financing charges.

h) Margin money for working capital (Rs. 376.7 million)

Provision for margin money for working capital is estimated to be Rs.376.7 million, based on an assumption that the current assets will comprise of receivables of 45 days, fuel stock of 30 days, secondary fuel stock of 60 days and operation and maintenance expenses of 30 days.

i) Contingency (Rs. 1,235 million)

Contingency has been estimated at Rs. 1,235 million.

Infrastructural facilities for the Nigrie Thermal project

Land

The Revenue Department, Government of Madhya Pradesh had communicated its approval for the initiation of land acquisition proceedings for JAL, for 445.55 hectares of private land at Nigrie and Katai villages to the

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Collector, Sidhi by a letter dated March 15, 2007. Further, the Collector, Sidhi had consented to the lease of 29.83 hectares of government land to JAL vide letter dated October 3, 2007.

As on December 21, 2007, JAL had acquired 67.5 hectares of private land and has paid amount of Rs. 17.88 million towards the same.

Vide letter dated December 29, 2007, the Energy Department, Madhya Pradesh has granted its in-principle clearance for 426.45 hectares of land to our Company towards this project.

Water

The approval for allocation from River Gopad for 65.3 cubic feet per second of water daily to meet the needs of the Nigrie Thermal project was initially in the name of JAL. Vide letter dated December 29, 2007, the Energy Department, Madhya Pradesh has granted its in-principle clearance for 65.3 cubic feet per second of water to our Company towards this project.

Fuel linkage

The proposed Nigrie Thermal project is intended to be a 1,000 MW project linked to Amelia (North) and Dongri Tal-II coal blocks.

a. *Amelia (North) Block:*

Our Promoter, JAL, has entered into an agreement with the Madhya Pradesh State Mining Corporation Limited (**"MPSMCL**") dated January 27, 2006 to set up a joint venture company to operate the Amelia (North) coal block, with 70% shareholding being held by JAL and 30% by MPSMCL. This joint venture company namely, Madhya Pradesh Jaypee Minerals Limited ("**MPJML**") has subsequently been incorporated. One of the roles of MPJML under this Agreement is to meet the requirement of coal for the power generation plant to be set up by JAL or its affiliates.

Our Company has entered into a Coal Supply Agreement dated December 25, 2007 with MPJML for supply of coal from the Amelia (North) coal block for a term of 25 years, during which MPJML has agreed to supply to us, and we have agreed to purchase, 2.5 million tonnes of coal per year. For details of terms of this Coal Supply Agreement, please refer to the chapter titled "Key Business Contracts" beginning on page 135 of the Draft Red Herring Prospectus.

b. *Dongri Tal – II coal block*

MPSMCL has issued a letter of intent dated June 11, 2007 to JAL for developing the Dongri Tal –II coal block, on terms, *inter alia,* including that a joint venture company would be set up with 51% of the shareholding to be held by MPSMCL and 49% of the shareholding to be held by JAL. One of the obligations on JAL or its affiliates is to set up an eco-friendly power plant using super-critical technology (pursuant to which the Nigrie Thermal plant is being set up by our Company), and that JAL was to pay a security deposit of Rs. 100 million, which has been paid.

However, the joint venture company is yet to be incorporated. On incorporation of the joint venture company in relation to the Dongri Tal – II coal block, we expect to enter into a coal supply agreement for coal mined from for the Nigrie Thermal project.

Status of approvals: For status of statutory/government approvals received, applied for and yet to be applied for in relation to the Nigrie Thermal project, please refer to the chapter titled "Government/Statutory and Business Approvals" beginning on page 331 of the Draft Red Herring Prospectus.

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Schedule of Implementation

The proposed implementation schedule for the Nigrie Thermal project is given below which would be finalized after the finalization of the key contracts, and review by the lenders' engineer.

Particulars	Start Date	Completion Date
Site Development	July 1, 2008	October 31, 2008
Technical and Engineering Work	August 1, 2007	June 30, 2011
Civil Works	November 1, 2008	August 31, 2011
Placement of orders	June 30, 2008	March 31, 2010
Delivery of equipment	March 30, 2009	November 30, 2010
Installation of equipment	July 1, 2009	July 1, 2011
Trial runs	September 1, 2011	October 31, 2011
Commercial production (Unit I)	October 31, 2011	
Commercial production (Unit II)	March 31, 2012	
Total implementation period	March 31, 2012	

B. Means of Finance

Means of Finance	Rs. (in million)
Issue proceeds	15,000
Term loan	35,000
Total	**50,000**

Brief details of term loan in this regard are as follows:

Nature of assistance: We have received the letter of intent from ICICI Bank dated December 26, 2007 for an amount of Rs. 35,000 million by way of a rupee term loan. We have accepted the same vide aresolution of our Finance Committee dated December 27, 2007. ICICI Bank, vide letter dated January 3, 2008 has communicated that the financial assistance has become effective. Under the terms of the letter of intent, we are required to enter into an agreement within 45 days of the same or such further time as may be permitted by ICICI Bank. We have yet not entered into the said agreement.

For further details, please refer to the chapter titled "Financial Indebtedness" beginning on page 286 of the Draft Red Herring Prospectus.

C. Funds Deployment Schedule

(Rs. in million)

Period ending	Equity	Debt	Total
31 March 2009	3,750	2,500	6,250
31 March 2010	2,250	11,500	13,750
31 March 2011	6,000	14,000	20,000
31 March 2012	3,000	7,000	10,000
Total	**15,000**	**35,000**	**50,000**

E. Details of amounts already deployed

As per certificate dated December 18, 2007 of M/s. M. P. Singh & Associates, Chartered Accountants, the amount deployed on the Nigrie Thermal project as on December 14, 2007 is as follows:

Sr. No.	Particulars	Amount (Rs. in million)
1.	Land and site development	124.86
2.	Building and civil structures	79.63
3.	Plant and machinery	3.10
4.	Miscellaneous fixed assets	6.23
5.	Technical consultancy fee	0.68
6.	Pre-operative expenses	10.88

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	Total	**225.38**

The entire amount of Rs. 225.38 million has been spent by JAL, and is intended to be reimbursed by our Company from the proceeds of the Issue.

Prior to the transfer of the Nigrie Thermal project to our Company, JAL had incurred certain expenditure in relation to the said projects. Our Company is to now implement the Nigrie Thermal project, and thus intends to reimburse JAL for the expenditure incurred by it in the Nigrie Thermal project.

II. Subscription to equity share capital of JKHCL for an amount aggregating to Rs. 9,300 million for a 55.36% interest, towards part- funding the equity component of the Karcham-Wangtoo Hydro-Electric Project (1,000 MW) project

JKHCL, currently a subsidiary of JAL, which is one of our Promoter Group Companies, is currently implementing the Karcham-Wangtoo project, which is a 1,000 (MW) (4 X 250 MW) Karcham-Wangtoo Hydro-Electric Project, in District - Kinnaur in the state of Himachal Pradesh.

Brief description of the Karcham-Wangtoo project: The Karcham-Wangtoo project is a run-of-the-river project located on river Satluj, immediately after its confluence with river Baspa. The implementation of the Karcham-Wangtoo project requires diversion of a portion of the flow of the river Satluj, through a tunnel to an underground powerhouse. The Karcham-Wangtoo project design also envisages a water reservoir, with a storage capacity to meet peaking power requirement of up to 4 hours during a day. The diverted water after passing through the powerhouse will be returned to the river through a tailrace tunnel.

The initial Implementation Agreement (dated November 18, 1999) and the Addendum to the Implementation Agreement (dated May 28, 2001) in relation to the Karcham-Wangtoo project had been entered into by the Government of Himachal Pradesh with JAL. The Karcham-Wangtoo project was transferred to JKHCL vide Tripartite Agreement dated December 30, 2002 with Government of Himachal Pradesh, JAL and JKHCL.

We propose to acquire 55.36% interest in the equity share capital in JKHCL aggregating to Rs. 9,300 million, through the proceeds of the Issue to part-fund the equity component of the Karcham-Wangtoo project. The investment is intended to be made at par, that is, at the face value of the equity shares of JKHCL. As on date, JKHCL is a 100% subsidiary of our Promoter, JAL. After the proposed equity investment in JKHCL, our Company will hold 55.36% and JAL will hold 44.64% of the equity share capital in JKHCL, and consequently, JKHCL will become a subsidiary of our Company.

A. Cost of the Karcham-Wangtoo Project

JKHCL has received Techno-economic Clearance (TEC) for the Karcham-Wangtoo project from Central Electricity Authority vide its order no. No 2/HP/19/96-PAC/1409-1436 dated March 31, 2003, at an estimated completed cost of USD 117.44 million + Rs. 53,458.8 million including interest during construction and financing costs of Rs. 15,499.9 million at a foreign exchange conversion rate of 1 USD = Rs. 48 (TEC cost).

Subsequently, the estimated cost of the project, was revised by the management to Rs. 56,000 million, which is lower than the TEC cost, and the debt tie-up for this project has been made at the estimated cost of Rs. 56,000 million.

The breakdown of the project cost is as given below:

(Rs.in million/million USD)

Items	Rupee Cost	US Dollar Cost	Total Rupee Cost
Land	251.8	-	251.8
Building and Civil Works	31,193.1	-	31,193.1
Plant and Machinery (Indigenous)	5,025.0	-	5,025.0
Plant and Machinery (Imported)	-	117.44*	5,167.40
Tools and Plants	58.8	-	58.8
Environment Costs	635.9	-	635.9

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Establishment Charges	644.4	-	644.4
Total Hard Costs	**37,809.0**	**117.44**	**42,976.4**
Insurance	300.0	-	300.0
Financing charges and interest during construction	9,885.0	-	9,885.0
Preoperative expenses	300.0	-	300.0
Margin money for working capital	465.3	-	465.3
Contingencies	2,073.3	-	2,073.3
Total Costs	**50,832.6**	**117.44**	**56,000.0**

*Conversion rate at 1 USD = Rs. 44.00

a. Land

The Karcham-Wangtoo project is located on river Satluj between the two villages of Karcham and Wangtoo in the Kinnaur district of Himachal Pradesh. The project site is about 25 km downstream of the barrage of the 300 MW Baspa hydroelectric project developed by JHPL and 25 km upstream of the 1,500 MW Nathpa – Jhakri hydroelectric project which is owned and operated by Satluj Jal Vidyut Nigam Limited (SJVNL). The dam is to be located at Karcham, while the powerhouse will be located at Wangtoo. The project site is located about 200 km from Shimla on the National Highway (NH) 22.

Status of land acquisitions:

Forest Land:

Pursuant to letter dated November 17, 2005, the Ministry of Environment and Forests, Government of India granted its approval to the Principal Secretary (Forests), Government of Himachal Pradesh, for diversion of the 167.42 hectares of forest land including 136.28 hectares of surface rights and 31.14 hectares of underground land for the construction of the Karcham-Wangtoo project. Further, pursuant to letter dated July 6, 2006, the Ministry of Environment and Forests granted its approval to the Principal Secretary (Forests) for diversion of 4.96 hectares of additional government and private forest land, comprising of 4.71 hectares of government forest land and 0.25 hectares of private forest land for the construction of the Karcham-Wangtoo project. In addition, by its application dated September 13, 2006, JKHCL has applied to the Divisional Forest Officer, Kinnaur for diversion of additional forest land of 1.63 hectares for the Karcham-Wangtoo project.

The status of the actual requirement of land for the Karcham-Wangtoo project, the land in possession as on date and the reasons for the difference are as stated in the table below.

Sr. No.	Category	Total requirement of land (in hectares)	In possession of JKHCL (in hectares)	Remarks/reasons for difference
1.	**Government forest land#**	142.62	137.65	Land locked in dispute among two private parties / under encroachment by private individuals/*application pending with Government.
2.	**Government department land**	15.36	15.36	-
3.	**Private land**	3.26	2.73	*Case for acquisition pending with Government.
	Total	**161.24**	**155.74**	

The aforesaid does not include 31.14 hectares of Government forest land that is in possession for underground works.

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*For details in relation to the aforesaid applications, please refer to the chapter titled "Government/Statutory and Business Approvals" beginning on page 331 of the Draft Red Herring Prospectus.

Vide letter dated June 20, 2007 issued by Additional Secretary (Power), Government of Himachal Pradesh, Department of MPP and Power to the Divisional Commissioner, Shimla, approval has been granted for the lease of government land admeasuring 130.18 hectares. However, the lease agreement for the same has not yet been entered into, as the consideration for the lease is under negotiation with the Government. Approval is yet to be received for the balance government land.

b. Engineering Procurement and Construction Contract with JAL - *Contract dated July 9, 2003 between Jaypee Karcham Hydro Corporation Limited and Jaiprakash Industries Limited (now JAL) for Engineering, Procurement and Construction of Civil, Hydro-Mechanical and Electro-Mechanical Works*

Pursuant to a contract dated July 9, 2003 between JKHCL and JAL for Engineering, Procurement and Construction of Civil, Hydro-Mechanical and Electro-Mechanical Works (EPC contract), JAL has agreed to design, engineer, procure and construct the Karcham-Wangtoo project in consideration of payments to be made by JKHCL. For details of the brief terms of this contract, please refer to the chapter titled "Key Business Contracts" beginning on page 135 of the Draft Red Herring Prospectus. JKHCL has incurred cost of Rs. 9,378.9 million (including mobilization advance of Rs. 5,959.30 million) towards the total EPC contract cost as on November 30, 2007, which has been paid to JAL towards ordering of plant and machinery and otherwise under the EPC contract.

c. Tools and Plants

The cost of Rs. 58.8 million includes the expenses to be incurred towards maintaining tools and spare parts on the site during project construction period.

d. Environment Cost

The estimated environment cost is Rs. 635.9 million. This cost head essentially includes the costs to be incurred towards environmental management and control, and includes the costs incurred/to be incurred in relation to compensatory afforestation, public health measures, treatment of catchment area as per the CAT (catchment area treatment) plan, compensation for the loss of environmental value of forest land, reclamation of quarry and burrow areas, provision for warning system in case of dam break, among others.

e. Establishment Charges

The establishment charges include the cost incurred towards general administrative expenses during the construction period. The total cost estimated is Rs. 644.4 million.

f. Insurance

The estimated insurance cost during the Karcham-Wangtoo project is Rs. 300.0 million.

g. Financing charges and interest during construction

Financing charges and interest during construction are estimated to Rs. 9,885.0 million.

h. Preliminary and Pre-operative Expenses

The above expenses will include expenses towards company formation, preparation of detailed project report, carrying out the geological surveys, hydrological studies and administrative expenses during the construction period. The total expenses are estimated to Rs. 300.0 million.

i. Margin money for working capital

Total working capital requirement for the project is computed considering spares at 1.0% of the capital cost escalated at 6.0% p.a. and one month of operation and maintenance expenses, insurance and two months of receivables. Margin money requirement has been taken as 25.0% of the total working capital requirement.

j. Contingencies

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Contingencies of Rs. 2,073.3 million have been considered for the Karcham-Wangtoo project.

Status of approvals: For status of statutory/government approvals received, applied for and yet to be applied for in relation to the Karcham-Wangtoo project, please refer to the chapter titled "Government/Statutory and Business Approvals" beginning on page 331 of the Draft Red Herring Prospectus.

B. Schedule of Implementation

The implementation of Karcham-Wangtoo project has commenced on November 18, 2005.

JKHCL has entered into an Implementation Agreement with Government of Himachal Pradesh to operate and maintain the project and sell power for an initial period of 40 years from the commercial operations date. As per the PPA entered into between JKHCL and PTCIL, JKHCL has agreed to sell to PTCIL 704 MW, out of the 1,000 MW of planned capacity. The balance comprises of power that JKHCL has agreed to supply to the state of Himachal Pradesh free of charge and through open market sales. The scheduled completion date for the Karcham-Wangtoo project as per the aforesaid Implementation Agreement was November 18, 2009, which has been extended by the Government of Himachal Pradesh to November 18, 2011, as per the terms of the Second Supplementary Implementation Agreement between the Government of Himachal Pradesh and JKHCL dated December 20, 2007. For detailed terms and conditions of these agreements, please refer to the chapter titled "Key Business Contracts" beginning on page 135 of the Draft Red Herring Prospectus.

The commissioning schedule of the four units of the project, as per the PPA, is as follows:

Commissioning Schedule	Completion Date
Unit I	August 18, 2011
Unit II	September 18, 2011
Unit III	October 18, 2011
Unit IV	November 18, 2011

C. Means of Finance

Based on the estimated cost of Rs. 56,000 million, and based on a debt-equity ratio of 70:30, JKHCL has been sanctioned loans for the Karcham-Wangtoo project for an amount of Rs. 39,200 million, the details of which are as mentioned in the chapter titled "Financial Indebtedness" beginning on page 286 of the Draft Red Herring Prospectus. The equity component of Rs. 16,800 million is being met jointly by JAL and our Company, wherein JAL has already contributed a sum of Rs. 7,500 million, while our Company intends to fund the balance Rs. 9,300 million from the proceeds of the Issue.

Means of Finance	Rs. in million
Issue proceeds	9,300
JAL's contribution towards JKHCL's equity	7,500
Debt	39,200
Total	56,000

The aforesaid investment by our Company in JKHCL would entail an amendment to the financing documents of JKHCL, to include our Company in the definition of "Sponsor". The same is currently in progress and pending the formal amendment to the financing documents, all JKHCL's lenders have issued letters granting their approval for such amendments. Further, the investment by our Company, to the extent of 30% of our investment in JKHCL, would be pledged to the lenders and an additional 46% of our investment in JKHCL would be subject to a non-disposal undertaking. For details in relation to the same, please refer to the chapter titled "Financial Indebtedness" beginning on page 286 of the Draft Red Herring Prospectus.

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D. Funds Deployment Schedule

The proposed annual deployment of funds in the Karcham-Wangtoo project is as follows:

(Rs. in million)

Financial Year/period	Equity	Debt	Cumulative amount proposed to be deployed
Ending March 31, 2008	7,500	7,500	15,000
Ending March 31, 2009	3,000	5,000	23,000
Ending March 31, 2010	4,000	8,000	35,000
Ending March 31, 2011	2,300	11,000	48,300
Ending November 18, 2011	-	7,700	56,000
Total	**16,800**	**39,200**	**56,000**

E. Details of amounts already deployed

As per certificate dated December 21, 2007 of M. P. Singh and Associates, Chartered Accountants, the amount deployed on the Karcham-Wangtoo project by JKHCL as on November 30, 2007 is as follows:

(Rs. in million)

Sr. No.	Heads	Amount
1.	Total EPC Contract Cost (including mobilisation advance Rs. 5,959.3 millions)	9,378.9
2.	Financing Charges	541.1
3.	Land	132.9
4.	Interest on Term Loan	363.9
5.	Other Pre-operative Expenses (Net of Interest earned)	388.8
	Total	**10,805.6**

The expenditure so incurred has been funded by Rs. 7,500 million equity capital of JKHCL subscribed to by JAL, and the balance has been funded by way of debt. As on November 30, 2007, JKHCL's outstanding debt stood at Rs. 4826.90 million.

III. Subscription to the equity share capital of JPL, for an amount aggregating to Rs. 690 million for a 23% interest, towards part-funding of the equity component of the Transmission project

Jaypee Powergrid Limited (JPL), one of our Promoter Group Companies, a joint venture company setup between JHPL and PGCIL, is in the process of implementing the transmission systems for evacuation of power from the Karcham-Wangtoo project. Our Company proposes to part-fund the equity component of this Transmission project by investing into 23% of the equity capital of JPL through the proceeds of this Issue.

Subsequent to the aforesaid subscription of equity share capital by us, the shareholding pattern of JPL would be as under:

Name of shareholder	Percentage holding
JHPL	51%
PGCIL	26%
JPVL	23%
Total	**100%**

We have received the permission of Power Grid Corporation of India Limited vide their letter dated December 20, 2007 for investment by our Company in JPL, in terms of the Shareholders Agreement among Jaiprakash Hydro Power Limited and Power Grid Corporation of India Limited. This permission is subject to the following conditions, namely:

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a) Our Company to execute a deed of adherence, in the format as attached to the said permission, wherein our Company has to undertake the obligations of the shareholders agreement and JHPL undertaking that in the event of default of performance of the said obligations by our Company, JHPL shall perform the obligations and responsibilities of our Company as specified in the shareholders' agreement; and

b) JAL submitting a letter, in the format as attached to the said permission, to the effect that in the event JAL's shareholding in either our Company or JHPL falls below 51% of the voting shares, then holding of the same shall be conveyed to Power Grid Corporation of India Limited as soon as the event of the shareholding dilution takes place.

The conditions in a) and b) above have been fulfilled.

A. Cost of the Transmission project

The cost of the Transmission project is estimated at Rs. 10,000 million.

B. Means of Finance

The equity investment of Rs. 690 million by us for acquiring a 23% interest in JPL would be made through Issue proceeds.

Based on the estimated cost of Rs. 10,000 million, and a debt-equity ratio of 70:30, JPL is in the process of tying-up loans for the Transmission project for an amount of Rs. 7,000 million. The equity component of Rs. 3,000 million is being met jointly by JHPL, PGCIL and our Company.

(Rs. in million)

Means of Finance	Amount
Equity: JPVL (from Issue proceeds)	690
Contribution of the other joint venture partners, that is JHPL and PGCIL towards JPL's equity	2,310
Total Equity	*3,000*
Term loan	7,000
Total	**10,000**

As opposed to its debt requirement of Rs. 7,000 million, JPL has received in-principle sanctions from various banks for an amount aggregating to Rs. 9,000 million, subject to terms and conditions.

C. Fund Deployment Schedule

The intended funds deployment schedule is as under:

(Rs. in million)

Financial Year / period ending	Debt	Equity	Equity deployment by our Company*	Cumulative amount to be spent
March 31, 2008	460	750	172.5	1,210
March 31, 2009	2,620	570	131.1	4,400
March 31, 2010	2,650	1,130	269.9	8,180
Period ending June 30, 2010	1,270	550	116.5	10,000
Total	**7,000**	**3,000**	**690**	

** Calculated on a proportionate basis, based on the expected deployment of equity in the Transmission project, and assuming proportionate contribution by our Company*

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E. Details of amounts already deployed

As per certificate dated December 22, 2007 of Awatar & Co., Chartered Accountants, the amount deployed on the Transmission project by JPL as on November 30, 2007 is Rs. 56.78 million

IV. General corporate purposes

We intend to deploy a sum of Rs. [●] from the Issue proceeds towards general corporate purposes. The deployment of funds towards general corporate expenses shall be done in the following order of priority:

A. Re-imbursement to JAL of Rs. 1,063.91 million, being the expenses incurred by JAL in relation to the Lower Siang and the Hirong projects, including reimbursement to JAL for its purchase of the DPR (Detailed Project Report) from NHPC in relation to the Lower Siang project. This amount of Rs. 1,063.91 million has been certified vide certificate dated December 24, 2007 by M/s. M. P. Singh & Associates, Chartered Accountants;
B. Balance amount, if any, after reimbursement to JAL as per A) above, would be utilized towards general corporate purposes, as may be determined by the Board from time to time.

The Lower Siang and Hirong projects, were awarded to JAL by the Government of Arunachal Pradesh vide a Memoranda of Agreement, both dated February 22, 2006. Subsequently by a Tripartite Agreement dated December 13, 2007 between the Government of Arunachal Pradesh, JAL and our Company, the Government of Arunachal Pradesh has granted its consent to the transfer of the assets, liabilities, obligations, rights, privileges and benefits relating to the Lower Siang and Hirong projects to our Company.

Prior to the transfer of the aforesaid projects, JAL had incurred certain expenditure in relation to the said projects. Our Company has been granted the assets, liabilities, obligations, rights, privileges and benefits of the said projects, pursuant to which we are now proposing to implement, operate and maintain the said projects and intend to reimburse JAL for the expenditure incurred by it in the said projects prior to the aforesaid transfer.

The balance amount, if any, after reimbursement to JAL for the expenses incurred by it towards the Arunachal projects, would be utilized towards general corporate purposes, including but not restricted to meeting equity contribution or other expenses for our new projects (including our Arunachal projects and Meghalaya projects), bidding/negotiating for new projects, strategic initiatives, entering into strategic alliances, inorganic growth including through joint ventures and acquisitions, meeting exigencies in the ordinary course of business, and any other purpose as may be approved by our Board of Directors.

V. To meet Issue Expenses

The Issue expenses include, among others, Issue management fees, underwriting and selling commission, distribution expenses, legal fees, fees to advisors, printing and stationary expenses, advertising and marketing expenses, listing fees to the stock exchanges, registrar and depository fees. Expenses related to this Issue will be borne by our Company.

We intend to use about Rs. [●] million from the proceeds of the Issue towards the Issue expenses.

The detailed breakdown of the Issue expenses is as under*:

Particulars	Estimated Expenses	% of Issue proceeds	% of Issue expenses
BRLMs and Co-BRLM fees, Underwriting and Selling commission	[●]	[●]	[●]
Printing, Stationary and Dispatch Expenses	[●]	[●]	[●]
Advertising and Marketing Expenses	[●]	[●]	[●]
IPO Grading fees	[●]	[●]	[●]
Other Expenses (Listing fees, SEBI filing fees, Bidding Charges, Registrars fees, legal advisors expenses, depository fees, Auditor's fees etc)	[●]	[●]	[●]
Total	[●]	[●]	[●]

** will be incorporated at the time of filing of the Prospectus with RoC.*

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All expenses with respect to the Issue will be borne out of the Issue Proceeds.

Interim use of proceeds of the Issue

Pending utilisation for the purposes described above, we intend to temporarily invest the proceeds of this Issue in high quality liquid instruments including deposits with banks and investments in mutual funds (or money market mutual funds) as may be approved by our Board or a duly authorized committee thereof.

Monitoring of utilisation of funds

In terms of Clause 8.17 of the SEBI Guidelines, a monitoring agency for the purposes of this Issue shall be appointed prior to the filing of the Red Herring Prospectus with the RoC.

The Audit Committee appointed by our Board of Directors will also monitor the utilization of the Issue proceeds. We will disclose the utilization of the proceeds, including interim use, of the Issue under a separate head in our audited financial statements for Fiscal 2008 till 2012, and further fiscals, if any, till the Issue proceeds remain unutilized, clearly specifying the purpose for which such proceeds have been utilized or otherwise as per disclosure requirements of our listing agreements to be entered into with the Stock Exchanges, and in particular clauses 43A and 49 of the listing agreement, as amended from time to time.

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BASIS FOR ISSUE PRICE

The Issue Price will be determined by us in consultation with the BRLMs and the Co-BRLM on the basis of demand from the investors for the Equity Shares through the Book Building Process. The face value of the Equity Shares is Rs. 10 and the Issue Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band. Investors should also refer to the sections titled "Risk Factors" and "Financial Statements" beginning on pages xii and 221, respectively of the Draft Red Herring Prospectus for further information prior to making an investment decision.

Qualitative Factors

Strong position in India's power sector based on efficiency, location and project mix

We believe we have a strong position in India's power sector. Our Vishnuprayag plant is the largest operating hydroelectric power plant in India's private sector, according to the "White Paper on Strategy for 11th Plan"(source: CEA website) with Plant Availability in excess of 98% in its first year of operation. Our hydroelectric power plant and proposed hydroelectric projects under development are located in India's Northern and North-Eastern regions, where water flow tends to be constant and conducive to power generation. Our thermal project is located in Central India in close proximity to its fuel supply.

Ability to Leverage the Jaypee Group's Expertise, Experience and Technical Capabilities

We believe we benefit from the Jaypee Group's expertise, resources, project sourcing and in-house capabilities, which help us develop and operate projects in a technically proficient and cost-effective manner. The Jaypee Group has a strong project implementation track record as a hydroelectric construction company and has participated in projects that have added over 7,880 MW of hydroelectricity to the National Grid over the last five years.

Steady cash flows from long-term power purchase agreements

We sell the entire Saleable Energy generated from our Vishnuprayag plant to Uttar Pradesh Power Corporation Limited (UPPCL) pursuant to our Power Purchase Agreement (PPA) with UPPCL. JKHCL has entered into a PPA with PTC India Limited (PTCIL) to sell 704 MW, which is 80% of its Saleable Energy from the Karcham-Wangtoo project. These PPAs are long-term agreements that we believe will provide steady cash flows in the medium and long-term.

Low operating cost of hydroelectric plants

Each of the Vishnuprayag plant, the Karcham-Wangtoo project, the Lower Siang Project, the Hirong Project, the Kynshi II project and the Umngot project is a "run-of-the-river" hydroelectric power generation plant or project. Hydroelectric projects also have lower operation and maintenance expenditure compared to other power projects. Approximately 80% of the total planned capacity of projects that we operate or propose to develop is hydroelectric power, which we believe will result in a favourable operating cost structure.

Allocated fuel supply and cost-efficiencies associated with our Nigrie Thermal project

Our Nigrie Thermal project is expected to obtain its fuel requirement pursuant to long term coal supply agreements (CSA), from coal blocks managed by joint ventures (incorporated or to be incorporated) of JAL and the Madhya Pradesh State Mining Corporation Limited (MPSMCL). We believe that our proximity to these coal blocks, allocated fuel supply and cost efficiencies as outlined above will enable us to generate electricity at competitive rates

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Strong operating performance due to plant efficiency

With respect to the Vishnuprayag plant, in the year ended March 31, 2007 and the six months ended September 30, 2007, Plant Availability was 98.5% and 98.67%, respectively, which exceeds the normative Plant Availability level of 90% prescribed by our PPA, entitling us to certain monetary incentives. In the year ended March 31, 2007 and the six months ended September 30, 2007, we generated total power of 951.55 MU and 1,475.21 MU, respectively. We believe this initial performance data demonstrates our ability to operate and maintain power projects efficiently.

Quantitative Factors

The information presented in this section is derived from our restated financial statements prepared in accordance with Indian GAAP.

Some of the quantitative factors which may form the basis for computing the Issue Price are set forth below:

- **Adjusted Earning Per Equity Share**

Period	Adjusted EPS	Weight
March 31, 2007	1.51	1
Weighted average	1.51	

* For six month period ended September 30, 2007, adjusted EPS was Rs. 2.60

Note: Our Company commenced commercial operation between June 17, 2006 and October 13, 2006 and therefore the EPS for Fiscal 2007 reflect earnings from commercial operations for a part of the year. No weights can be assigned for Fiscal 2005 and Fiscal 2006 as our Company did not have any profit and loss account in those years. Accordingly, the EPS for Fiscal 2005 and Fiscal 2006 are Nil.

a) The adjusted Earning per Share has been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments.

b) The denominator considered for the purpose of calculating adjusted Earning per Share is the weighted average number of Equity Shares outstanding during the year.

- **Price Earning Ratio**

i) Price / Earning (P/E) ratio in relation to the Issue Price of Rs.[●] at the lower end of the Price Band and Rs. [●] at the higher end of the Price Band.

ii) Adjusted EPS as per restated financial statements for Fiscal 2007 is Rs. 1.51.

iii) P/E based on the above EPS is detailed in the table below:

	Lower end of the Price Band	Upper end of the Price Band
P/E based on the above EPS	[●]	[●]

iv) Industry average P/E

- Highest : [●] times
- Lowest : [●] times
- Industry Composite : [●] times

Source: Capital Market Vol. [●] *dated* [●]

Note: Our Company commenced commercial operations between June 17, 2006 and October 13, 2006 and therefore the EPS for Fiscal 2007 is for a part of the year.

- **(a) Return on Net Worth (RONW) based on restated financials**

Period	RONW %	Weight
March 31, 2007	14.03	1
Weighted Average	14.03	

** For six month period ended September 30, 2007, RoNW was 19.64%

Note: Our Company commenced commercial operation between June 17, 2006 and October 13, 2006 and therefore the RONW for Fiscal 2007 is for a part of the year. No weights can be assigned for Fiscal 2005 and Fiscal 2006 as our Company did not have any profit and loss account in those years. Accordingly the RONW for Fiscal 2005 and Fiscal 2006 are Nil.

(b) Minimum Return on Increased Net Worth required to maintain Pre-Issue EPS: [●] %

- **Net Asset Value per share (NAV) after Issue and comparison with Issue Price:**

	NAV (Rs.)
As at March 31, 2007	10.66
As at September 30, 2007	13.27
After the Issue	[●]
Issue Price	[●]

NAV per Equity Share represents net worth, as restated, divided by number of Equity Shares outstanding at the end of each period.

- **Comparison with other listed companies**

	EPS (Rs.)	P/E Ratio	RoNW (%)	NAV (Rs.)
Jaiprakash Power Ventures Limited*	1.51	[●]	14.03	10.66
Peer Group				
Gujarat Industries Power Company Limited	11.8	13.1	18.2	71.3
The Tata Power Company Limited	29.1	39.4	12.0	329.3
National Thermal Power Corporation	7.9	23.2	14.5	59.7
Reliance Energy Limited	33.4	49.9	10.2	398.7
Jaiprakash Hydro-Power Limited	3.2	34.4	19.4	18.4
Lanco Infratech Limited	3.3	170.5	10.0	62.1

Source: Capital Market Vol. XXII/21, dated December 17-30, 2007
** figures for fisal ended March 31, 2007*

STATEMENT OF TAX BENEFITS

To,
The Board of Directors
Jaiprakash Power Ventures Limited
113, Rajpur Road
Dehradun – 248 001
(Uttarakhand)

Dear Sirs,

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

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

For AWATAR & CO.
CHARTERED ACCOUNTANTS

BRIJENDRA AGRAWAL
(PARTNER)
M. No. 087787

Place : New Delhi
Date : 24.12.2007

Annexure to the "Statement of Tax Benefits" available to Jaiprakash Power Ventures Limited and its shareholders:

A. Special Tax Benefits

- **To the Company**

1. Under the Income Tax Act, 1961

- Energy saving devices being Electrical equipments such as Shunt capacitors, automatic power cut off devices, automatic voltage controller, power factor controller for AC, series compensation equipments, etc. are entitled for higher depreciation at the rate of 80% on W.D.V. as per Appendix I of Income Tax Rules under Section 32 of the Income Tax Act, 1961.

- In accordance with and subject to the condition specified in Section 80 IA of the Income Tax Act, 1961, the Company would be entitled to deduction of 100% of profits derived from Industrial Undertaking engaged in generation and/or distribution or transmission of power for any 10 consecutive assessment years out of fifteen years beginning from the year in which the undertaking generated power or commences transmission or distribution of power before 31.03.2010.

- In accordance with and subject to the provisions of Section 35, the Company would be entitled to deduction in respect of expenditure laid out or expended on scientific research related to the business.

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General Tax Benefits:

The general tax benefits stated below are available to all companies and all shareholders, subject to compliance with the relevant legal requirements in this regard

- By virtue of Section 10(34) of the Income Tax Act, 1961, income earned by way of dividend income from another domestic company referred to in Section 115-O of the Income Tax Act, 1961, is exempt from tax in the hands of the company.

- By virtue of Section 115JAA of the Income Tax Act, 1961, Tax Credit shall be allowed in a future year in which tax becomes payable on the total income computed in accordance with the provisions other than section 115JB. Carried forward shall not be allowed beyond the seven assessment year immediately succeeding the assessment year in which tax credit becomes allowable.

B. To the Members of the Company

B1. Under the Income Tax Act, 1961

1. All Members

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

- By virtue of Section 111A inserted by Finance (No.2) Act, 2004, short term capital gains on transfer of equity share of the Company shall be chargeable to tax @ 10%, if the transaction of such sale has been entered into on or after the date on which Chapter VII of the Finance (No. 2) Act, 2004 comes into force and such transaction is chargeable to Securities Transaction Tax under that Chapter.

- By virtue of Section 88E of the Income Tax Act, 1961, and subject to certain conditions, rebate of tax paid on securities transaction is allowable as deduction from the amount of income tax.

2. Resident Members

- By virtue of Section 10(34) of the Income Tax Act, 1961, income earned by way of dividend income from a domestic company referred to in Section 115-O of the Income Tax Act, 1961, is exempt from tax in the hands of the shareholders.

- Under Section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gains are invested upto Rs. 50 lakhs within a period of 6 months from the date of transfer in the bonds issued by

  * National Highways Authority of India constituted under section 3 of National Highways Authority of India Act, 1988;

  * Rural Electrification Corporation Limited, a Company formed and registered under the Companies Act, 1956;

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

- Under Section 54F of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax, if the net consideration from such shares are used for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

- Under Section 112 of the Income Tax Act, 1961, and other relevant provisions of the Act, long term capital gains arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and education cess) (without indexation), at the option of the Shareholders.

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

- By virtue of Section 10(34) of the Income Tax Act, 1961, income earned by way of dividend income from another domestic company referred to in Section 115-O of the Income Tax Act, 1961, is exempt from tax in the hands of the recipients.

Tax on Investment Income and Long Term Capital Gains

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

- Under Section 115E of the Income Tax Act, 1961, where shares in the Company are subscribed for in convertible Foreign Exchange by a Non Resident Indian, capital gains arising to the non resident on transfer of shares held for period exceeding 12 months shall be concessionally taxed at the flat rate of 10% (plus applicable surcharge and education cess) without indexation benefit but with protection against foreign exchange fluctuation.

Capital gains on transfer of Foreign Exchange Assets, not to be charged in certain cases

- Under provisions of Section 115F of the Income Tax Act, 1961, long term capital gains arising to a non resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange shall be exempt from Income Tax if the net consideration is reinvested in specified assets or in any savings certificates referred to in clause 4B of Section 10 within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets or any such savings certificates are transferred or converted within three years from the date of their acquisition.

Return of Income not to be filed in certain cases

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

Other Provisions

- Under Section 115-I of the Income Tax Act, 1961, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any Assessment Year by furnishing his Return of Income under Section 139 of the Income Tax Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so, the provisions of this Chapter shall not apply to him instead the other provisions of the Act shall apply.

- Under the first proviso to Section 48 of the Income Tax Act, 1961, in case of a non-resident, in computing the capital gains arising from transfer of shares of the Company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.

- Under Section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gains are invested upto Rs. 50 lakhs within a period of 6 months from the date of transfer in the bonds issued by

  * National Highways Authority of India constituted under section 3 of National Highways Authority of India *Act,* 1988;

  * Rural Electrification Corporation Limited, a Company formed and registered under the Companies Act, 1956;

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

- Under Section 54F of the Income Tax Act. 1961 and subject to the condition and to the extent specified therein, long term capital gains arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from Capital gains tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

- Under Section 112 of the Income Tax Act, 1961 and other relevant provisions of the Act, long term capital gains arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge and Education Cess) after indexation as provided in the second proviso to Section 48; indexation not available if investments made in foreign currency as per the first proviso to section 48 stated above) or at 10% (plus applicable surcharge and Education Cess) (without indexation), at the option of assessee.

4. Mutual Funds

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

5. Foreign Institutional Investors (FIIs)

- By virtue of Section 10(34) of the Income Tax Act, 1961, income earned by way of dividend from another domestic company referred to in Section 115-O of the Income Tax Act, 1961, is exempt from tax in the hands of the institutional investor.

- The income by way of short term or long term capital gains realized by FIIs on sale of shares in the Company would be taxed at the following rates as per Section 115AD of the Income Tax Act, 1961.

  * Short term capital gains - 30% (plus applicable surcharge and Education Cess)

  * Short term capital gains covered U/s 111A- 10% (plus applicable surcharge and Education Cess)

  * Long term capital gains - 10% (without cost indexation) plus applicable surcharge and Education Cess (shares held in a company would be considered as a long term capital asset provided they are held for a period exceeding 12 months).

- Under Section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of 3 years in the bonds issued by

  * National Highways Authority of India constituted under section 3 of National Highways Authority of India Act, 1988;

  * Rural Electrification Corporation Limited, registered under the Companies Act, 1956;

6. Venture Capital Companies *I* Funds

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

B2. Under the Wealth Tax Act, 1957

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of Section 2 (ea) if the Wealth Tax Act, 1957, hence wealth tax will not be payable in respect of shares of the company.

B3. Under the Gift Tax Act, 1957

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

Notes:

All the above benefits are as per the current tax law as amended by the Finance Act, 2007 and will be available only to the sole/ first named holder in case the shares are held by joint holders.

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

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

The above statement of possible direct 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 V -ABOUT US

INDUSTRY OVERVIEW

The information in this section has been extracted from the websites of and publicly available documents from various sources, including the Ministry of Power, the Central Electricity Authority and the Planning Commission of India. 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.

(1) Overview

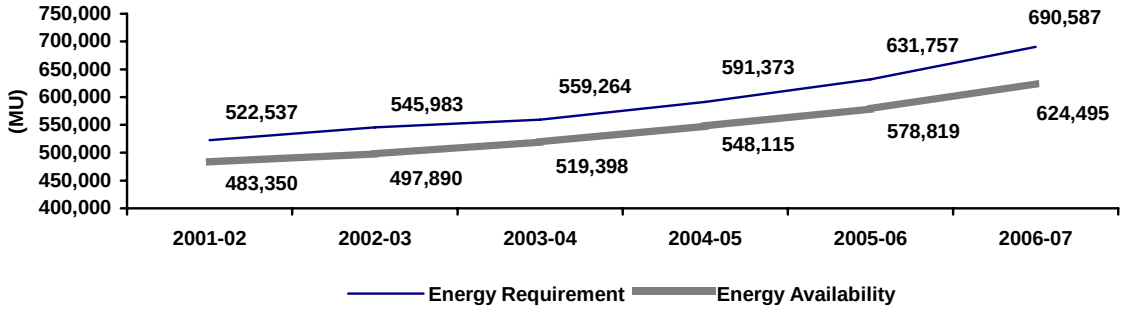
India has emerged as one of the fastest growing economies in the world. Its current economic performance reflects a healthy trend based on increased consumption, investment and exports. The economy has grown by 8.9% for the second quarter of fiscal 2006-2007 over the corresponding quarter of the previous year. The growth rate primarily resulted from the 'construction' sector with a growth of 11.1% and 'trade, hotels, transport and communication' sector which logged a 11.4% rise in the second quarter of 2007-08. According to the GDP data released by the Central Statistical Organization, a key risk to the continued growth of the Indian economy is inadequate infrastructure. Infrastructure investment in India is on the rise, but growth may be constrained without further improvements. The Government of India has identified the power sector as a key sector of focus to promote sustained industrial growth. It has embarked on an aggressive mission –"Power for All by 2012"– and has undertaken multiple reforms to make the power sector more attractive to private sector investment.

(2) Indian Power Sector

(2a) *Demand Supply Scenario*

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

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



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

For the period April – November 2007 and for the month of November 2007 according to the CEA, the energy deficit stood at 7.9% and 10.4% respectively. The gap between demand and supply has been increasing, leading to increased power shortages.

The following table highlights the peak deficit over the years:

Fiscal Year	Peak Deficit (MW)
2001-02	10,293
2002-03	9,945
2003-04	9,508
2004-05	10,254
2005-06	11,463
2006-07	13,897
April-November 2007	13,869

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

The peak deficit for the period between April – November 2007 was 13,869 MW. The peak deficit varies across India, with the Western Region facing a shortage equal to 22.6% of its peak demand requirements. The following table depicts the peak deficit scenario for the period between April – November 2007 across different regions in India.

				Figures in Net MW unless otherwise noted
Region	**Peak Demand**	**Peak Supply**	**Deficit**	**Deficit (%)**
North	32,462	29,495	2,967	9.1
West	37,955	29,360	8,595	22.6
South	26,054	24,194	1,860	7.1
East	11,385	10,699	686	6
North-East	1,657	1,347	310	18.7
All India	**109,513**	**95,095**	**14,418**	**13.2**

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

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

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

Projected Energy Requirement and Peak Load

	Energy Requirement (MU)			**Peak Load (MW)**		
	2007-08	**2011-12**	**2016-17**	**2007-08**	**2011-12**	**2016-17**
Northern	223,928	294,841	411,513	35,145	48,137	66,583
Western	244,481	294,860	409,805	37,264	47,108	64,349
Southern	189,312	253,443	380,068	29,854	40,367	60,433
Eastern	77,221	111,802	168,942	12,670	19,088	28,401
NE Region	9,326	13,329	21,143	1,710	2,537	3,760
Islands(1)	247	384	595	57	88	136
All India	**744,575**	**968,659**	**1,392,066**	**113,059**	**152,746**	**218,209**

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

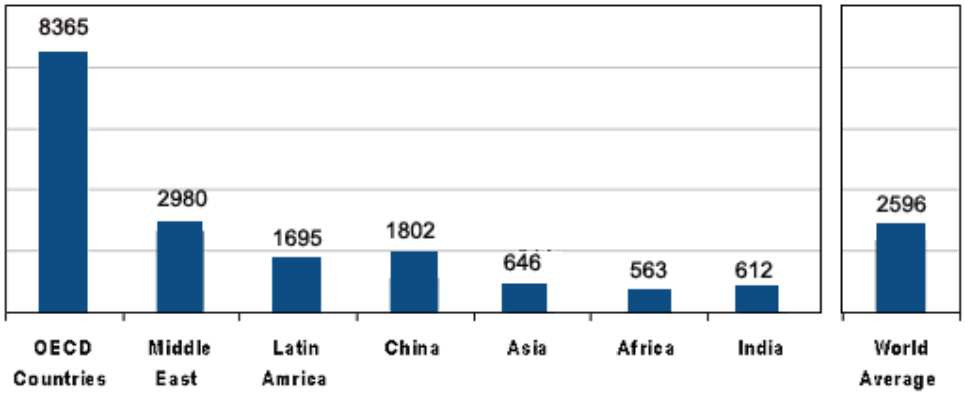
Source: Report on 17th Electrical Power Survey Of India, CEA

(2b) ***Consumption Levels***

The 10th Five-Year plan (2002-2007) witnessed annual GDP growth rate of 8%-9%. India is not only a large market in itself but also has large technical and skilled human resource pool to attract investment for setting up manufacturing facilities by other countries in India. Electrical energy is the prime mover of all growing economies. To achieve high GDP growth India has adopted a new policy that encourages 100% FDI in generation, transmission, distribution and trading of electricity. Electricity demand forecast is a direct function of the industrialisation, population, productivity, per capital GDP, geographical & climatic conditions, seasonal variations and present status of electrification.

The per capita consumption in India is extremely low in comparison to most other parts of the world, in part due to unreliable supply and inadequate distribution networks. The following chart compares per capita electricity consumption in various developed and developing countries.

Comparative Per Capita Consumption of Electricity (KWh/year)



Source: Key World Energy Statistics (2007) and available on the Website of the Ministry of Power (December 2007)

The past and projected growth in total electrical energy consumption (utilities) over the years is shown below

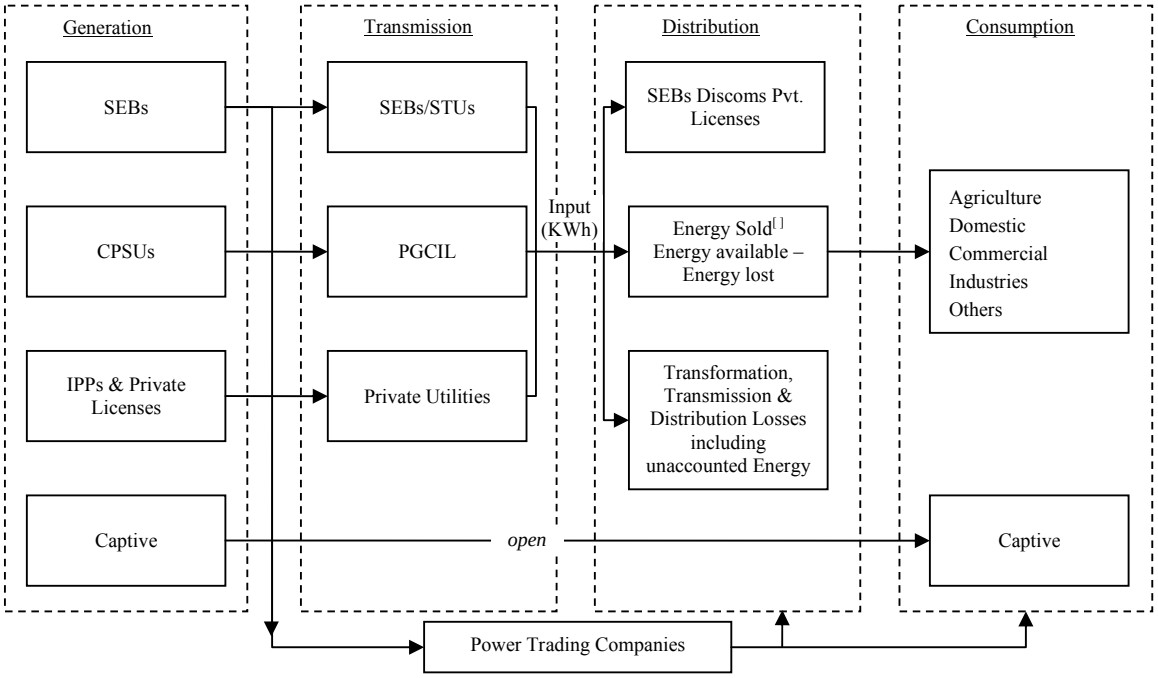
(in %)

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Northern	9.04 %	11.43 %	11.96 %	11.08 %	10.86 %	10.73 %	10.75 %	10.72 %
Western	4.88 %	6.80 %	9.07 %	9.24 %	9.27 %	9.38 %	9.45 %	9.53 %
Southern	6.93 %	7.79 %	8.36 %	8.88 %	9.33 %	9.56 %	9.88 %	10.13 %
Eastern	8.28 %	9.95 %	11.71 %	11.77 %	12.68 %	12.08 %	12.21 %	12.40 %
NE Region	8.85 %	14.73 %	14.42 %	14.02 %	14.31 %	14.72 %	14.76 %	15.25 %
All India	**6.99** %	**8.78** %	**10.01** %	**9.99** %	**10.18** %	**10.19** %	**10.33** %	**10.45** %

Source: Report on 17th Electrical Power Survey Of India, CEA

(3) Structure of the Power Industry

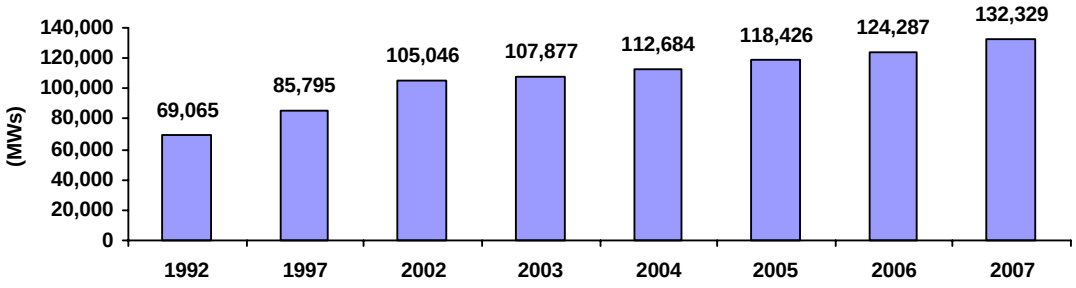
The following diagram depicts the structure of the Indian power industry for generation, transmission and distribution and consumption:



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

(3a) ***Installed Generation Capacity***

According to the Ministry of Power, as of October 31, 2007, India has an installed generation capacity of approximately 136,901 MW. Despite the fact that the economic liberalisation policies of the government, which began in 1992, were designed to fuel growth across all sectors, the power industry has not grown sufficiently to meet demand. The economy still faces an acute shortage of power. The following graph depicts installed capacity levels over the years:

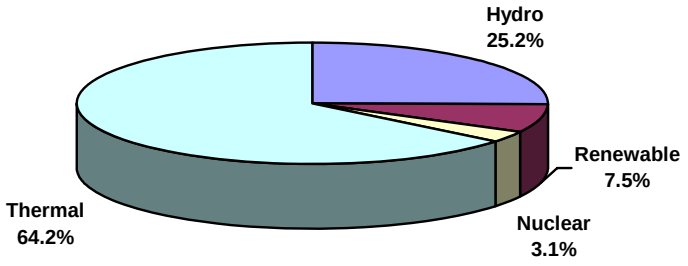


Source: Ministry of Power

Currently, India pursues all available fuel options and conventional, non-conventional and emerging power generation technologies. India's large coal reserves make coal-based power plants most favored. The government owns and operates most of the coal-based power plants in India and the private sector has historically been reluctant to enter the market for coal-based power plants because of historically onerous

governmental regulations on the construction and operation of and sourcing of coal for such plants and significant losses that had been incurred by private sector companies with coal-based power plants in the past. It is anticipated that coal will remain India's most important energy source until Fiscal 2032 and possibly beyond. In 2007, Thermal power plants powered by coal, gas, naphtha or oil accounted for approximately 64.2%, hydroelectric stations accounted for approximately 25.2%, nuclear stations accounted for approximately 3.1% and renewable energy sources accounted for approximately 7.5% of total power capacity according to the Ministry of Power.

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



Source: Ministry of Power, as of October, 31 2007

(3b) *Installed Generation Capacity by Sector*

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

As of October 31, 2007, the state government sector led installed capacity levels with 70,947 MW, or 52.3% of the total installed capacity in India, followed by the Central Government sector at 47,286 MW, or 34.0% of the total installed capacity in India, and 18,669 MW by the private sector, contributing to 13.7% of the India's installed capacity. (*Source: Ministry of Power*)

Fuel Resources

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

Thermal

Thermal plants can be based on coal, lignite, gas, LNG or liquid fuel. Based on the installed power generation capacity as of October 31, 2007, coal based thermal plants comprised 82.9% of the total available thermal capacity. The Geological Survey of India estimates that coal reserves stood at 257 billion tonnes as of April 1, 2007, with more than 87% of these being of non-coking grade, which is primarily used for power generation. In addition, the geological reserves of lignite are approximately 38.7 billion tonnes.

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

Hydroelectricity

According to CEA, it is estimated that the total economic potential of hydroelectric power generation is about 150,000 MW, equivalent to about 84,000 MW at 60% load factor.

The government has increased efforts to raise the share of hydropower in the total installed capacity. In light of the environmental impact and rehabilitation issues related to storage based hydroelectric projects, other viable alternatives such as run-of-the-river hydroelectric projects have been resorted to.

Nuclear

Nuclear power is a clean, environmentally friendly and economically viable source of power generation. It is expected to have an increasingly important role in power generation. In India, nuclear power accounts for approximately 3% of the total electricity generated.

(3c) *Private power participants in India*

The private sector in India for generation of power is dominated by Tata Power Company Limited (Tata Power) and Reliance Energy Limited (Reliance Energy). Tata Power, with a generation capacity of over 2,300 MW, has thermal assets in Trombay, Maharashtra; Belgaum and Wadi, Karnataka; and Jojobera, Jharkhand and has three hydro-electric power plants in Maharashtra at Khopoli, Bhivpuri and Bhira . *(Source: Website of Tata Power Ltd. downloaded on December 26, 2007)*

Reliance Energy has a 500 MW coal-powered plant at Dahanu, Maharashtra, a 220 MW naphtha-powered plant at Samalkhot in Andhra Pradesh, a 165 MW plant in Kerala and a 48 MW plant in Goa. (*Source: Website of Reliance Energy Ltd downloaded on December 26, 2007.)*

The Jaypee Group has added 700 MW of private sector Hydroelectric Power Capacity since the 1991 reforms, representing close to 90% of India's total new Hydroelectric power plant over the last ten years. The Group's Baspa II 300 MW hydroelectric power plant was among the first "Build-Own-Operate" plants to be commissioned following the 1991 Indian power sector reforms. Including its work for various government power plants, the Group has added over 7880 MW of hydroelectric power to India's national power grid over the last five years.

(3d) *Captive Power Generation in India*

Another segment of power in India is the captive power segment. Captive power refers to power generation from a project set up for industrial consumption. According to the executive summary on the 11th Plan (2007-2012), the generation from captive plants is expected to increase from 78 BU to 138 BU per annum. The dependence on captive power has been increasing, due to the continuing shortage of power and India's economic growth.

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

(3e) *Transmission and Distribution*

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

Because peak demand does not occur simultaneously in all states, situations may arise in which there is surplus of power in one state while another state faces a deficit. The regional grids facilitate transfers of power from a power surplus state to a power deficit state. The grids also facilitate the optimal scheduling of maintenance

outages and better co-ordination between the power plants. The regional grids are to be gradually integrated to form a national grid, whereby surplus power from a region could be transferred to a region facing power deficits, thereby facilitating a more optimal utilisation of the national generating capacity. As per the Executive Summary of the Working Group on Power for the 11th Plan, the 10th Programme was to achieve inter-regional capacity of 16,450 MW which is to increase to 37150 MW by the end of the 11th Plan.

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

Energy distribution is managed at the state level and continues to be impacted by high aggregate technical and commercial, or AT&C, losses, which in turn affect the working capital of generation companies. Despite the high level of losses, the segment attracts a significant amount of private-sector interest. The high AT&C losses (estimated to be approximately 30%, which implies that 30% of power entering the system is lost during distribution) translate into poor recoveries, which leads to further losses for SEBs. A direct consequence of the high AT&C losses is the poor financial condition of SEBs. Losses lead to both poor recoveries for power generation companies, thereby preventing them from making investments, and also constrain SEBS from making any meaningful investments in upgrading the transmission and distribution network and reducing AT&C losses.

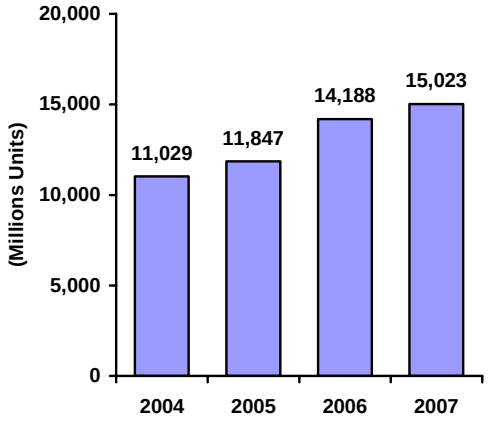
(3f) *Power Trading*

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

(4) Current Regulatory Structure and Recent Development

The volume of power traded as well as its traded price has increased rapidly over the last few years. The following graph and table show the increasing volume and higher prices of power traded for the periods indicated.

Increasing Volumes of Power Traded



Increasing Traded Volume at Higher Prices

Price	Electricity Traded (Units in millions) Fiscal Year		
	2005	2006	2007
< Rs.1.00			252
Rs. 1.00-2.00	1,210		
Rs. 2.00-3.00	10,378	5,103	1,388
Rs. 3.00-4.00	258	8,437	1,781
Rs. 4.00-5.00		648	7,203
Rs. 5.00-6.00			3,937
Rs. 6.00-7.00			462
Total	**11,846**	**14,188**	**15,023**

Source: CERC

(4a) *Tariffs*

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

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

Provisions of National Electricity Tariff Policy (NTP)

One of the main objectives of the NTP is to promote competition, efficiency in operations and improvement in quality of supply and ensure availability of electricity to consumers at reasonable and competitive rates. The NTP reiterates the importance of implementing competition in different segments of the electricity industry as highlighted in the Electricity Act, 2003 and that competition leads to significant benefits to consumers through reduction in capital costs and also efficiency of operations. The NTP also promotes competitive pricing. The objectives of the Policy also include ensuring Financial viability of the sector attracting investments and promoting transparency and predictability in the regulatory approach across jurisdictions.

The NTP stipulates that all future power procurement needs should be procured competitively by distribution licensees except in cases of expansion of existing projects or where there is a state controlled or state-owned developer involved, in which case, regulators will need to resort to tariff determination based on norms.

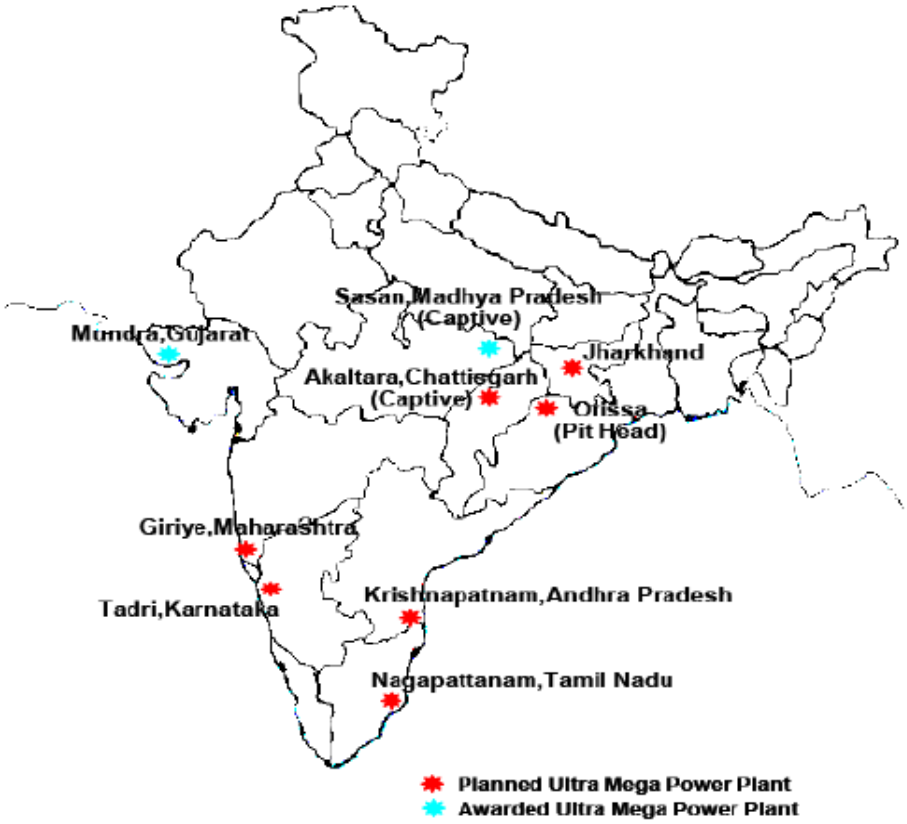
Guidelines for tariff based competitive bidding

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

(4b) *Ultra Mega Power Projects*

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

The following map shows the locations in India of the planned and awarded UMPPs:



Source: CEA

(4c) ***National Electricity Plan***

The Electricity Act 2003, requires CEA to lay out the National Electricity Plan once every five years and revise the Plan from time to time in accordance with the National Electricity Policy. The Plan serves as a roadmap towards optimum Plan of the power sector. CEA formulates short term and perspective plans for the development of electricity systems and coordinates the activities of the various planning agencies for the optimal utilisation of resources to serve the interests of the national economy.

The National Electricity Policy aims to achieve the following objectives:

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

(4d) ***Clean Development Mechanism***

Increased awareness of global warming and the need to control greenhouse gas (GHG) emissions has given rise to reduced carbon emissions as a policy objective. The Kyoto Protocol is an international agreement under the

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

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

Renewable energy generation projects, hydropower projects, gas based generation facilities and coal based generation facilities with generation efficiency meeting certain criteria are eligible for CERs.

(5) Outlook

The Ministry of Power has set a goal of "Mission 2012: Power for All". Based on the 17th Electrical Power Survey (EPS), the total energy requirements in India are expected to increase to 968,659 GWh by fiscal year 2012, 1,392,066 GWh by fiscal year 2017 and to 1,914,508 GWh by fiscal year 2022. This would lead to an annual electric peak load of 152,746 MW in fiscal year 2012, 218,209 MW in fiscal year 2017 and 298,253 MW in fiscal year 2022. According to the 17th EPS, the northern region is expected to contribute 30.1% and the western region 28.4% of the overall annual electric peak load in fiscal year 2022.

According to a report by the Ministry Of Power, titled "Key inputs for accelerated development of Indian Power Sector for 11th plan and beyond", in the period from fiscal 2007 to 2012, the private sector is expected to account for approximately 13.7% of the total energy capacity added, the central government is expected to account for 50.7% of the total energy capacity added and the state governments are expected to account for approximately 35.6% of the total energy capacity added. In addition, the Electricity Act 2003 has provided for the liberalization of the Government of India's licensing requirements to engage in the thermal power generation business which should encourage private thermal power projects in the future.

In line with the aggressive targets set by the government, a blueprint for power sector development has been prepared encompassing an integrated strategy with the following objectives:

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

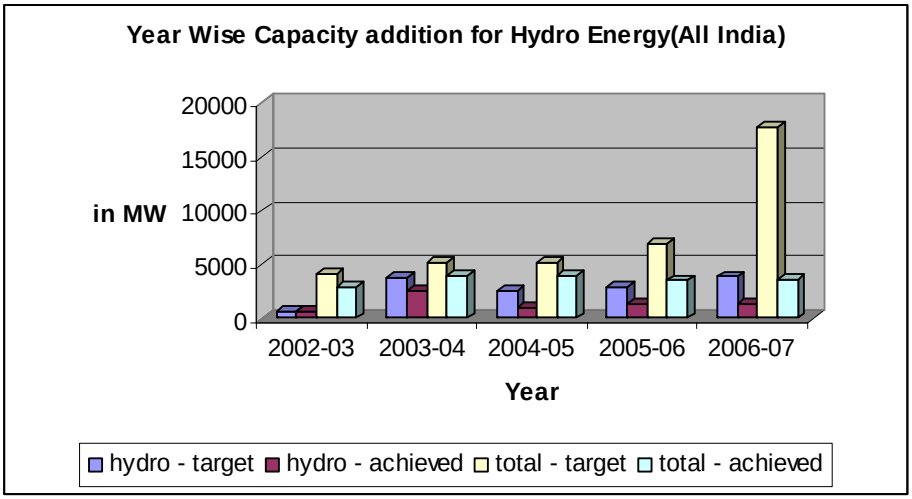
The Government, through the Ministry of Power, has laid out the following broad strategies to achieve the objectives:

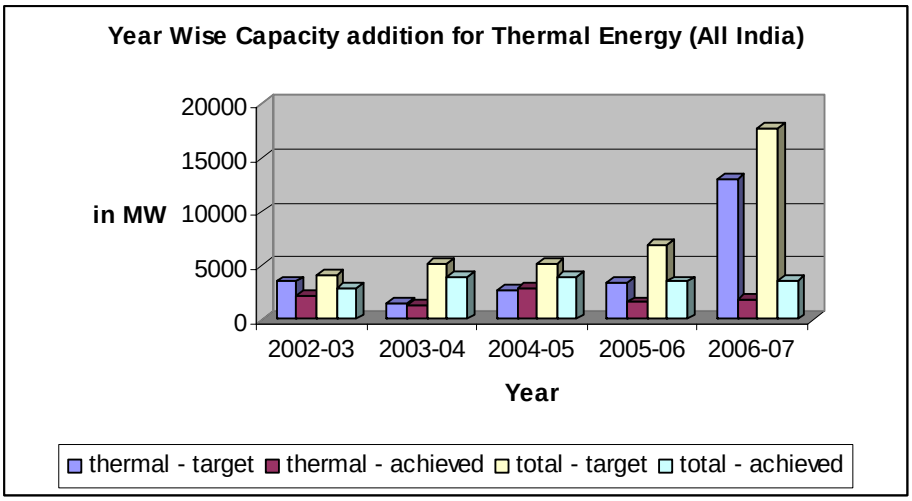
- Power Generation Strategy—focusing on low cost generation, optimization of capacity utilisation, controlling input costs, optimisation of fuel mix, technology upgrades and utilisation of non conventional energy sources;
- Transmission Strategy—focusing on developing the National Grid, including interstate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

(5a) ***Capacity Additions***

The Government of India adopts a system of successive Five-Year Plans that set out targets for economic development in various sectors, including the power sector. Each successive Five-Year Plan has increased targets for additional capacity based on different fuel sources. The Tenth Five-Year Plan for 2002 to 2007 targeted a capacity addition of 39,230MW. However, the actual capacity addition in the Tenth Five-year (up to December 2006) was just 18,009 MW.

The chart below gives year wise capacity addition during the Tenth Five-Year Plan (2002-2007) up to December 31, 2006. (*Source: Working Group on Power for 11th Plan)*





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

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

Sector	Hydro	Thermal	Nuclear	Total (%)
Central	9,685	26,800	3,380	39,865 (50.7%)
State	3,605	24,347	-	27,952 (35.6%)
Private	3,263	7,497	-	10,760 (13.7%)

Sector	Hydro	Thermal	Nuclear	Total (%)
All-India	**16,553**	**58,644**	**3,380**	**78,577 (100%)**

Source: White Paper on Strategy for ther-11th Plan (2007-12)

Required Capacity Additions foreseen by the 12th Plan

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

Capacity addition foreseen to be required during 12th plan (2012-17):

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

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

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

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

(6) *Power Generation*

Thermal Power Generation

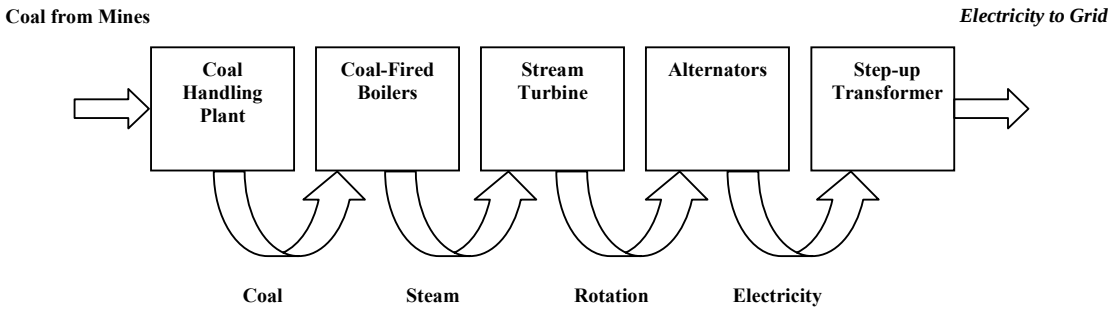
Thermal power can be generated in steam-cycle power plants, combined-cycle power plants and integrated gasification combined-cycle power plants.

1) Steam-cycle power plants

In a steam-cycle power plant, pulverized coal or lignite is burnt to boil water in a boiler and generates steam at high temperature and pressure. This steam is used to run a steam turbine, coupled with an electric generator. Some of the heat generated is lost through radiation from pipelines, leakage from equipment and heat carried by the exhaust from the turbine. The ratio of the heat converted into electricity to the total heat generated by burning the fuel is referred to as the thermal efficiency of the plant. Typically, the thermal efficiency of conventional steam-cycle power plants ranges between 33% and 35%.

Recent developments in technology have helped increase the thermal efficiency of steam-cycle power plants to nearly 40-42%. These developments include the use of fluidised bed combustion boilers, which also reduce the emission of sulphur oxides, the use of supercritical steam boilers (with respect to temperature and pressure parameters), and the use of coal gasification technology in combination with cycle technology.

The coal-fired power process is illustrated below:



2) Combined-cycle power plants

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

Technological developments have enabled combined-cycle power plants to achieve thermal efficiency of up to 55%. The most important development that has helped increase efficiency is the use of higher temperature gases at the gas turbine inlet.

3) Integrated gasification combined-cycle power plants

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

After discussion with the various State Government and Central Generating Companies, thermal projects with total capacity of 46,635 MW of coal based and 1375 MW lignite based capacity have been identified for capacity addition during the 11th plan.

Hydroelectric Power Generation

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

In order to evaluate the potential energy from a hydroelectric project site three aspects need to be considered:

1) *The Head:* This is the height the water falls through the hydro installation. The gross head is the difference between the upstream water level, where the water would enter a pipeline, and the down stream level, where the water leaves the installation. The net head is usually taken as the head across the turbine only and is the gross head less the losses due to pipeline friction, intake screen losses and other such reductions in energy.

2) *Available Flow:* This is the flow that can be directed through the turbine, which may not be the entire flow of the river since some water is usually left in the water course for environmental reasons.

3) *Duration of the Flow:* The flow in most rivers varies with time. Hence a flow duration curve is required to estimate the amount of time that an installation can run during the year. An average flow is generally given when discussing flow duration.

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

1) *Run-of-the-river scheme.* In this type of scheme electricity is generated from the water flow of a river or other moving water source. This type of project generally has no reservoir to store water inflow from the catchment area. Storage ponds can be constructed to divert water in a run-of-the river scheme; however, these storage ponds do not have an impact on the flow of the water source. Storage ponds on run-of-the-river schemes, or pondage schemes, are used to mitigate the impact of short-term variations in the water flow.

2) *Storage schemes.* These schemes include a reservoir in which a seasonal surplus of water in excess of demand is stored for use of generating electricity in seasons of lower flows when demand exceeds inflow. In a storage scheme there is much greater flexibility for modulation of inflows. It can have annual or even carry-over capacity from one year to the next.

3) *Tidal plant schemes.* In a tidal plant scheme, electric power is generated by virtue of the daily differences in tidal levels. The tidal range, or amplitude, is given by the difference between the high tide level and the subsequent low tide level. The tidal range is not constant but fluctuates to a smaller or larger extent around a local mean value depending on geographical position.

4) *Pumped storage schemes.* In these schemes water is used to generate power during peak demand, while the same water is pumped back in the reservoir during periods of lean demand. A pumped storage plant operates on the principle that the same machines are used for generation of power during peak hours when power is given to the network and for pumping back water into the reservoir during off-peak hours, utilising power from the system. The provision is based on economics of operation and the availability of enough spare capacity in the grid to operate the machines as pumps in the low load period.

Run-of-the-river Hydroelectricity

Run-of-the-river hydroelectricity is a type of hydroelectric generation whereby the natural flow and elevation drop of a river are used to generate electricity. Power stations of this type are built on rivers that generally have a consistent and steady flow of water, either naturally or through the use of a large reservoir at the head of the river. Run-of-the-river projects also do not require the impoundment of water, such as through a dam. Instead, the water flow from a river is diverted and sent into a pipe called a penstock. The penstock feeds the water downhill to the power station's turbines. The natural force of gravity creates the energy required to spin the turbines that in turn generate electricity. The water leaves the generating station and is returned to the river without altering the existing flow or water levels.

The main advantage of run-of-the-river plants is that they do not require reservoirs or impoundment dams that flood the upper part of the river. As a result, natural habitats are preserved and the environmental impact of a run-of-the-river plant is considerably reduced compared to designs that use impoundment. However, the output from these plants is highly dependent on natural run-off. Run-off during the rainy season creates substantial energy while reduced run-off during the dry season creates relatively less energy. Water flow in plants located at low elevations may in some cases be affected by tidal patterns so the output of energy can vary during the day. Typically, run-of-the-river plants have little or no capacity to store part of the river flow or to co-ordinate the timing of electricity generation to meet demand. Further, run-of-the-river plants are considered "must-run" plants, which means that there is little control over their ability to dispatch electricity. See the section titled "Risk Factors — Risks Related to our Business in General — Our business is dependant upon the discharge of water from certain rivers, which is seasonal in nature, such that steady revenue streams throughout the year cannot be assured."

Before considering a run-of-the-river hydroelectric system, the proposed area must have a sufficient volume of falling water, usually in the form of a river or creek. The vertical distance the water falls is called head and is

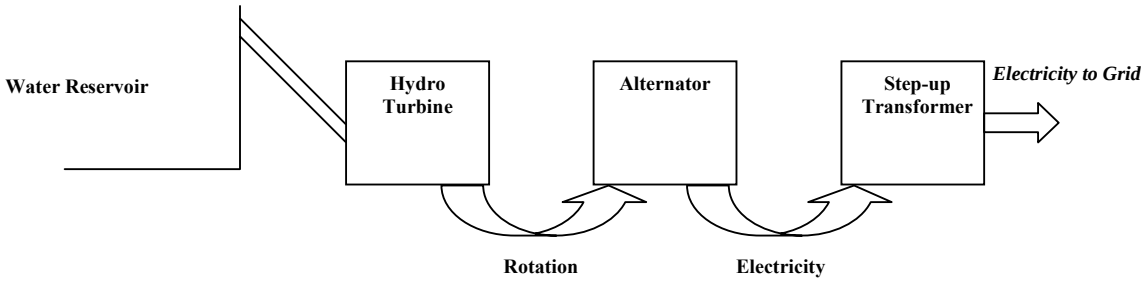
measured in meters or units of pressure. The quantity of water is called flow and is measured in cubic meters per second or liters per second. More head is usually better because the system uses less water and the equipment used for the plant can also be smaller.

Run-of-the-river systems operate as follows: (a) a diversion and intake collect water; (b) a penstock transports the water to the turbine; and (c) the turbine and generator convert the kinetic and potential energy in the water to electrical energy. A run-of-the-river system can be summarized as follows:

- Water is taken from the river by diverting it through an intake at a weir, which is a structure that ensures that the intake remains submerged during periods of fluctuating flow.
- In medium or high-head installations water may first be carried horizontally to the forebay tank by a small canal or "leat."
- Before descending to the turbine, the water passes through a settling tank or "forebay" in which the water is slowed down sufficiently for suspended particles to settle out.
- The forebay is usually protected by a rack of metal bars (a trash rack) which filters out water-borne debris.
- A pressure pipe, or "penstock," conveys the water from the forebay to the turbine, which is enclosed in the powerhouse together with the generator and control equipment.
- After leaving the turbine, the water discharges down a "tailrace" canal back into the river.

As of the date of this Draft Red Herring Prospectus, our operating plant and each of the hydroelectric plants in which we expect to acquire an interest are located in high-elevation areas, which provide greater predictability in the run-off rates and in the amount of electricity that they can produce.

The hydroelectric power process is illustrated below:



OUR BUSINESS

In this chapter, any reference to "we", "us", "our" refers to Jaiprakash Power Ventures Limited or JKHCL or the special purpose vehicles proposed to be incorporated for the Arunachal projects and the Meghalaya projects, either on a standalone basis or on a consolidated basis, as the context may require.

I. Overview

We are an Indian power company, incorporated on May 18, 1995, that is part of the Jaypee Group. We plan, develop, implement and operate power projects in India. We currently operate the largest hydroelectric power plant in the private sector in India (source: "White Paper on Strategy for the 11th Plan" downloaded from the CEA website on October 31, 2007). Jaiprakash Associates Limited (JAL) and Jaypee Ventures Private Limited (JVPL), which are both part of the Jaypee Group, own 80.56% and 15.02%, respectively, of our Equity Shares.

The Jaypee Group is a diversified infrastructure conglomerate in India with interests in civil engineering and construction, cement, power, real estate, expressways, hospitality, golf courses and not-for-profit education. We believe we benefit from the Jaypee Group's experience in the conceptualization, design, development, construction and operation of hydroelectric power plants. Together with the Jaypee Group, we are able to manage multiple aspects of power projects, from front-end engineering design to completion, operation and maintenance.

We own one operating hydroelectric power plant and we are implementing one coal-fired thermal project:

- a 400 MW run-of-the-river hydroelectric power plant consisting of four 100 MW units on the river Alaknanda in Chamoli district of the state of Uttarakhand that was fully commissioned in October 2006 (our Vishunuprayag plant); and
- a 1,000 MW coal-fired thermal power plant in Sidhi district of the state of Madhya Pradesh expected to commence operations in 2012 (our Nigrie Thermal project, which consists of two 500 MW units) for which we entered into an implementation agreement with the state of Madhya Pradesh on December 12, 2007.

We propose to subscribe to equity shares representing the following interests using the proceeds of the Issue:

- 55.36% of the equity capital of Jaypee Karcham Hydro Corporation Limited (JKHCL), which is implementing a 1,000 MW(4 x 250 MW units) run-of-the-river hydroelectric power project on the river Sutlej, in Kinnaur district of the state of Himachal Pradesh, expected to commence operations in 2011 (the Karcham-Wangtoo project); and
- 23% of the equity capital of Jaypee Powergrid Limited (JPL), which is developing a 230 km long power transmission project to evacuate power from the Karcham-Wangtoo project, expected to commence operations by 2010 (the Transmission project).

We plan to implement a 2,025 MW hydroelectric project (the Lower Siang project), expected to commence operations in 2014, and a 500 MW hydroelectric project (the Hirong project), expected to commence operations in 2015, in the state of Arunachal Pradesh (collectively the Arunachal projects). These projects were initially awarded to JAL and were transferred to us through a tripartite agreement dated December 13, 2007 executed between Government of Arunachal Pradesh, JAL and our Company. The memoranda of agreement for these projects provide for the Government of Arunachal Pradesh to own 11% of the equity capital in the special purpose vehicle(s) that are to be incorporated to implement each of these projects.

We also plan to implement a 450 MW hydroelectric project (the Kynshi II project) and a 270 MW hydroelectric project (the Umngot project) in the state of Meghalaya (collectively the Meghalaya projects), each of which is expected to commence operations in 2016, for which we have entered into two memoranda of agreement dated December 11, 2007 with the Government of Meghalaya. The memoranda of agreement provide for the Government of Meghalaya to own 26% of the equity capital in the special purpose vehicle(s) that are to be incorporated to implement each of the Meghalaya projects.

In total, these power generation projects represent an aggregate current and planned generation capacity of 5,645 MW, consisting of our 400 MW Vishnuprayag plant, our 1,000 MW Nigrie Thermal project under development, the 1,000 MW Karcham-Wangtoo project under implementation by JKHCL, a company in which we propose to

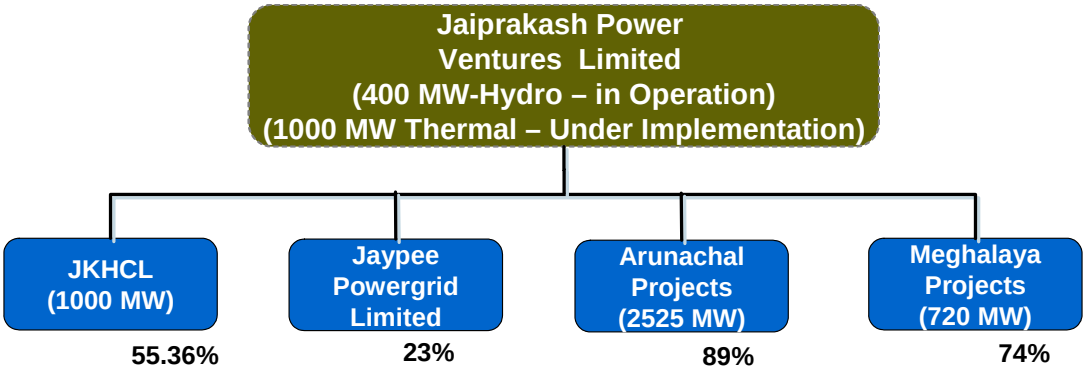
subscribe to 55.36% of the equity capital and the planned 2,025 MW Lower Siang project, 500 MW Hirong project, 450MW Kynshi II project and 270 MW Umngot project, each to be implemented by a special purpose vehicle that we expect to incorporate pursuant to the terms of such project's memorandum of agreement.

For further details about the contract in relation to our Vishnuprayag plant, our Nigrie Thermal project, the Karcham-Wangtoo project, the Transmission project, the Arunachal projects and the Meghalaya projects, please refer to this chapter and the chapter titled "Key Business Contracts" beginning on page 135 of the Draft Red Herring Prospectus.

For the year ended March 31, 2007 (our first fiscal year following the commissioning of the Vishnuprayag plant), our total revenues were Rs. 2,165.91 million and our restated net profit after tax was Rs. 761.33 million. In the six months ended September 30, 2007 our total revenues were Rs. 2,427.95 million, and our restated net profit after tax was Rs. 1,326.17 million. In the year ended March 31, 2007, our average selling price of electricity was Rs. 2.56 per kilowatt hour (computed based on net Saleable Energy under the terms of our PPA and including incentives for Plant Availability and Secondary Energy). We declared a maiden dividend of 7% for the year ended March 31, 2007 and an interim dividend of 12%.

For the year ended March 31, 2007 and for the six months ended September 30, 2007, Plant Availability for our Vishnuprayag plant was 98.5% and 98.67%, respectively, which entitles us to certain incentives pursuant to our PPA. Please refer to the paragraph titled "Vishnuprayag Plant – Power Purchase Agreement" in this chapter beginning on page 120 of the Draft Red Herring Prospectus.

The following chart represents our intended corporate structure to implement our current and planned projects.



II. Our Promoter Group

JAL, our Promoter, is the flagship company of the Jaypee Group. The Jaypee Group is a diversified infrastructure conglomerate in India with interests in the areas of civil engineering and construction, cement, power, real estate, expressways, hospitality, golf courses and not-for-profit education. The Jaypee Group has over four decades of experience in undertaking engineering-procurement-construction and turnkey contracts in the Indian hydroelectric sector, as a well-known construction company or as a member of consortia and joint ventures. For further details regarding our Promoter and Promoter Group Companies, please refer to the chapters titled "Our Promoter" and "Our Promoter Group Companies" beginning on pages 194 and 203 of the Draft Red Herring Prospectus.

Mr. Jaiprakash Gaur, the founder of the Jaypee Group, has been associated with the construction industry for over 51 years. He is an alumnus of the University of Roorkee (now the Indian Institute of Technology, Roorkee). Mr. Jaiprakash Gaur has spearheaded the growth of the Jaypee Group.

III. Our Competitive Strengths

We believe that the following are our primary competitive strengths:

Strong position in India's power sector based on efficiency, location and project mix

We believe we have a strong position in India's power sector for the following reasons:

4. Our Vishnuprayag plant is the largest operating hydroelectric power plant in India's private sector, according to the "White Paper on Strategy for 11th Plan" (source: website of the CEA downloaded on October 31, 2007). The plant is operating successfully and has generated energy in excess of its Design Energy with Plant Availability in excess of 98% in its first year of operation. In order to ensure rated output on a sustained basis, our major plant equipment for each of our projects has been or is expected to be sourced from vendors in Western Europe, North America and South America.

5. Our hydroelectric power plant and proposed hydroelectric projects under development are located in India's Northern and North-Eastern regions, where water flow tends to be constant and conducive to power generation. Our thermal project is located in Central India in close proximity to its fuel supply.

6. We have a mix of hydroelectric and thermal power plants (in operation, under implementation and planned) that is predominantly based on hydroelectric power projects. Approximately 80% of the total planned capacity of projects that we operate or propose to develop is hydroelectric power, which positions us well to benefit from the sale of Peaking Power and low operating costs.

Ability to Leverage the Jaypee Group's Expertise, Experience and Technical Capabilities

We believe we benefit from the Jaypee Group's expertise, resources, project sourcing and in-house capabilities, which help us develop and operate projects in a technically proficient and cost-effective manner. The Jaypee Group has added 700 MW of hydroelectric power capacity since the power sector reforms implemented by the Government of India in 1991. The Jaypee Group has added 700 MW of new hydroelectric capacity out of a total 786 MW of hydroelectric capacity added by the Indian private sector over the last ten years. The Jaypee Group's Baspa-II 300 MW hydroelectric power plant was among the first build-own-operate-transfer plants to be commissioned following the 1991 Indian power sector reforms. JHPL was awarded Silver Shield of the Ministry of Power National Awards for Meritorious Performance 2004-2005 by the honourable Prime Minister of India in recognition of the outstanding performance of the Baspa-II 300 MW hydroelectric power plant in its first full year of operation. The Jaypee Group has a strong project implementation track record as a hydroelectric construction company and has participated in projects that have added over 7,880 MW of hydroelectricity to the national grid over the last five years.

We expect to have access to the Jaypee Group's in-house organization that specializes in project design, with detailed engineering capabilities ranging from the concept stage to the manufacture of specialized parts and the commissioning, operation and maintenance of projects. This team is supported by reputed international and domestic project consultants. As of March 31, 2007, the Jaypee Group had approximately 2,500 in-house engineers with expertise in a range of engineering disciplines, particularly hydrology, electrical, civil and structural design, hydro mechanical and geotechnical design. These engineers have specialized skills and experience relating to tunnel design, variable and unpredictable geological conditions and certain specific analysis, design and CAD software applications. In addition, we expect to benefit from the Jaypee Group's in-house hydro-mechanical workshop, which we believe will provide further efficiencies by manufacturing certain hydro-mechanical equipment within our promoter group. The Jaypee Group is also developing an in-house coating facility for the runners which can be used by our hydroelectric power projects and has mining experience that we believe will be beneficial to our proposed Nigrie Thermal project.

Steady cash flows from long-term power purchase agreements

We sell the entire Saleable Energy generated from our Vishnuprayag plant to Uttar Pradesh Power Corporation Limited (UPPCL) pursuant to our Power Purchase Agreement (PPA) with UPPCL. UPPCL's payments under this PPA are secured by a multi-tier payment security mechanism. UPPCL is required to maintain an irrevocable letter of credit in our favor. Additionally, we have a first lien on all revenues of UPPCL in designated distribution circles, including those from bulk consumers, which are required to be deposited in an escrow account. In the event of a default by UPPCL, we will have recourse to an unconditional guarantee provided by the Government of Uttar Pradesh. JKHCL has entered into a PPA with PTC India Limited (PTCIL) to sell 704 MW, which is 80% of its Saleable Energy from the Karcham-Wangtoo project. PTCIL is required to provide JKHCL with a monthly irrevocable letter of credit which may be drawn by JKHCL in respect of payments due under the PPA. Additionally, JKHCL has a lien on all revenues of PTCIL under any power sale agreements for JKHCL's power, which are required to be deposited in a bank account and which account would be used to satisfy PTCIL's obligations to JKHCL in the event PTCIL does not replenish the letter of credit or if

an enforceable letter of credit is not in place to secure payments to JKHCL. If JKHCL is unable to realize payments from such account, PTCIL would be required to invoke the payment security mechanism under any power sale agreement entered into to discharge its obligations under its PPA with JKHCL. These PPAs are long-term agreements that we believe will provide steady cash flows in the medium and long-term.

Low operating cost of hydroelectric plants

Each of the Vishnuprayag plant, the Karcham-Wangtoo project, the Lower Siang Project, the Hirong Project, the Kynshi II project and the Umngot project is a "run-of-the-river" hydroelectric power generation plant or project. As hydroelectric power plants rely on natural water flow to generate electricity, there are no specific raw material costs and therefore they are not exposed to market fluctuations in raw material costs. Hydroelectric projects also have lower operation and maintenance expenditure compared to other power projects. Approximately 80% of the total planned capacity of projects that we operate or propose to develop is hydroelectric power, which we believe will result in a favourable operating cost structure.

Allocated fuel supply and cost-efficiencies associated with our Nigrie Thermal project

Our Nigrie Thermal project is expected to obtain its fuel requirement pursuant to long term coal supply agreements (CSA), from coal blocks managed by joint ventures (incorporated or to be incorporated) of JAL and the Madhya Pradesh State Mining Corporation Limited (MPSMCL). With respect to the Amelia (North) coal block, JAL and MPSMCL have entered into a joint venture agreement dated January 27, 2006 pursuant to which Madhya Pradesh Jaypee Minerals Limited (MPJML), the joint venture company, is expected to mine and produce coal for our Nigrie Thermal project. MPSMCL has issued a letter of intent to JAL dated June 11, 2007 for development of the Dongri Tal II coal block through a similar joint venture agreement. However, the joint venture company is yet to be incorporated. On December 25, 2007, we entered into a CSA with MPJML for a term of 25 years, in respect of the Amelia (North) Coal Block during which MPJML has agreed to supply to us, and we have agreed to purchase, 2.5 million tonnes of coal per year. We expect to enter into a similar coal supply agreement for coal from the Dongri Tal II coal block. Our Nigrie Thermal project is strategically located near these coal mines, which we believe will reduce our transportation costs in connection with this fuel supply. In addition, we expect to lower the disposal costs associated with our thermal plant and also expect to earn additional revenue streams by selling coal ash to various cement plants or by setting up our own cement manufacturing facility to utilise the coal ash. We believe that our proximity to these coal blocks, allocated fuel supply and cost efficiencies as outlined above will enable us to generate electricity at competitive rates

Strong operating performance due to plant efficiency

We measure our efficiency with reference to our Plant Availability and generation targets achieved. With respect to the Vishnuprayag plant, for the year ended March 31, 2007 and the six months ended September 30, 2007, the plant generated 951.55 MU and 1,475.21 MU, respectively, excluding Infirm Energy, with Plant Availability of 98.5% and 98.67%, respectively. We believe this initial performance data demonstrates our ability to operate and maintain power projects efficiently. In order to consistently ensure a high availability of our plant and equipment, we extensively monitor and systematically carry out the prescribed maintenance scheduled for the plant. For operation and maintenance, we have formed a group which is specially trained in operation and maintenance activities. This group's functions include:

- operation activities including scheduling and optimization of generation, keeping in view water availability and system conditions; and

- maintenance activities including preventive maintenance, overhauling and reconditioning of equipment and attending to shut-downs within minimum time to prevent loss of generation.

To facilitate operation and maintenance, detailed operation and maintenance manuals containing prescribed maintenance schedules, preventive steps and a data bank of spares and tools have been created. Sufficient inventories of spares have been procured to prevent loss of generation. Operation and maintenance staff are trained at suppliers' works through various training programmes in India and abroad from time to time.

Strong and experienced management team, well-trained workforce and streamlined operating processes

We have an experienced management team with a hands-on understanding of both the financial and technical aspects of the power generation business. Our senior management has extensive operational and management

experience in the power generation industry and has enjoyed a long tenure with us and the Jaypee Group. Our management team also has an extensive knowledge of the Indian power industry and regulatory environment. We believe we have a good reputation with off-takers, financiers, regulatory agencies and other industry participants. Our reputation and our management expertise will be key factors in ensuring the sustainability of our operations. We invest substantial resources in employee training and development. In addition, we expect that our uniform operational systems, processes and staff training procedures will enable us to replicate our operating standards across our operating plant and the projects we expect to develop. Please refer to the chapter titled "Our Management" beginning on page 171 of the Draft Red Herring Prospectus.

Profit from the sale of carbon emissions credits

We have opted for Verified Emission Reduction (VER) under the Voluntary Carbon Standard for our Vishnuprayag plant, a program that encourages sustainable development projects that reduce greenhouse gas emissions by issuing tradable certificates called VERs. VERs generated by our Vishnuprayag plant upto March 31, 2007 have been sold during the current financial year on a spot basis in the international market. VERs generated by our Vishnuprayag plant is computed on the basis of 1000 kWH = 0.75 VER We believe we will be able to continue to profit from the sale of VERs from our Vishnuprayag plant in the future. In addition, JKHCL expects to work toward achieving eligibility for the Karcham-Wangtoo project under the Clean Development Mechanism (CDM). If accredited under the CDM, the Karcham Wangtoo project would generate approximately 3.35 million CERs based on the computation of 1000 kWH = 0.75 CER. Our Nigrie Thermal project may also seek to become eligible under the CDM based on that project's proposed use of supercritical technology, which is a technology for efficient energy use and emissions reduction.

IV. Our Strategy

Our corporate vision is to become a world class, diversified power company with diversified sources of revenue and low business risk. The following are our strategies for achieving our vision:

Benefit from the growth of the Indian power sector

The Government of India in its 11th Plan (2007-2012) has recommended a capacity addition of 78,577 MW to meet increasing power shortages. According to the CEA, the total aggregate peak shortage of power was 13,897 MW in the year ended March 31, 2007. The 11th Plan Working Group has recommended a capacity addition in the range of 82,200 MW to 94,300 MW for the 12th Plan (2012-2017). We believe that our planned power projects will contribute to the substantial growth of the Indian power sector that is contemplated by the 11th Plan and proposed for the 12th Plan.

Expand our installed capacity to develop a diversified portfolio of assets

Our Vishnuprayag plant has operated successfully in its first year of operation, generating energy in excess of its Design Energy (calculated on a pro rata basis for the portion of the year that our Vishnuprayag plant was in operation). We are currently engaged in the development of one thermal power project and we are developing or propose to develop five hydroelectric projects through special purpose vehicle(s) in which we propose to subscribe to equity capital. These six power generation projects are expected to result in aggregate new planned capacity of 5,245 MW, consisting of our 1,000 MW Nigrie Thermal project, the 1,000 MW Karcham-Wangtoo project being implemented by JKHCL, a company in which we propose to subscribe to 55.36% of the equity capital, the 2,025 MW Lower Siang project and the 500 MW Hirong project, for which the memoranda of agreement provide for the Government of Arunachal Pradesh to own 11% of the equity capital of special purpose vehicle(s) to be incorporated to implement the projects, and the 450MW Kynshi II project and the 270 MW Umngot project, for which the memoranda of agreement provide for the Government of Meghalaya to own 26% of the equity capital of the special purpose vehicle(s) to be incorporated to implement the projects. We believe that once our planned projects are commissioned we will be well-positioned to supply Peaking Power based on our multiple hydroelectric projects. We may also consider strategic growth opportunities, including through acquisitions and investments, to expand our portfolio of assets

Achieve balance among long term power purchase agreements and open market sales

Our Vishnuprayag plant and the Karcham-Wangtoo project benefit from the security of long term PPAs that require UPPCL to purchase the entire Saleable Energy that we produce from the Vishnuprayag plant and PTCIL to purchase 80% of the Saleable Energy (704 MW) that JKHCL expects to produce from the Karcham-Wangtoo

project. JKHCL intends to retain 20% of the Saleable Energy that it expects to produce from the Karcham-Wangtoo project during the first 12 years of operation and approximately 14% thereafter for sale in the open market. Our current strategy targets the sale of approximately 60% of the total current and planned capacity of our power plant and projects, including the projects in which we propose to subscribe to equity interests, pursuant to long term PPAs. Our current strategy targets the sale of the remaining 40% of the power from our planned projects in the open market. We believe this strategy will enable us to benefit from any upward movements in power prices in the open market and that this combination of security and flexibility in the power tariff that we expect to realize will position us well to succeed in both strong and weak energy price environments.

Vertically integrate our business by developing the capacity for power transmission

JPL, a company in which we propose to subscribe to 23% of the equity capital using a portion of the proceeds of the Issue, is implementing the Transmission project to evacuate power from the 1,000 MW Karcham-Wangtoo project, which is being developed by JKHCL, a company in which we propose to subscribe to 55.36% of the equity capital using a portion of the proceeds of the Issue. By adding transmission capacity to our business, we believe we will benefit from vertical integration by reducing our reliance on external transmission facilities.

V. Operating Plant and Planned Projects

A summary of our Vishnuprayag plant, our Nigrie Thermal project, the Karcham-Wangtoo project and the Transmission project is as follows:

Plant / Project	Interest / Expected interest (% of equity)	Nature of Plant/Project	Design Capacity (MW)	Budgeted Project Cost (Rs. millions)	Total Expenditure Incurred as of November 30, 2007 (Rs. millions)	Commercial Operation Date
Vishnuprayag	Owned directly	Hydroelectric power generation	400	16,940	16,842.00	2006
Transmission	23%[1]	Power transmission (230 km)	-	10,000	56.78	2010[3]
Karcham-Wangtoo	55.36%[1]	Hydroelectric power generation	1,000	56,000	10,805.60	2011[3]
Nigrie Thermal	Owned directly	Coal-fired Thermal power generation	1,000	50,000	225.38[2]	2012[3]

[1] Expected pursuant to a proposed subscription to equity capital using a portion of the proceeds of the Issue.
[2] As of December 14, 2007.
[3] Expected commercial operation date.

A summary of the Lower Siang project, the Hirong project, the Kynshi II project and the Umngot project is as follows.

Plant / Project	Expected Interest (% of equity)	Nature of Plant/Project	Design Capacity (MW)	Expected Commercial Operation Date[1]
Lower Siang	89%	Hydroelectric power generation	2,025[2]	2014
Hirong	89%	Hydroelectric power generation	500	2015
Kynshi II	74%	Hydroelectric power generation	450	2016
Umngot	74%	Hydroelectric power generation	270	2016

[1] The expected commercial operation dates are based on current management estimates, subject to updated or planned Detailed Project Reports (DPRs).

[2] In the MoA between JAL and the GoAP (subsequently transferred to our Company), the capacity of the Lower Siang project was stated as 1600MW. The same has been estimated at 2000MW in the DPR prepared by NHPC, in relation to the Lower Siang project dated March 2006. Subsequent to further evaluation by our Company, this estimate has been upgraded to 2025MW, and this increase in the estimate has been acknowledged by the Ministry of Environment & Forests, Government of India in their letter dated November 7, 2007 granting clearance for pre-construction activities at the proposed project site.

Vishnuprayag Plant

The various units of the 400 MW Vishnuprayag plant were successfully commissioned between June and October 2006. For the year ended March 31, 2007 and the six months ended September 30, 2007, the plant generated 951.55 MU and 1,475.21 MU, respectively, excluding Infirm Energy, with Plant Availability of 98.5% and 98.67%, respectively.

Project Development

The Vishnuprayag plant is a run-of-the-river power plant on the river Alaknanda in Chamoli district in the state of Uttarakhand. We developed our Vishnuprayag plant through various execution contracts with JAL and JVPL, who had primary responsibility for consultancy and design services. We also entered into contracts for major supply and supervision of erection and commissioning of hydro-generating equipment, gas insulate switchgear equipment and XLPE cables with Alstom, France. The plant is designed to generate 1,774 MU in a 90% Dependable Year and 1,947 MU in a 50% Dependable Year. The project did not involve any submergence or rehabilitation. Our Vishnuprayag plant was commissioned approximately six months ahead of the deadline stipulated in our PPA with UPPCL.

Project Financing

The total capitalized cost of the Vishnuprayag plant as of its commissioning in October 2006 was Rs. 16,655.0 million. We have committed to incur further capital expenditures of approximately Rs. 285.0 million in connection with pending contracts, such that the total completion cost of the Vishnuprayag plant is expected to be approximately Rs. 16,940.0 million. The terms of the PPA require us to pay the sum of Rs. 250.0 million, in five annual installments of Rs. 50.0 million each after one year from the date of commissioning of the Vishnuprayag plant, to either the Government of Uttar Pradesh or the Government of Uttarakhand (as determined by those states). For further details on our project financing, please refer to the chapter titled "Financial Indebtedness" beginning on page 286 of the Draft Red Herring Prospectus.

Power Purchase Agreement

Pursuant to a PPA between us and UPPCL, UPPCL has agreed to purchase the entire Saleable Energy generated by the project for a period of 30 years and is extendable by mutual agreement for a further 20 years. The tariff is computed in accordance with the PPA, which has been approved by the Uttar Pradesh Electricity Regulatory Commission (UPERC). 12% of the energy generated by the project is supplied free of charge to the Government of Uttarakhand pursuant to the amended implementation agreement dated March 22, 2003 among the Government of Uttar Pradesh, the Government of Uttarakhand, UPPCL and our Company. For the year ended March 31, 2007, a total of 951.55 MU was generated by the Vishnuprayag plant, of which 114.17 MU was supplied to the Government of Uttarakhand free of charge.

The tariff structure for power sold to UPPCL consists of a Capacity Charge, an Energy Charge, payment for Secondary Energy and an incentive for Plant Availability.

Capacity Charge. The Capacity Charge is calculated on the basis of our interest payments on debt incurred in connection with the Vishnuprayag plant, plus depreciation calculated at 3.92% per year up to an aggregate maximum of 90% of the approved capitalized cost (as approved by the appropriate electricity regulatory commission) of the Vishnuprayag plant. The Capacity Charge also allows for advances against depreciation to the extent that the actual loan repayment liability in a given year exceeds the depreciation amounts. The Capacity Charge is recoverable by us in full if the Vishnuprayag plant achieves Plant Availability above 90% for a given year, but is subject to pro rata reduction for Plant Availability below 90%.

Energy Charge. The Energy Charge includes (i) a 16% annual return on equity, (ii) annual operation and maintenance expenses of 1.5% of the approved capitalized cost of the Vishnuprayag plant in its first year of operation, which are thereafter indexed to inflation (linked 70% to the Wholesale Price Index and 30% to the Consumer Price Index), (iii) our actual income tax liability from the Vishnuprayag plant (iv) interest on working capital and (v) miscellaneous charges.

Secondary Energy. The payment for Secondary Energy is for energy that is in excess of the Design Energy of the plant based on a 90% Dependable Year and is paid at the same rate as the Energy Charge.

Incentive for Plant Availability. The incentive for Plant Availability is payable if Plant Availability exceeds 90% and can range from 0% to 6.6% of return on equity, depending on actual Plant Availability in a given year, as follows:

Plant Availability	**Incentive for Plant Availability**
90 – 91%	0.6% of equity capital
91 – 92%	1.2% of equity capital
92 – 93%	1.8% of equity capital
93 – 94%	2.45% of equity capital
94 – 95%	3.1% of equity capital
95 – 96%	3.8% of equity capital
96 – 97%	4.5% of equity capital
97 – 98%	5.2% of equity capital
98 – 99%	5.9% of equity capital
99% - 100%	6.6% of equity capital

For further details please refer to the chapter on "Key Business Contracts" beginning on page 135 of the Draft Red Herring Prospectus.

The year ended March 31, 2007 was the Vishnuprayag plant's first fiscal year of operations. Our operating income from the Vishnuprayag plant during the year ended March 31, 2007 and the six months ended September 30, 2007, amounted to Rs. 2,141.58 million and Rs. 2,279.08 million, respectively.

UPPCL's payments under the PPA are secured by a multi-tier payment security mechanism. UPPCL is required to maintain an irrevocable letter of credit in our favor. Additionally, we have a first lien on all revenues of UPPCL in designated distribution circles, including those from bulk consumers, which shall be deposited in an escrow account. In the event of a default by UPPCL, we will also have recourse to an unconditional guarantee provided by the Government of Uttar Pradesh.

Operations and Maintenance

The operation and maintenance of the Vishnuprayag plant is carried out by our own technically qualified and experienced team. We have formed a group which is specially trained in operation and maintenance activities, including scheduling and optimization of generation, keeping in view water availability and system conditions and maintenance activities including preventive maintenance, overhauling and reconditioning of equipment and attending to shut-downs within minimum time to prevent loss of generation. Ongoing maintenance includes scheduled shutdowns for each of our Vishnuprayag plant's four units, which are staggered so as not to require a scheduled shutdown of the entire plant at any time.

Power Transmission

The Vishnuprayag plant is interconnected to a 400KV grid substation owned by UPPCL at Muzaffarnagar in the state of Uttar Pradesh via a double circuit transmission line. Special heavy duty towers are used in these hilly areas.

Karcham-Wangtoo Project

The 1,000 MW Karcham-Wangtoo hydroelectric project (consisting of four 250 MW units) is currently being developed on the river Sutlej in Kinnaur district of the state of Himachal Pradesh by JKHCL, a company in which JAL currently owns 100% of the equity capital. One of the objects of the Issue is for us to contribute equity of Rs. 9,300.0 million toward the subscription for shares representing a 55.36% interest in JKHCL (following our infusion of equity).

Project Development

The Karcham-Wangtoo project was awarded to JAL by an implementation agreement dated November 18, 1999. By a tripartite agreement dated December 30, 2002 between the Government of Himachal Pradesh, JAL and JKHCL, the entire obligations of JAL under the implementation agreement dated November 18, 1999 were assigned to JKHCL. Pursuant to this agreement, JKHCL has agreed to provide to the state of Himachal Pradesh, free of charge, 12% of the power produced by the Karcham-Wangtoo project for the first 12 years of the agreement and 18% of the power produced during the remaining 28 years of the initial term. Pursuant to a contract dated July 9, 2003 between JKHCL and JAL for engineering, procurement and construction of civil, hydro-mechanical and electro-mechanical works, JAL agreed to design, engineer, procure and construct the Karcham-Wangtoo project in consideration of payments to be made by JKHCL. The Karcham-Wangtoo project is a run-of-the-river power plant designed to generate 4,464 MU in a 90% Dependable Year and 4,811 MU in a 50% Dependable Year. The implementation of the project has commenced. The project is scheduled for commercial operations by 2011.

Land Acquisition

For details on land acquisition in connection with the Karcham-Wangtoo project, please refer to the chapter titled "Objects of the Issue" beginning on page 77 of the Draft Red Herring Prospectus.

Project Financing

The total project cost is estimated to be approximately Rs. 56,000.0 million. JKHCL has entered into a project finance facility aggregating Rs. 39,200.0 million with ICICI Bank Limited as the facility agent for debt syndication of the project. As on November 30, 2007, JKHCL had incurred expenditures of Rs. 10,805.6 million in connection with the Karcham-Wangtoo project, financed by an equity contribution of Rs. 7,500.0 million and loans of Rs. 4,826.90 million. For further details on the project financing, please refer to the chapter titled "Financial Indebtedness" beginning on page 286 of the Draft Red Herring Prospectus.

Power Purchase Agreement

JKHCL entered into a PPA with PTCIL dated March 21, 2006. Pursuant to this agreement, PTCIL has agreed to purchase 704 MW of power for a term of 35 years at a tariff based on the completion cost of the project. The tariff is to be determined in accordance with the CERC regulations.

The agreement provides that a party will not be liable for indemnity claims made in a tariff year until the aggregate amount of the indemnity claims exceeds Rs. 1 million. Additionally, such party's liability is limited to a maximum of 5% of the average annual tariff payment for the tariff year in which a claim is made. In order to secure payments due under the PPA, PTCIL is required to establish and maintain a monthly revolving and irrevocable letter of credit in favour of JKHCL to secure payments due under the PPA.

The tariff for sale of electricity consists of a Capacity Charge, a Primary Energy Charge, a Secondary Energy Charge and a Capacity Index Incentive.

Capacity Charge. The Capacity Charge is equal to the Annual Fixed Charge, less the Primary Energy Charge. The Annual Fixed Charge is calculated on the basis of our interest payments on debt incurred in connection with the Karcham-Wangtoo project, a 14% assured annual return on equity, interest on working capital at the SBI prime lending rate, plus depreciation calculated at 2.57% per year and advances against depreciation as necessary to offset actual loan repayment liability in any given year. The Annual Fixed Charge also includes annual operation and maintenance expenses of 1.5% of the approved capitalized cost of the project in its first year of operation, which is escalated thereafter at 4% annually, plus JKHCL's actual income tax liability in proportion to PTCIL's annual revenue contribution as a ratio to the total annual revenue of the company, from the Karcham-Wangtoo project.

JKHCL's recovery of the Capacity Charge is dependent on Plant Availability. Plant Availability is determined by reference to the daily Capacity Index, which is the declared capacity expressed as a percentage of the maximum available capacity for the day. The Capacity Charge is recoverable by JKHCL in full if the Karcham-Wangtoo plant achieves Plant Availability above 85% for a given year, but is subject to pro-rata reduction for Plant Availability below 85%.

Primary Energy Charge. The Primary Energy Charge is calculated based on the energy scheduled to be sent out from the Karcham-Wangtoo project. The Primary Energy rate is equal to the lowest variable charges of the central sector thermal power generating station of India's Northern region. The Primary Energy Charge is computed based on the Primary Energy rate and Saleable Energy of the project.

Secondary Energy Charge. The payment for Secondary Energy is made for energy that is in excess of the Design Energy of the plant based on a 90% Dependable Year and is paid at the same rate as the Primary Energy Charge.

Capacity Index Incentive. The Capacity Index Incentive is payable when the plant's Capacity Index exceeds 85% in a given year and is computed based on the following formula:

$$\text{Capacity Index Incentive} = (0.65) \times (\text{Annual Fixed Charge}) \times (\text{CIA} - \text{CIN})$$

where CIA is the Capacity Index Achieved and CIN is the Capacity Index Normative, which is equal to 85%.

For further details please refer to the chapter on "Key Business Contracts" beginning on page 135 of the Drafft Red Herring Prospectus.

Open Market Sales

Of the 1,000 MW of planned capacity, JKHCL expects that during the term of the PPA there will be a balance of 176 MW for the first 12 years and 116 MW from years 13 through 35, after accounting for 704 MW that JKHCL has agreed to sell to PTCIL and the power that JKHCL has agreed to supply to the state of Himachal Pradesh free of charge. This balance, which represents approximately 20% of the total Saleable Energy for the first 12 years of the PPA and approximately 14% of the total Saleable Energy from years 13 through 35, has been retained by JKHCL for sale in the open market.

Power Transmission

An agreement for the transmission of power has been signed with JPL, our Promoter Group company in which we propose to subscribe to 23% of the equity capital, using the proceeds of the Issue. Please see below for details on transmission arrangements for the Karcham-Wangtoo project. JKHCL will provide a letter of credit to JPL for an amount equal to the value of one month's Transmission Service Charges (TSC) payment based on normative availability.

Transmission Project

JKHCL has entered into an implementation agreement dated February 22, 2007 with JPL, to set up a transmission system for the evacuation of power generated by the Karcham-Wangtoo project in the state of Himachal Pradesh to the interconnection point at Abdullapur in the state of Haryana.

Joint Venture

Power Grid Corporation of India Limited (PGCIL) and Jaiprakash Hydro-Power Limited (JHPL) entered into a shareholders agreement dated February 22, 2007 to implement the Transmission project, through JPL, a joint venture company. JPL is currently owned 74% by JHPL and 26% by PGCIL. One of the objects of the Issue is for our Company to contribute Rs. 690 million equity capital towards the subscription of equity capital in JPL. Following our subscription to shares of JPL, JPL is expected to be owned 51% by JHPL, 26% by PGCIL and 23% by us. We have received the permission of PGCIL vide their letter dated December 20, 2007 for investment by our Company in JPL, in terms of the Shareholders Agreement among Jaiprakash Hydro Power Limited and Power Grid Corporation of India Limited. For details please refer to the chapter titled "Objects of the Issue" beginning on page 77 of the Draft Red Herring Prospectus.

Transmission Service Agreement

JKHCL and JPL have entered into a Transmission Service Agreement dated February 22, 2007 (TSA) pursuant to which JPL is required to provide transmission services to JKHCL. JKHCL is required to pay monthly TSC from the date on which the project is commissioned until the agreement expires or is terminated. Pursuant to the TSA, the TSC will be calculated in accordance with CERC regulations. In order to secure the payment of the TSC, JKHCL is to provide a letter of credit in favor of JPL for an amount equal to the value of one month's TSC payment based on assuming normative availability.

Project Development

The DPR for this project has been prepared by Power Grid Corporation of India Limited. The detailed survey work has been awarded to PGCIL and route alignment has already been completed for the 230 km long transmission line stretching from Abdullapur to Karcham-Wangtoo. The engineering consultancy services for complete design, drawing, engineering (including post-award) and bidding documents for transmission lines have also been awarded to PGCIL. Open access permission has been granted by the Central Transmission Utility for transmission of power to beneficiary states of India's Northern region from Abdullapur in the state of Haryana.

Project Financing

The total estimated project cost is Rs. 10,000.0 million, which we expect will be financed through Rs. 7,000 million of debt and Rs. 3,000 million of equity contributions (constituting a debt to equity ratio of 70:30). The equity contribution will consist of Rs. 690.0 million contributed by us using a portion of the proceeds of the Issue, an equity contribution of Rs. 1,530.0 million by JHPL and an equity contribution of Rs. 780.0 million by PGCIL.

Nigrie Thermal Project

Our 1,000 MW Nigrie Thermal project in the Sidhi district in the state of Madhya Pradesh is expected to consist of two units of 500 MW each. We intend to utilise supercritical technology in each of the units. The project is expected to commence operations by 2012. One of the objects of the Issue is to contribute equity of Rs. 15,000.0 million to the Nigrie Thermal project.

Water Allocation, Land Acquisition and Environmental Clearance

Water has been allocated from the river Gopad for this project and land acquisition is currently in progress. For details please refer to the chapter titled "Objects of the Issue" beginning on page 77 of the Draft Red Herring Prospectus. We have completed an Environmental Impact Assessment (EIA) and submitted an application for environmental clearance dated September 5, 2007 to the Ministry of Environment and Forests, Government of India (MOEF).

Project Financing

We expect the Nigrie Thermal project to cost approximately Rs. 50,000.0 million, which we expect to finance through an equity contribution of Rs. 15,000.0 million and a loan of Rs. 35,000.0 million. We have received a letter of intent from ICICI Bank dated December 26, 2007 providing for a term loan of Rs. 35,000 million. We have accepted the same vide a resolution of our Finance Committee dated December 27, 2007. In a letter dated January 3, 2008, ICICI Bank informed us that the financial

assistance has become effective. Under the terms of the letter of intent, we are required to enter into an agreement within 45 days of the same. We have not yet entered into said agreement. For details, please refer the chapter titled "Financial Indebtedness" beginning on page 286 of the Draft Red Herring Prospectus.

Coal Supply

The Nigrie Thermal project is expected to utilise coal from two coal blocks, the Amelia (North) coal block and the Dongri Tal II coal block. With respect to the Amelia (North) coal block, JAL and MPSMCL have entered into a joint venture agreement dated January 27, 2006 pursuant to which Madhya Pradesh Jaypee Minerals Limited (MPJML), the joint venture company, is expected to mine and produce coal for our Nigrie Thermal project. The agreement is for a term of 25 years from the date of commencement of production of coal, subject to extension on mutually agreed terms or early termination in certain circumstances. MPSMCL has issued a letter of intent to JAL dated June 11, 2007 for developing the Dongri Tal II coal block through a similar joint venture agreement.

We entered into a CSA with MPJML dated December 25, 2007 in relation to the Amelia North Coal Block. The terms of this agreement shall continue for 25 years. The contracted quantity of coal agreed to be supplied by MPJML and purchased by us is 2.5 million tonnes per year. The entire coal sold and purchased under this agreement is to be utilised exclusively for the Nigrie Thermal plant. We have the right to vary the contract amount of 2.5 million tonnes per year by 5% by notifying MPJML three months prior to the commencement of the relevant financial year. We may also revise the monthly requirement of the contracted amount of coal by notifying MPJML ten days prior to the commencement of a month. The delivered price of coal is the sum of the base price, sizing charges, transportation charges up to the delivery point, statutory charges, levies and other charges. The components of the price shall be determined on the basis of rates and criteria notified by MPJML or the relevant statutory authority from time to time.

Power Purchase Arrangements

Pursuant to our implementation agreement with the state of Madhya Pradesh dated December 12, 2007 on mutually agreed terms, we are required to provide concessional energy equal to 7.5% of the power from the Nigrie Thermal project to the Government of Madhya Pradesh at variable cost. The state of Madhya Pradesh also has a right of first refusal to purchase up to 30% of the total power produced by our Nigrie Thermal project. We plan to enter into a long-term PPA with respect to approximately half of the Saleable Energy from this project, while retaining the remaining power for sale in the open market.

Power Transmission

In connection with the Nigrie Thermal project, we will be required to construct a 150 km long transmission line to connect the project to the interconnection point at Satna in the state of Madhya Pradesh**.**

Arunachal Pradesh projects

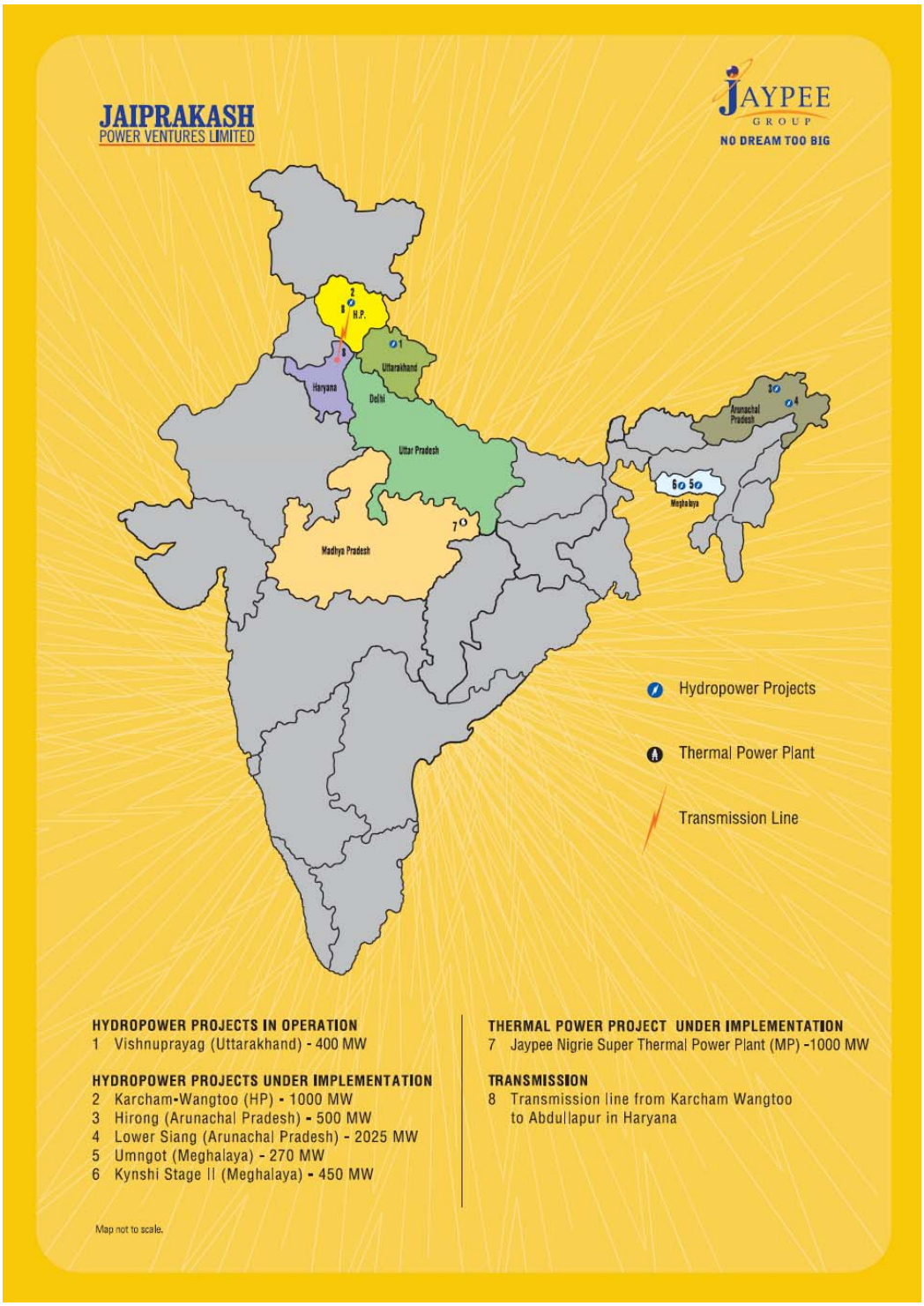
Pursuant to two memoranda of agreement signed with the state of Arunachal Pradesh on February 22, 2006, JAL was granted 40 year concessions to develop the Lower Siang project and the Hirong project on a build-own-operate-transfer basis, following which the projects will revert back to the state. The rights and obligations of these concessions have been transferred to us pursuant to a tripartite agreement dated December 13, 2007 among us, JAL and the Government of Arunachal Pradesh. The memoranda of agreement provide for the Government of Arunachal Pradesh to own 11% of the special purpose vehicle(s) to be incorporated for the implementation of each of these projects. Pursuant to the memoranda of agreement we have agreed to provide 12% of the power generated by each of the Lower Siang project and the Hirong project to the state free of charge for the first 10 years following commissioning, and 15% and 15.5%, respectively, thereafter. JAL has purchased a DPR from National Hydro Power Corporation Limited with respect to the Lower Siang project. We intend to purchase the DPR from JAL using of portion of the proceeds of the Issue. The DPR is currently being reviewed and updated by an independent consultant.

Meghalaya Projects

Pursuant to two memoranda of agreement signed with the state of Meghalaya on December 11, 2007, we have been awarded the Kynshi II project and the Umngot project on a build-own-operate-transfer basis. After 40 years of commercial operation, each of the Meghalaya projects will revert back to the state free of cost. The memoranda of agreement provide for the Government of Meghalaya to own 26% of each special purpose vehicle to be incorporated for the implementation of each of these projects. Pursuant to the memoranda of agreement we have agreed to provide 12% of the power generated by each of the Kynshi II project and the Umngot project to the state free of charge for the term of the concession. We are permitted to freely dispose of the power remaining after fulfilling the state's requirements, though the Government of Meghalaya has a right of first refusal to purchase such power. We are required to pay an upfront fee of Rs. 45.0 million for the MW Kynshi II project and Rs. 27.0 million for the Umngot project. We have paid half of these amounts at the time of signing the relevant memoranda of agreement and are required to pay the remainder at the time of financial closure.

VI. Our Operations

Our core business is the generation and sale of electricity and we also expect to acquire an interest in a project for the transmission of electricity. The map below shows the locations of our existing power stations, as well as our planned projects.



VII. The Project Development Process

Our Company's and the Jaypee Group's project implementation and management capabilities encompass various facets of project development, from the initial investment decision and the design and engineering process, through to contract and construction management and, following commissioning, the operation and maintenance of the project. The project development process for a typical hydro power plant is stated hereunder:

Investment Decision and Approval Process

The Government of India or relevant state government identifies the areas where additional electricity is required by determining the existing installed capacity and projected demand for electricity. To determine projected demand, factors such as economic growth, population growth and industrial expansion are used. To gauge the expected supply of electricity, the capacities of existing power stations and projects under construction or development are studied. If the relevant government believes that a power project is necessary and that we are the most appropriate organization to develop the project, it enters into a memorandum of understanding or comparable agreement with us for the execution of such project on certain terms and conditions.

Alternatively, the relevant government may prepare a tender for inviting bids for the project from certain pre-qualified bidders. Bidders are chosen based on their technical and financial proposals. The relevant government then enters into a memorandum of understanding or comparable agreement with the bidder who has proposed the most competitive terms.

After the memorandum of understanding or other agreements are signed, the developer is required to follow a three stage clearance process for new projects that was introduced by the Government of India in 2000. This process consists of the following stages:

Stage-I: Preparation of Pre-Feasibility Report/Feasibility Report

Following the prior environmental clearance for pre-construction activities along with terms of reference for undertaking EIA studies from the MOEF, survey and investigation activities are undertaken in order to prepare a pre-feasibility report which sets out essential geological, hydrological, meteorological and topographical observations. The report contains technical details, justification of the scheme and preliminary financial details of the project. After examining the scheme, the CEA may grant "in-principle" clearance to facilitate the developer to proceed with various commercial and financial tie ups and other arrangements for the project.

Stage-II: Preparation of Detailed Project Report and Infrastructure Development Works

Following in-principle clearance from CEA and in order to prepare a DPR, extensive survey and investigation works are carried out. During this stage, EIA reports are also prepared and submitted to the relevant state government to conduct a public hearing or otherwise assess public opinion regarding the project and finalize the rehabilitation and resettlement package. The outcome of such public hearing is incorporated into the final EIA report which is then sent by the state government to the MOEF together with its recommendation for according environmental clearance to the project.

The DPR is examined in detail by the relevant state government and the CEA. The state government sends its recommendations to the CEA about the techno-economic feasibility of the project including its cost which is kept in view by CEA while according techno-economic clearance to the project. The CEA then reviews the DPR in detail including its estimated completion cost. The CEA also reviews the tentative financial package and satisfies itself about the scheme for evacuation of power. Once the CEA is satisfied with the techno-economic feasibility of the project, techno-economic clearance is granted.

Stage-III: Investment Decision for Project Execution and Construction of Project

After obtaining all obligatory clearances from the CEA and MOEF, land is acquired for project execution and steps are taken toward financial closure, following which construction of the project begins at the project site.

Design and engineering

The engineering and design of a power project requires input from a number of specialist engineering disciplines, including particularly civil and hydro-mechanical design, geological, geotechnical, electrical and mechanical design.

Civil and hydro-mechanical design

This aspect of the project includes:

- planning, investigation, developing detailed site plans, civil works layouts, detailed hydraulic and structural designs;
- review of hydrological data, assessment of power potential and computation of flood discharges;
- supervision of field investigations and hydrological studies for each project;
- assessment of the impacts of silt and sediment on the proposed hydroelectric project and taking de-sedimentation measures; and
- hydro-mechanical design of gates and their control system.

Geological and Geotechnical Engineering

The geotechnical engineering process involves the collection of sufficient qualitative and quantitative geological, geotechnical and construction material information to determine basic design parameters for the major civil structures of the project. This stage of the project includes:

- undertaking geological and geotechnical investigations, including exploratory drilling, surface mapping, trenching and pitting to enable identification of overburden and rock types, determination of condition and strength of materials for design of slope stability, foundation and leakage as required for the size of the structures and selection of construction materials;
- undertaking geotechnical design of structures for all stages of the work and an assessment of the seismic activity for each sub-project to ensure that earthquake effects have been adequately addressed in the design of the structures; and
- assessing the technical risks of each project, particularly unknown subsurface conditions associated with foundations and leakage.

Electrical and Mechanical Design

This aspect of the project includes:

- preparing optimized designs for various electro-mechanical equipment for the power plant including its planning and execution;
- sourcing the electro-mechanical equipment under various packages from international/national vendors;
- coordinating hydro-mechanical and electro-mechanical designs, preparation of cost estimates for the electro-mechanical equipment, preparation of technical specifications and associated drawings and documentation;
- preparing operation and maintenance manuals for electro-mechanical equipment;
- integrating the various electro-mechanical equipment including testing and commissioning of the complete plant equipment; and
- making arrangements for proper power evacuation.

Construction Management

Construction management involves, among other things, the following:

- complete construction and equipment planning as per a project management schedule;
- execution of the project is done under an experienced and expert construction manager who supervises the work in line with the construction planning and evolves solutions for the various site problems in co-ordination with the design wing and experts;
- interfacing with hydro-mechanical, electro-mechanical and geo-technical works including field testing; and
- to ensure high standards for the products as per specifications, safety norms as per national regulations and our own construction standards.

Operation and Maintenance

After the power station is commissioned and becomes fully operational, the project's operation and maintenance division takes over operation of the project, including the following:

- mapping operational planning in consultation with power users and load dispatch centers;
- planning operations to meet the requirements of the grid for both base load and peak load within the capabilities of the power plant;
- maintaining statistical data for generation, availability of the equipment, behavioral trends of units and other important data including a record of outages;
- forecasting problems and working out remedial measures including the establishment of a preventive maintenance programme to ensure high standards of availability and generation;
- regularly undertaking technical inspections of each generating unit of the plant to assess the health and efficiency of each such unit; and
- controlling expenditure of operation and maintenance and ensuring optimum utilisation of the funds.

VIII. Sale of Electricity

Power Purchase Agreements

Our Vishnuprayag plant sells its entire Saleable Energy to UPPCL under a 30 year PPA that is extendable by mutual agreement for a further 20 years. JKHCL's Karcham-Wangtoo project, once commissioned, will sell 704 MW to PTCIL under a 35 year PPA. We intend to enter into long-term PPAs to sell approximately half of the power that will be produced by the Nigrie Thermal project, the Arunachal projects and the Meghalaya projects. For a description of the terms of our PPAs, please refer to the paragraphs titled "Operating Plant and Projects Under Development – Vishnuprayag Plant" and "Operating Plant and Projects Under Development – Karcham Wangtoo Project" in the chapter titled "Business" and the chapter titled "Key Business Contracts" beginning on pages 114 and 135 of the Draft Red Herring Prospectus.

Open Market Sales

Our strategy includes the retention of a portion of our capacity under development for sale in the open market through short-term sale arrangements rather than through long-term PPAs. JKHCL expects to sell approximately 20% of the Saleable Energy produced by the Karcham-Wangtoo project pursuant to short-term sale arrangements in the open market. Similarly, we expect to sell approximately half of the Saleable Energy from the Nigrie Thermal project, the Arunachal projects and the Meghalaya projects in the open market.

IX. Competition

Power Generation

We do not currently face any competition with respect to power produced by our Vishnuprayag plant because under the terms of our PPA with UPPCL, UPPCL is required to purchase all of the power

produced by the Vishnuprayag plant in excess of the 12% of generated energy that we are required to provide to the Government of Uttarakhand free of charge. Similarly, PTCIL owes take-or-pay obligations to JKHCL with respect to 704 MW of power that will be produced by the Karcham-Wangtoo project once it is commissioned, so we do not expect to face competition with respect to the sale of such power. PTCIL is not obligated to purchase from JKHCL any surplus power over and above this contractual amount. Once the terms of the PPAs expire, we and JKHCL may be required to compete with other power plant operators by selling our power in the open market.

With respect to 20% of the Saleable Energy that will be produced by the Karcham-Wangtoo project for the first 12 years (and 14% thereafter for the next 23 years) and approximately half of the power that will be produced by the Nigrie Thermal project, the Arunachal projects and the Meghalaya projects, we expect to compete with other power plant operators to sell our power in the open market pursuant to short-term sale arrangements. Such competition is expected to be based primarily on price.

We may also face future competition in acquiring new projects and assets from government entities or other power companies. Such competitors may also compete with us for management and other human resources and operational resources and capital.

The regulatory environment for the power sector has undergone significant changes in recent years. These changes are aimed at increasing private sector participation in the power sector and may increase the financial viability of private generation investment. This may also increase competition we face in the expansion of our business. For a discussion of recent regulatory and competitive changes in the Indian power sector, please refer to the paragraph titled "Current Regulatory Structure and Recent Developments" in the chapter titled "Industry" and the chapter titled "Regulations and Policies" beginning on pages 42 and 159 of the Draft Red Herring Prospectus.

Power Transmission

We propose to subscribe for equity shares representing a 23% interest in JPL, which is developing the Transmission project, with our Promoter Group Company, JHPL and PGCIL. The Transmission project is a joint venture established for the development of a transmission system to evacuate power from the Karcham-Wangtoo project, which is being developed by JKHCL, a company in which we propose to subscribe to 55.36% of the equity capital using a portion of the proceeds of the Issue. JHPL's joint venture partner in the Transmission project, PGCIL, is the dominant provider of interstate power transmission in India and carries approximately 45% of the total power generated in India. The Transmission project is being developed to facilitate evacuation of power from our Karcham-Wangtoo project.

Since 1998, the Indian power transmission sector has been open, as a matter of law and regulation, to investment by private entities, domestic and international, as transmission licensees. In 2000, the Government of India issued guidelines for private sector investment in power transmission. Such investment was permitted either through a joint venture with PGCIL for the provision of interstate or interregional transmission services (with the tariff for the projects undertaken by such joint ventures to be formulated on a cost-plus basis) or in the form of an independent private transmission company (IPTC), with the tariff for the projects undertaken by an IPTC formulated based on competitive bidding. The Transmission project has been undertaken by JHPL as a joint venture with PGCIL.

X. Insurance

Our Company has obtained an Industrial All Risks Policy and Business Interruption Policy from ICICI Lombard General Insurance Company Limited (50%), Reliance General Insurance Company Limited (40%) and Oriental Insurance Company Limited (10%) for a period of one year, effective from June 18, 2007. The details of various categories of risks covered and the sum insured under this policy are as follows:

Perils covered	Inclusions	Sum Insured (Rs. in million)	Sum Insured includes
Fire and Allied Risk	Fire, Flood, Earthquake, Riot, Landslide,	13,419.91	Value of entire civil works, equipment, plant and machinery

Perils covered	Inclusions	Sum Insured (Rs. in million)	Sum Insured includes
	Rockslide, etc.		including foundations.
Terrorism	Riot, Strike, Malicious damage	17,169.91	Value of entire civil works, equipment, plant and machinery including their foundations and loss of profit.
Machinery Breakdown (MBD)	-	5,255.70	Value of equipment, plant and machinery including their foundations.
Loss of Profit (Business Interruption)	Loss of Profit due to Fire and allied perils	3,750.00	Indemnity period – 12 months
Omission to Insure additions, alteration or extensions.	-	345.97	-
Removal of Debris (in excess of 1% claim amount)	-	50.00	-
Architects, Surveyors and Consulting Engineers Fees (in excess of 3% of the claim amount)	-	2.50	-

The compulsory deductibles to this policy include:

1. Material Damage Claims: 5% of the claim amount subject to minimum of Rs. 0.5 million and maximum of Rs. 5.0 million.

2. Business Interruption Claims: Three days gross profit subject to minimum of Rs. 0.5 million and maximum of Rs. 5.0 million.

Our Company has obtained a Marine Open Transit Inland Policy for a sum insured of Rs. 500.0 million for the period up to May 17, 2008 for inland transit of new machinery and spares from anywhere in India to Vishnuprayag plant.

Our Company has obtained a Public Liability Policy to cover against the legal liability to pay compensation including claimant's costs, fees and expenses arising out of accidents occurring in the insured premises of the our Company for a period up to May 31, 2008 and the indemnity limits are Rs. 12.5 million for any one accident and Rs. 50.0 million aggregate maximum per year.

JKHCL is covered by certain insurance policies, as detailed below. Further, there are certain insurance policies in favor of JAL, which specifically cover the Karcham-Wangtoo project. The details of significant insurance policies are as follows:

Nature of Policy and insurer	Period Covered		Perils Covered	Sum insured (Rs. in million)	Insured property
	From	To			
Standard Fire and Special Perils Policy bearing from Reliance General Insurance Company Limited	April 1, 2007	March 31, 2008	Fire and special perils to raw materials, fuel lubricants, explosives, stores and spares	377.50	Karcham Wangtoo Hydro Electric Power Plant
Standard Fire and Special Perils Policy	November 27, 2007	November 26, 2008	Fire Policy for construction, plant and	54.70	Karcham Wangtoo Hydro Electric

from ICICI Lombard General Insurance Company Limited			machinery equipments		Power Plant
Mega Project Insurance Policy from Reliance General Insurance Company Limited (Availed by Jaiprakash Associates Limited for Karcham Wangtoo Project)	November 18, 2005	November 17, 2011	All risks of physical loss or physical damage to the property and glacier lake outburst flood cover	2,500.00	JKHCL

These policies are subject to compulsory deductibles and various other standard conditions.

XI. Corporate Social Responsibility

We recognize that as a power company, our operations have an impact on society and on the environment. In addition to ensuring that our generation and distribution facilities are operated efficiently and in a manner that meets governmental environmental standards, we are committed to ensuring that the communities where we operate also benefit and develop together with us. The Jaypee Group, including our Company, have actively participated in the development of the communities where projects are located, which contributes to social and political stability in the areas where we operate. In this tradition, JKHCL expects to contribute a portion of the Karcham-Wangtoo project cost to local government units to fund community development activities in the areas of education, health care, rural electrification and environmental protection.

Jaiprakash Sewa Sansthan (JSS) is a not-for-profit trust supported by the Jaypee Group that supports socio-economic development and education initiatives through its Comprehensive Rural Development Program. More than 14,000 students receive affordable education at JSS' five schools, two ITI's and three universities JSS further contributes to the communities in which it operates by constructing and renovating roads, providing free animal care and safe drinking water. By continuing to strengthen our relationships with the local communities where we do business and build support and goodwill among the residents, non-governmental organizations, local government units and other stakeholders, we believe that we increase the likelihood that we will benefit from political and social stability in the areas where we operate.

XII. Rehabilitation and Resettlement

We allocate resources for rehabilitation and resettlement in line with prevalent government policies. These resources are an integral part of the project cost and are administered by the relevant state government. Since all of our hydroelectric projects are run-of-the river projects involving minimal submergence, rehabilitation and resettlement is reduced to a minimum.

The land acquisition process in connection with our Nigrie Thermal project and the Karcham-Wangtoo project is in progress. For details on land acquisition in connection with these projects, please refer to the chapter titled "Objects of the Issue" beginning on page 77 of the Draft Red Herring Prospectus. For details of litigation in relation to rehabilitation and resettlement for the Karcham Wangtoo project, please refer to the chapter titled "Outstanding Litigation, Material Developments and Other Disclosures".

XIII. Health and Safety

We place considerable emphasis on health and safety throughout our operations and we are committed to ensuring that high standards are maintained in compliance with applicable laws and regulations.

Training programmes have been implemented for our staff and employees, and we carry out regular safety audits in relation to our operations.

XIV. Employees and Employee Relations

As at December 15, 2007, we had a total workforce of approximately 254 persons including 12 senior managers, 29 middle managers and 213 other staff.

We provide provident fund benefits to all our employees pursuant to the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 of India. We also provide other benefits to our employees, including medical, education and housing benefits and facilities.

We believe that our relations with our employees are satisfactory.

XV. Property

Our head office is at JA House, 63, Basant Lok, Vasant Vihar, New Delhi-110057. The address of our Registered Office is 113 Rajpur Road, Dehradun, Uttarakhand- 248001. We do not own our head office or Registered Office, and these are owned by our Promoter, JAL.

In addition, we own and lease various premises in connection with our Vishnuprayag plant and our projects.

We have 8.685 hectares of excess land in relation to our Vishnuprayag plant, for which we have applied to the Principal Secretary (Power), Government of Uttarakhand vide application dated October 19, 2007 for execution of land relinquishment deed for surrender of the same.

Further, we intend to purchase from JAL, our Promoter, 67.5 hectares of private land purchased by JAL in relation to the Nigrie Thermal project for Rs. 17.88 million, which is the cost of purchase of the said land by JAL. For details in relation to the same, please refer chapter titled "Objects of the Issue" beginning on page 77 of the Draft Red Herring Prospectus.

XVI. Litigation

Other than as described in the chapter titled "Outstanding Litigations, Material Developments and other Disclosures" on page 298 of the Draft Red Herring Prospectus, we are not involved in any legal proceedings and no proceedings are threatened, which may have, or have had during the 12 months preceding the date of the Draft Red Herring Prospectus, a material adverse effect on our business, properties, financial conditions or operations or prospects.

KEY BUSINESS CONTRACTS

I. Agreements in relation to the Vishnuprayag plant

Pursuant to a Memorandum of Understanding dated October 14, 1992 between the Government of Uttar Pradesh (GoUP) and Jaiprakash Industries Limited (JIL) (now Jaiprakash Associates Limited (JAL)), GoUP accepted JIL's proposal to set up a 360 MW Hydro-Electric plant at Vishnuprayag. After carrying out investigations and techno-economic studies, JIL submitted a report for setting up a 400 MW installed capacity project at river Alaknanda in district Chamoli, Uttar Pradesh (Vishnuprayag plant).

Pursuant to an Agreement dated September 20, 1994 between GoUP, Uttar Pradesh State Electricity Board and JIL, GoUP granted JIL the right to establish, own and operate and maintain the Vishnuprayag plant and permitted JIL to generate and sell electricity for an initial period of thirty (30) years from the date of commissioning of the Vishnuprayag plant, which may be extended for a further period of twenty (20) years upon mutually agreed terms. GoUP had given its no-objection vide its letter dated March 29, 1996 for implementation of the Vishnuprayag plant by our Company.

Pursuant to an agreement dated March 9, 1998, JIL transferred the Vishnuprayag plant, including all its obligations, assets and liabilities to our Company.

Amended Implementation Agreement dated March 22, 2003

By the Amended Implementation Agreement dated March 22, 2003 (Amended Implementation Agreement), among GoUP, the Government of Uttarakhand (erstwhile Uttaranchal), the Uttar Pradesh Power Corporation Limited (UPPCL) and our Company, the Government of Uttarakhand granted our Company the right to establish, own, operate and maintain the Vishnuprayag plant for an initial period of thirty (30) years from the date of commissioning of the Vishnuprayag plant, which may be extended for a further period of twenty (20) years upon mutually agreed terms. Under the Amended Implementation Agreement, our Company was required to complete the Vishnuprayag plant by September 2007. The Vishnuprayag plant was commissioned between between June 17, 2006 and October 13, 2006.

After the expiry of fifty (50) years from the date of commissioning of the Vishnuprayag plant, the Government of Uttarakhand shall have the option to purchase all the assets and works of the Vishnuprayag plant including the associated transmission system on mutually agreed terms. The Government of Uttarkhand may, at any time, take over, at depreciated book value such buildings and such lands which may be surplus to the requirements of the Vishnuprayag plant.

Further, the Amended Implementation Agreement provides that our Company is required to reimburse the GoUP or the Government of Uttarakhand, as may be mutually settled by them, a sum of Rs. 250 million after one (1) year from the date of commissioning of the Vishnuprayag plant in five equal annual installments of Rs. 50 million each and supply 12% of the saleable energy generated free of cost to the Government of Uttarakhand. UPPCL has agreed to purchase the entire saleable power generated at the Vishnuprayag plant.

Final Power Purchase Agreement dated January 16, 2007

The Final Power Purchase Agreement dated January 16, 2007 between our Company and UPPCL (the "**Vishnuprayag PPA**) supersedes the Power Purchase Agreement dated September 7, 1996 and the Amended Power Purchase Agreement dated September 19, 2002.

During the term of the Vishnuprayag PPA, UPPCL is required to purchase 88% of the energy delivered by our Company and the remaining 12% is required to be delivered free of cost, by our Company to UPPCL for delivery to the Government of Uttarakhand. Our Company may opt to sell electricity to any other party with the approval of the GoUP and UPPCL, subject to supply of 12% free power to the Government of Uttarakhand.

Term and termination

The agreement is valid for a period of thirty (30) years, which can be extended further for a period of twenty (20) years upon mutually agreed terms. Upon occurrence of an event of default by either party, the non-defaulting party is required to issue a notice of default to the other party. If the default is not rectified within a period of one hundred eighty (180) days, the Vishnuprayag PPA may be terminated with a thirty (30) days notice by the non-defaulting party.

Tariff

The tariff payable by UPPCL consists of the following:

Capacity Charge

The Capacity Charge is calculated on the basis of our interest payments and financing costs on debt incurred in connection with the Vishnuprayag plant, leasing charges, depreciation at 3.92% per year up to an aggregate maximum of 90% of the capitalized cost of the Vishnuprayag plant and advance against depreciation. The Capacity Charge permits advances against depreciation to the extent that the actual loan repayment liability in a given year exceeds the depreciation amounts. The Capacity Charge is recoverable by our Company in full if the Vishnuprayag plant achieves Plant Availability of 90% for a given year, but is subject to a pro rata reduction if the Plant Availability is below 90%.

Energy Charge

The Energy Charge includes (i) a 16% return on equity, (ii) annual operation and maintenance expenses of 1.5% of the capitalized cost of the Vishnuprayag plant in the first year of operation, which is thereafter indexed to inflation (linked 70% to the wholesale price index and 30% to the consumer price index), (iii) our actual income tax liability; (iv) interest on working capital; and (v) miscellaneous charges.

Incentive for Plant Availability

In addition to the above, our Company is to be paid an incentive for Plant Availability over the normative level of 90%. The rate of incentive shall be equal to 0.6% of equity for each percentage point increase in Plant Availability beyond 90% and up to 93%, 0.65% of equity for each percentage point increase in Plant Availability beyond 93% and up to 95% and 0.7% of equity for each percentage point increase in Plant Availability beyond 95%. This incentive is payable quarterly till the amount payable to our Company on account of sale of energy is less than 1.3 times of the amount payable to the financing parties as per the financial package. After the entire debt has been repaid, the above incentive is payable on an annual basis.

Secondary Energy Charges

In addition to energy charges for Saleable Design Energy, our Company shall be paid for Secondary Energy at the rate of Energy Charge.

Deemed Generation

If the station has achieved normative availability in a tariff year but energy generation falls short of Design Energy for reasons solely attributable to hydrology, the Energy Charges up to Design Energy shall be treated as Deemed Generation and shall be payable by UPPCL for the first seven (7) years of commercial operation. In case of reduced energy due to factors which are beyond the control of our Company or due to the non-availability of the transmission system or on receipt of backing down instructions from UPPCL which results in the spillage of water, the energy loss on account of such spillage shall be considered as Deemed Energy subject to the limit of the Design Energy for this term of the agreement. Deemed Saleable Energy is worked out by deducting 0.5% auxiliary consumption, 0.5% transformation losses and 12% after the previous deductions to be delivered free.

Variation in Foreign Exchange

Extra Rupee liability towards interest payments and loan repayments actually incurred in the relevant year, shall be payable at the current exchange rate, on the date on which the remittance is due, provided it

directly arises out of the foreign exchange rate variation and is not attributable to our Company or its suppliers or contractors.

Billing and Payment Security Mechanism

The parties are required to conduct joint readings of the main meters. Our Company is required to raise monthly bills and a statement for calculation of annual Capacity Charges and Energy Charges. UPPCL is required to maintain a confirmed irrevocable, revolving letter of credit in favour of our Company. The amount of the letter of credit shall be one (1) month billing in respect of the Capacity Charge, Energy Charges, saleable Secondary Energy payments and Plant Availability incentive payments in the month in which it becomes payable.

Under the Vishnuprayag PPA, UPPCL has established a separate collateral arrangement, pursuant to which UPPCL was required to establish a separate escrow account, in which certain revenues of UPPCL, including those from the bulk consumers, are deposited as provided in the escrow agreement. Our Company has the first ranking lien on the payments receivable in the escrow account. However, UPPCL shall be entitled to draw on such escrow account until it defaults on its payment obligations under the Vishnuprayag PPA, or fails to restore the letter of credit in any manner. Upon the occurrence of such an event, our Company may immediately draw upon the escrow account.

In case of payment default by UPPCL under escrow mechanism, our Company shall have recourse to guarantee from GoUP after thirty (30) days of default from the due date of payment.

Buy-out

Our Company shall have the right to require UPPCL to purchase the Vishnuprayag plant upon the occurrence of either of a political force majeure event, an UPPCL force majeure event or a default by UPPCL. UPPCL may require our Company to sell the Vishnuprayag plant upon the occurrence of a project force majeure event or a default by our Company.

The Buy-out option price shall be any or the sum of any or all of the following depending upon various events.

Outstanding Debt, which includes:

a) The outstanding debt balance plus accrued interest.
b) Working capital loans to the extent backed by current assets available at the time of termination.

Equity, which includes:

The equity amount forming part of the capital cost approved by the UPERC.

Net Present Value (NPV) of Future ROE, which includes:

The net present value of return on equity which is at 16% on equity for the period from the year of termination until the end of the term of the Vishnuprayag PPA. The discount rate shall be equal to the State Bank of India interest rate at the time of the Buy-out.

Additional Termination Payment, which includes:

Any statutory taxes and duties payable in respect of transfer of assets following termination.

NPV of equity, which includes:

The NPV of equity shall be calculated as follows:

The Equity shall be discounted from the date of expiry of the term of the Vishnuprayag PPA back to the date of Buy-out. The discount rate shall be equal to the State Bank of India prime rate of interest at the time of the Buy-out. However, the interest rate shall not be less than 12% subject to a cap of 16%.

Buy-out price in case of the following termination events shall be as follows:

Project Force Majeure	Outstanding debt + Working capital loans to the extent backed by current assets available at the time of termination + Additional Termination Payments.
Political Force Majeure and UPPCL Force Majeure	Outstanding debt + Working capital loans to the extent backed by current assets available at the time of termination + Additional Termination Payments + Equity.
Default by UPPCL	Outstanding Debt + Working capital loans to the extent backed by current assets available at the time of termination + Additional Termination Payment + NPV of Equity + NPV of future return on Equity.
Default by our Company	Outstanding Debt + Working capital loans to the extent backed by current assets available at the time of termination.

Force Majeure

During any force majeure event, if our Company cannot operate the station at all or at full capacity, UPPCL is required to pay our Company, Capacity and Design Energy charges calculated on the basis that the unit or station shall, during such period, deemed to be operating at 90% Plant Availability and Energy Charges up to Design Energy, from the date of commencement of force majeure event, until the effect of force majeure event is completely over, shall be paid. The Vishnuprayag PPA sets forth the applicable force majeure events as such Project Force Majeure, Political Force Majeure and UPPCL Force Majeure.

Dispute Resolution

The Vishnuprayag PPA provides procedure for amicable settlement of disputes, failing which such disputes are to be referred to arbitration.

Liability and Indemnity

Neither party is liable for any incidental, indirect or consequential damages, connected with or resulting from performance or non-performance of the Vishnuprayag PPA including claims in the nature of lost revenues, incomes or profits, any increased expense of, reduction in or loss of power generation production or the equipment used. Both parties are liable for any additional costs, expenses or loss arising directly from a willful default of the party's obligations under the Vishnuprayag PPA.

Each party shall indemnify the other from any actions, claims, costs, damages etc. that are caused by or sustained on facilities owned or controlled by the first party unless caused by the action, negligence or willful misconduct of other party. The clause shall survive after the termination of the Vishnuprayag PPA.

II. Agreements relating to the Karcham-Wangtoo project

Jaiprakash Industries Limited (JIL) (now JAL) had entered into a Memorandum of Understanding with the Government of India dated August 28, 1993, pursuant to which JIL carried out detailed investigations and techno-economic studies for implementation of the 900 MW Karcham Wangtoo Hydro-Electric project (Karcham-Wangtoo project). JIL submitted a project report for an increased capacity of 1000 MW after conducting investigations and studies.

Implementation Agreement dated November 18, 1999

JIL entered into the Implementation Agreement (HP Implementation Agreement) dated November 18, 1999 (Effective Date) with the Governor of Himachal Pradesh to set up the Karcham-Wangtoo project. The HP Implementation Agreement shall come into force from the Effective Date and will remain in force up to a period of forty (40) years from the date on which commercial operation is achieved and may be extended further for a maximum period of twenty (20) years on mutually agreed terms and conditions. Further, JIL was required to provide an earnest money deposit either in the form of a bank guarantee for an amount of Rs. 20 million or in the form of a cash/demand draft for an amount equal to Rs. 10 million. After the expiry of the agreement, the Karcham-Wangtoo project and all its assets and works shall be transferred to the Government of Himachal Pradesh at the depreciated book value.

Pursuant to an amendment dated May 28, 2001, the time period for commencement of construction, tying up of the transmission system, achieving financial closure and for obtaining all required approvals was increased from thirty six (36) months to forty eight (48) months from the Effective Date. Under the HP Implementation Agreement, the time period for achieving commercial operation is one hundred twenty (120) months from the Effective Date. As per the HP Implementation Agreement, the incentive for achieving commercial operation prior to the scheduled date for commercial operation is that the free power to be given to the government shall be 12% less 0.2% points for each period of seventy three (73) days (or part thereof) falling between the date of commercial operation and the scheduled date for commercial operation. In case commercial operation is delayed, the free power to be given to the Government of Himachal Pradesh shall be 12% plus 0.2% points for each period of seventy three (73) days (or part thereof) falling between the date of commercial operation and the scheduled dated for commercial operation.

JKHCL is required to supply to the Government of Himachal Pradesh or its agent 12% of the net generation for the first twelve (12) years of commercial operation and 18% of the net generation for the next twenty eight (28) years. The HP Implementation Agreement also lays down the various obligations of the parties for the implementation of the Karcham-Wangtoo project and mode of termination before the expiry.

Pursuant to a letter dated March 16, 2004, the Government of Himachal Pradesh had permitted the extension of time for construction and commissioning of the Karcham-Wangtoo project until November 2010.

Tripartite Agreement dated December 30, 2002

By the Tripartite Agreement dated December 30, 2002 among the Government of Himachal Pradesh, JIL and JKHCL, all obligations and rights of JIL have been assigned to JKHCL in order to implement the Karcham-Wangtoo project.

Second Supplementary Implementation Agreement dated December 20, 2007

Pursuant to the Second Supplementary Implementation Agreement dated December 20, 2007 between the Government of Himachal Pradesh and JKHCL, the date for achieving commercial operation of the Karcham-Wangtoo project has been extended to November 18, 2011.

This agreement stipulates that JKHCL is to recruit bonafide Himachalis in respect of all unskilled/skilled and other non-executive requirements. If sufficient skilled Himachali manpower is unavailable at various levels, non-availability certificate are to be obtained from the Labour Commissioner, Direct Employment, Himachal Pradesh prior to recruiting persons from outside the state of Himachal Pradesh.

This agreement further provides that a local area development committee is to be constituted to oversee, *inter alia*, the restoration of facilities adversely affected by the implementation of the Karcham-Wangtoo project, the implementation of the rehabilitation and relief plan, implementation of the catchment area treatment plan and the restoration plan. JKHCL is to ensure a minimum flow of 15% of the water immediately downstream of the diversion structure at all times during the lean season from November to March.

This agreement provides that any violation of its terms concerning policy parameters may result in monetary penalty, including cancellation of the project.

Power Purchase Agreement dated March 21, 2006

Power Trading Corporation of India Limited (now PTC India Limited) (PTC) and JKHCL have entered into a Power Purchase Agreement dated March 21, 2006 (Karcham PPA). The Karcham PPA is valid for a period of thirty (35) years from the date of commercial operation of the Karcham-Wangtoo project and may be extended upon mutually agreed terms.

PTC's share of the Declared Capacity shall be in proportion of 704 MW to Gross Rated Capacity of the Karcham-Wangtoo project in each settlement period from the commercial operation of the first unit. PTC's share in the Secondary Energy shall also be in the same proportion as that of its share in the Design Energy.

JKHCL is responsible for designing, constructing, completing and commissioning the Karcham-Wangtoo project by the Required Commercial Operation Date. In case of delay in commissioning, interest during period of delay and any increase in cost due to such delay shall not be permitted to be capitalised for determination of tariff.

JKHCL is also responsible for operation and maintenance of the Karcham-Wangtoo project. JKHCL may enter into an operation and maintenance contract for the same. JKHCL is also responsible for setting up interconnection facilities upto the delivery point to PTC. PTC or purchasers of electricity from PTC are required to enter into a connection agreement with a central transmission utility for the evacuation of power from the delivery point.

Neither party is liable for any failure or delay in complying with its obligations pursuant to the Karcham PPA to the extent that such delay or failure is caused a by force majeure. Each party shall indemnify the other party against all claims, actions, suits, proceedings, losses, damages and costs incurred due to the breach of any their obligations. The indemnifying party shall not be liable for any indemnity claims made in a tariff year until the aggregate amount of the indemnity claims exceeds Rs. 1 million and the liability of the indemnifying party is limited to 5% of the average annual tariff payment up to the tariff year in which such claim is made.

In case of disputes, the Karcham PPA lays down a procedure for amicable settlement, upon the failure of which the Karcham PPA provides for reference to arbitration as the mode of adjudication.

Events relating to the construction and operation of the Karcham-Wangtoo project that constitute an 'Event of Default' of JKHCL are:

i) Failure of construction contractor to mobilize workforce for construction within three (3) months of the financial close;
ii) Abandonment of the Karcham-Wangtoo project for a period of six (6) continuous months by the construction contractor or JKHCL;
iii) Repeated failure of the units to pass unit tests, project tests and periodic capacity tests;
iv) Failure of JKHCL to provide power and energy corresponding to 704 MW after repeated tests;
v) Failure to pass initial performance tests till six (6) months after the Required Commercial Operation Date (other than for non-availability of water);
vi) Failure to supply 75% of the Design Saleable Energy for a period of twelve (12) consecutive months;
vii) Failure to supply 75% of the maximum available capacity during peak hours for a period of twelve (12) consecutive months;
viii) Failure to make payment two (2) months after the due date;
ix) Assignment of its rights or assets;
x) Transfer or novation of its rights or obligations;
xi) Bankruptcy, liquidation or insolvency proceedings;
xii) Material breach of the Karcham PPA; and
xiii) Repudiation of the Karcham PPA.

Upon termination due to default by JKHCL, JKHCL will be liable to pay an aggregate sum of Rs. 2,500 million to PTC and the purchaser of power from PTC, including any compensation payable to

PTC. It shall also pay the amount of compensation pursuant to interstate transmission regulations for the relinquishment of transmission access. If JKHCL terminates the agreement upon a default by PTC, PTC shall be liable to pay a sum of Rs. 2,370 million, in addition to an amount equivalent to compensation pursuant to interstate transmission regulations for the for relinquishment of transmission access.

Tariff

The tariff shall be paid by PTC based on the capital cost and means of financing of the Karcham-Wangtoo project, as approved by the CEA / CERC on the completion of the Karcham-Wangtoo project. The agreement provides for provisional tariff based on the capital cost and the means of financing as appraised and re appraised and funded by lenders until the final completion cost and means of financing are approved by CEA/CERC. The agreement contemplates payments for Primary Energy and Secondary Energy. For the purposes of tariff calculations, the debt-equity ratio shall be 70:30. If the equity employed is more than 30%, it shall be limited to 30%. JKHCL is also to receive payments for Infirm Power. The payments contemplated by the Karcham PPA are as follows:

The two-part tariff consists of Energy Charges and Capacity Charges:

The saleable energy to the extent of the Design Saleable Energy shall be Primary Energy and the energy in excess of the Primary Energy shall be Secondary Energy.

Primary Energy Charges:

The rate of Primary Energy shall be equal to the lowest variable charges of the central sector thermal power generating station of northern India. The Primary Energy charge shall be computed based on the Primary Energy rate and the Saleable Energy.

In case the Primary Energy charge exceeds the annual fixed charge using the above method, the Primary Energy Charge shall be the product of Saleable Primary Energy and the Primary Energy Rate. The Primary Energy Rate shall be:

Primary Energy rate = Annual Fixed Charge / Saleable Primary Energy

Secondary Energy Charges

The rate of Secondary Energy charges is equal to the rate of Primary Energy charges. The Secondary Energy Charge is the product of the Saleable Secondary Energy and the rate of Secondary Energy charge.

Capacity Charges:

Capacity Charges are calculated as:

Capacity Charges = Annual Fixed Charges – Primary Energy Charges

Annual Fixed Charges:

Annual Fixed Charges consists of:

i) Interest on loan capital;
ii) Depreciation, calculated on the straight line method over the useful life of the asset at the rates prescribed under the CERC Regulations including advance against depreciation;
iii) Return on equity at the rate of 14%;
iv) Operation and maintenance expenses at the rate of 1.5% of the cost of the Karcham-Wangtoo project Cost subject to an annual escalation of 4%; and
v) Interest on working capital at the short term prime lending rate of the State Bank of India as on April 1 of the year in which the unit/station is declared to be in commercial operation. Working capital covers operation and maintenance expenses for one (1) month, maintenance spares at the rate of 1% of the historical cost escalated at 6% per annum and

receivables equal to two (2) months of fixed charges for sale of electricity calculated on Normative Capacity Index.

Incentive:

Incentive for commissioning before the Required Commercial Operation Date shall be equal to an amount equal to a pro rata reduction in interest during construction, achieved on account of commissioning prior to the scheduled date. If the commissioning takes place after the Required Commercial Operation Date, interest during construction for the period of delay or increase in capital cost of the Karcham-Wangtoo project that would not have occurred but for such delay shall not be allowed to be capitalised.

Incentive after commissioning shall be payable if the capacity index exceeds 85% (80% for the first year). Incentive shall be calculated as:

Incentive = 0.65 x Annual Fixed Charge x (Capacity Index – Normative Capacity Index)

Tax on Income:

Tax on income from the regulated activity of generation shall be recoverable as expenses from PTC.

Deemed Generation

In case of reduced generation due to factors beyond the control of JKHCL or on account of non-availability of transmission lines or backing down instructions resulting in spillage of water, the energy charges on account of such spillage shall be payable to JKCHL. Apportionment of Energy Charges for such spillage among PTC and the other offtakers shall be in proportion of their shares in saleable capacity of the Karcham-Wangtoo project or in the proportion attributable to each of the PTC and such other offtakers. Energy charges for deemed generation shall not be admissible if the energy sold to PTC during the year is equal or more that the Design Saleable Energy.

Change in law

Where changes in law impacts the cost of the Karcham-Wangtoo project or cost of operation during the term of the Karcham PPA, the Karcham PPA provides for a mechanism for change in the tariff to compensate for such changes in law.

Payments and Payment Security Mechanism

The payment by PTC is required to be made against monthly bills to be raised by JKHCL. Payments are also required to be made for Infirm Power. PTC is required to provide JKHCL, a monthly revolving and irrevocable letter of credit which may be drawn by JKHCL in respect of payments due under the Karcham PPA. In case of disputed bills, the Karcham PPA provides for a mechanism for amicable settlement, failing which such disputed bill is required to be referred to arbitration.

All payments received by PTC under any power sale agreement shall be received in a bank account over which JKHCL shall have a lien on the amounts due and received. In case PTC does not replenish the letter of credit or if an enforceable letter of credit is not in place to secure payments receivable by JKHCL, the concerned bank shall pay the amounts due to JKHCL in accordance with the Karcham PPA. If JKHCL is unable to realise payments due from such an account, PTC shall be obliged to invoke the payment security mechanism under any power sale agreement entered into by PTC to discharge its payment obligations under the Karcham PPA.

Contract dated July 9, 2003 between Jaypee Karcham Hydro Corporation Limited and Jaiprakash Industries Limited for Engineering, Procurement & Construction of Civil, Hydro-Mechanical & Electro-Mechanical Works

Vide a Contract dated July 9, 2003 between JKHCL and Jaiprakash Industries Limited (now Jaiprakash Associates Limited) for Engineering, Procurement and Construction of Civil, Hydro-Mechanical and

Electro-Mechanical Works (EPC Contract), JAL has agreed to design, engineer, procure and construct the Karcham-Wangtoo project in consideration of payments required to be made by JKHCL.

Contract Amount and Payments

JKHCL is required to pay JAL US$ Dollar 117.44 million and Rs. 36,159.00 million (Contract Amount). The amount shall remain firm until December 31, 2009 after which it may be escalated, in case the delay is solely attributable to JKHCL. JAL is responsible for payment of all taxes, duties, levies and other charges for the performance of the work, and procurement of equipment and materials. JAL is required to be paid a bonus of 0.01% of the unit-wise Contract Amount for early completion subject to maximum of 4% of the Contract Amount. Payments are required to be made based on the progress against monthly bills as per the procedure laid down in the EPC Contract.

Obligations

JKHCL is required to provide uninterrupted access to the job site for the Karcham-Wangtoo project, obtain the required consents and approvals to be obtained by it, provide all information relevant to JAL and other assistance. JKHCL is also required to appoint an engineer to perform duties under the EPC Contract. JAL is also required to perform all the works and services to complete the entire Karcham-Wangtoo project as per the EPC Contract. JAL is responsible for ensuring the standards of performance, quality of equipment and materials, health and safety, employment of licensed personnel and labour relations, project management and compliance with governmental rules.

Performance Security

JAL is required to provide performance security of 25% of the Contract Amount consisting of an unconditional corporate guarantee for 20% of the Contract Amount and retention money equal to 5% of the Contract Amount.

Termination and Suspension

The EPC Contract may be terminated by either JKHCL or JAL prior to the issuance of the limited notice to proceed. JKHCL has the right to terminate the EPC Contract with a written notice after the issuance of the limited notice to proceed and prior to the starting date in which case, JKHCL shall not be liable to pay any monies except as payable for any work done under the limited notice to proceed. JKHCL may terminate the EPC Contract if it is in its convenience, and JAL may terminate the contract when:

i) The work is suspended by JKHCL and the order to resume work is not given within three hundred and sixty five (365) days;
ii) On an event of default by JKHCL after thirty (30) days notice; or
iii) For non-payment after seventy five (75) days of the amount being due after giving notice as laid down in the EPC Contract.

Upon termination of the EPC Contract due to a default by JKHCL or due to non-payment of dues, JKHCL shall be liable for the cost of the equipment delivered to JKHCL and works executed as per the EPC Contract and the works which are in progress.

JKHCL may suspend the work for any reason. However, JKHCL is to pay reasonable costs occasioned to JAL due to such suspension.

Design data, drawings, calculation and basis documents are required to be submitted by JAL for approval to JKHCL in the manner laid down in the EPC Contract. The Karcham-Wangtoo project is required to achieve commercial operation after the performance test(s) and fulfilling of other formalities for the final completion of the EPC Contract.

Liquidated Damages

JAL shall be liable for liquidated damages of US$ 100,000 per day per unit for delay in achieving commercial operation. The same damages also apply if a replacement contractor is to complete the

EPC Contract. JAL is required to pay US$ 60,000 for each 0.01% shortfall in test value of the Rated Electricity Capacity Guarantee. Further, JAL is to pay US$ 60,000 for each 0.01% shortfall in test value of the Rated Weighted Average Efficiency Level Guarantee. If the losses for any transformer is more than the values guaranteed, JAL shall pay JKHCL liquidated damages of US$ 2,000 per KW for certain specified losses. The EPC Contract further stipulates liquidated damages for excess busduct losses. The liquidated damages on account of any single cause are limited to 5% of the Contract Amount and a limit of 10% of the Contract Amount is applicable to the overall liquidated damages under the EPC Contract. The parties have acknowledged that the amounts stipulated are liquidated damages and not penalty.

Changes

The EPC Contract provides that parties may vary the terms of the contract and the procedure to carry out such changes.

Warranties and Defect Liability Period

JAL has warranted that all works, materials and equipment under the contract shall be free from all defects and shall be fit for their purpose as stated under with the EPC Contract. All works and services are to be performed in accordance with applicable codes and required standards. The warranty shall apply for a period of twelve (12) months after the date of commercial operation. Any latent defects shall be remedied after the expiry date of the warranty period and sixty (60) months after the date of commercial operation. The spare parts supplied under the EPC Contract shall have a warranty of twelve (12) months from the date of installation but such warranty shall be limited to a period to seventy two (72) months from the date of delivery.

Indemnity and Liability

JAL is required to defend, indemnify and hold JKHCL harmless from any claim, loss, damage and expense arising out of or resulting from the work or due to JAL's negligence. JKHCL shall defend, indemnify and hold JAL harmless from any claim, loss, damage or expense due to JKHCL's negligence. JAL shall indemnify JKHCL against any such claim, loss, damage or expense arising out of infringement of any intellectual property.

The maximum liability of JAL under this EPC Contract is limited to 100% of the Contract Amount. However such limitation does not apply to JAL's indemnity for bodily injury, costs incurred by JAL to perform the work, loss arising out of JAL's negligence and violation of intellectual property rights.

III. Agreements relating to the Transmission project

Deed of Adherence dated December 24, 2007

Our Company has entered into a Deed of Adherence dated December 24, 2007 with JHPL, PGCIL and JPL whereby our Company has undertaken to abide by the Shareholders Agreement dated February 22, 2007 (Shareholders Agreement). Our Company is required to observe and comply with all the terms and conditions of the Shareholders Agreement. Our Company has authorised JHPL to nominate directors on the board of JPL on behalf of our Company. The shareholding of our Company is to be reckoned with the shareholding of JHPL and our Company is to enjoy all the rights conferred to JHPL under the Shareholders Agreement.

Shareholders Agreement dated February 22, 2007

By a Shareholders Agreement dated February 22, 2007 (Agreement) between Power Grid Corporation of India Limited (Powergrid), Jaiprakash Hydro Power Limited (JHPL) and Jaypee Powergrid Limited (JPL), the parties have agreed to implement transmission lines (Project) associated with the 1000 MW Karcham Wangtoo project. The parties have agreed to implement the Project through a joint venture company, JPL, which is facilitated by this agreement.

Term

The agreement is valid till:

i) JPL is wound up;
ii) The shareholding of Powergrid becomes less than 10%;
iii) The termination of either the Implementation Agreement dated February 22, 2007 between JHPL and JPL or the Transmission Service Agreement dated February 22, 2007 between JHPL and JPL;
iv) The termination of this Agreement by mutual consent; and
v) Either JHPL or Powergrid failing to meet its payment obligations towards equity capital.

Joint Venture Company

i) The main objects of JPL shall be to implement the Project;
ii) Share Capital:
   - There shall be only one class of shares and 26% of the issued and paid up capital shall be held by Powergrid and 74% of the issued and paid up capital shall be held by JHPL;
   - The authorised and paid up capital of JPL may be increased, in the same proportion as above, provided that, in case of increase in paid up capital, the additional shares shall be offered to exising shareholders in proportion to their respective holdings in JPL, unless the parties otherwise agree in writing;
   - If a party is unable to subscribe to its entitlement, they may be subscribed by the other party;
   - If a party does not subscribe and pay up for its entitlement within thirty (30) days of the call being made, it shall constitute a material breach and in addition to other rights under the agreement, the defaulting party shall pay interest at 1% per month for delay beyond the specified date. On the default continuing for more than sixty (60) days, the parties may terminate the agreement.

iii) Powergrid is to nominate 3 directors and JHPL is to nominate 7 directors as long as Powergrid holds 26% and JHPL holds 74%, and the maximum number of directors shall not exceed 12.
iv) JHPL is to ensure that JPL is able to raise the necessary funding. Powergrid is not required to undertake any guarantee obligations or otherwise any security for raising such funds.
v) If the actual cost incurred is more than the cost approved, Powergrid shall be liable for only the equity component of the cost approved.
vi) Matters requiring consent of Powergrid
   - Amendment to the Memorandum and Articles of Association.
   - Dissolution, liquidation etc. of JPL or any part of its undertaking or commencement of any new business or entering into a foreign collaboration agreement.
   - Creation of any subsidiary, acquisition of control of another company or investment over Rs. 50 million.
   - Utilizing the assets of JPL for any other purpose than the business
   - Giving corporate guarantee for the benefit of any person or business, other than the Project.
   - Award of contract for including any amendments thereto for equipment procurement, supply or construction etc or contracts exceeding Rs. 500 million in value to a single entity.
   - Award of contract for operation and maintenance and contracts exceeding Rs. 50 million in value to a single entity.
   - Pledges and encumbrance of assets.
   - Adoption of annual capital and revenue budgets.
   - Listing of shares on any stock exchange.
   - Any increase or alteration in the issued share capital of JPL other than to meet the requirements of this agreement.
   - Disinvestment of shares other than in accordance with this agreement.
   - Appointment or removal of directors.
   - Declaration of dividend by JPL other than in accordance with this agreement

vii) Neither party may transfer or give notice to transfer the shares till the commercial operation date of the Project.

viii) For the period of five (5) years after the commercial operation date, JHPL (including any associate) and Powergrid may reduce the shareholding in JPL in excess of 51% and 10% respectively and after 5 years JPHL may reduce its shareholding such that it singly holds at least 26%.

ix) For a transfer mentioned above, the other shareholder (or his associate) shall have the right to purchase the shares at fair value determined by an independent firm of chartered accountants as per the provision of the agreement in that regard. In case the shares are offered to the public, then it shall be done pursuant to provisions in the agreement in that regard.

x) Any transfer of shares may be made by either shareholder to its affiliate (only one entity) with written permission of the other shareholder. The majority shareholder shall continue to retain at least 51% of the paid up share capital. The transferee shareholder is to execute a deed of adherence. If the transferee ceases to be an affiliate, its shareholding is to be transferred back or transferred to an affiliate. Failure to do so shall be a material breach.

Assignment by Powergrid

Powergrid shall at all times have the right to assign its rights, benefits and obligations under this Agreement to any entity as a part of re-organisation or restructuring provided such entity assumes all obligations under the Agreement. Other than the above and to lenders, neither party may assign its rights under the agreement without the prior written consent of the other shareholder.

Indemnity

If any shareholder suffers loss or damage due to false or inaccurate representation, the other shareholder is to indemnify and hold harmless such shareholder.

Implementation Agreement dated February 22, 2007

Implementation Agreement dated February 22, 2007 between JKHCL and Jaypee Powergrid Limited (JPL) to set up transmission lines for evacuation of power from the Karcham-Wangtoo project (Transmission project).

Term

The agreement will automatically terminate on the commencement of commercial operation of the Transmission project. However, the agreement will terminate before the expiry date if the conditions precedent are not satisfied or waived or a termination notice is served by JKHCL or JPL upon the occurrence of an event of default.

Extension of Time

The completion of the Transmission project can be extended on a day to day basis if JPL is prevented from performance due to JKHCL's default or if the Transmission project cannot be commissioned by the commercial operation date by reason of force majeure.

Termination on Default

i) Events that would constitute a default by JPL, unless such default occurs as a result of breach by JKHCL:

- JPL's failure to effect financial closure for the Transmission project within six (6) months from the date of the agreement;
- Abandonment of construction of the Transmission project;
- Failure to commission the Transmission project within six (6) months following the required date for commercial operation, i.e. June 15, 2011;
- Tampering with interconnection facilities without the prior consent of JKHCL;

- If JPL assigns, mortgages or charges any of its assets or rights in contravention of this agreement or transfers or novates any of its obligations under the agreement ;
- Transfer of rights and obligations under this agreement or of all or substantial portion of its assets or undertakings except where such transfer does not affect the ability of the transferee to perform the obligations under this agreement and such transferee assumes obligations under this agreement;
- Dissolution except pursuant to a merger, consolidation or re-organisation which does not affect the ability of the resulting entity to perform the obligations under this agreement;
- Revocation of the JPL's transmission licence;
- Non-payment of any amount due to JKHCL even after the elapse of sixty (60) days notice by JKHCL; and
- If any shareholder who is a signatory to the shareholder's agreement, except for PGCIL ceases to be a shareholder of the Company, otherwise than in accordance with the Shareholders Agreement dated February 22, 2007.

ii) Events that would constitute a default by JKHCL, unless such default occurs as a result of breach by JPL:

- Dissolution except pursuant to merger, consolidation or re-organisation which does not affect the ability of the resulting entity to perform the obligations under this agreement;
- If JKHCL is in breach of any material obligations under agreement or the Transmission Service Agreement;
- Failure to commission the Transmission project due to JKHCL's fault within six (6) months following the Required Commercial Operation Date;
- Non-payment of any amount due to JPL even after sixty (60) days notice to pay;
- Transfer or novation of obligations under this agreement in a manner contrary to the provisions of this agreement; and
- Transfer of rights and obligations under this agreement or of all or substantial portion of its assets.

iii) The termination is required to be effected as provided in this agreement.

Force Majeure

No party shall be liable for breach of its obligations pursuant to this agreement or, due to delay or non-performance, on account of force majeure. The occurrence of a force majeure event is required to be notified to the other party within seven (7) days of acknowledgment by the affected party. Reasonable measures shall be made to mitigate the effect of such force majeure. A force majeure shall not absolve any party of its financial obligations.

Obligations of JPL

JPL is responsible for the construction and completion of the Transmission project as per the requirements, technical particulars and scope of work. JPL is required, with the assistance of JKHCL, to obtain approvals for conducting final surveys, final geo-technical investigations, determination of the final route and approval for the completed Transmission project cost from the competent authority. JPL shall also appoint contractors for procurement of goods and services.

Discrepancy

In case of discrepancy between the terms and conditions stipulated in transmission license issued by CERC and this agreement, the terms of the transmission license shall prevail.

Taxes and Duties

JPL is required to bear and pay taxes and duties assessed against JPL, its contractors and employees or for work done by JKHCL on behalf of JPL. JKHCL shall be held indemnified and harmless by JPL against any claims that may be made against JKHCL in relation to such taxes.

Commissioning and Connection of the Transmission project

JPL shall give JKHCL at least sixty (60) days advance notice when it intends to commission the Transmission project and JKHCL shall intimate JPL, when it envisages that the Karcham-Wangtoo project may be commissioned before the Required Commercial Operation Date. JPL shall notify JKHCL when the Transmission project is completed and ready to be connected to the interconnection facilities.

Insurance

JPL is required to effect and maintain insurance during the construction period as specified under law and the financing documents. JKHCL is required to be named as a co-insured for all insurances except workmen's compensation. It may recover amounts paid by it for insurance relating to the Transmission project from JPL.

Change in law

If JPL's costs or revenues are adversely affected or JPL is required to undertake capital expenditure which is directly attributable to the change in law, it is required to give a notice as soon as practicable. Within sixty (60) days of such notice, the parties are required to meet and agree on the amendments which are required to be made to this agreement to ensure that JPL's financial position is not affected due to the change in law.

Permitted Charges

JPL may create encumbrance over all or part of the security provided by JKHCL or other assets of the Transmission project in favour of the lenders, for amounts payable under the financing agreements and for other amounts agreed by the parties.

Dispute Resolution

The parties shall seek to resolve disputes and differences by mutual consultation.

If the dispute cannot be resolved by mutual consent then it shall be referred to an adjudicator. The adjudicator is required to be an engineer for technical disputes and financial expert for disputes relating to finance. The adjudicator is required to make recommendations to both parties. If either party is dissatisfied with the recommendations of the adjudicator or he fails to make recommendations within sixty (60) days, the dispute may be referred to arbitration. Each party is required to appoint one arbitrator and the two arbitrators shall appoint the third arbitrator.

Liquidated Damages

JPL is liable to pay 0.5% of the cost of the Transmission project for each week of delay in the commissioning of the Transmission project solely due to JPL subject to a maximum limit of 5% of the cost of the Transmission project, from the Required Commercial Operation Date until the actual date of commercial operation.

JKHCL is liable to pay 0.5% of the cost of the Transmission project for each week of delay in the making the interconnection facility available for testing and commissioning the Transmission project subject to a maximum limit of 5% of the cost of the Transmission project, from the Required Commercial Operation Date until the actual date of commercial operation.

There can be no claim by one party against the other party except as stated above.

Safety Regulations

JPL is required to establish site regulations and practices for safety and security.

Indemnity

Indemnity by JKHCL

JKHCL is required to indemnify JPL for all expenses suffered for any negligent act or omission by it or its contractors and employees except where it arises from a claim made outside India or where it was caused due to any act, omission or failure of JPL or its contractors to take reasonable steps to mitigate any loss, damage, death or injury or where JPL is compensated by insurance.

JKHCL is also required to indemnify JPL from all damages, expenses, suits, actions and proceedings for infringement or alleged infringement of any intellectual property, except for, what is indicated or can reasonably be inferred from this agreement.

Indemnity by JPL

JPL is required to indemnify JKHCL for all expenses suffered for any negligent act or omission by it or its contractors, except where it arises from a claim made outside India; or where it was caused due to any act, omission or failure of JKHCL or its contractors to take reasonable steps to mitigate any loss, damage, death or injury or where JKHCL is compensated by insurance.

JPL is also required to indemnify JKHCL from all damages, expenses, suits, actions and proceedings for infringement or alleged infringement of any intellectual property, except for what is indicated or can reasonably be inferred from this agreement.

Consequential and Indirect Losses

Neither party shall be liable to the other party in contract, or tort except pursuant to this agreement provided that it shall not be construed as a waiver with respect to matters which are unrelated to this agreement.

Duty to Mitigate

The indemnified party is required to take measures to mitigate the losses or damages.

Transmission Service Agreement dated February 22, 2007

The Transmission Service Agreement dated February 22, 2007 (TSA) was entered into between JKHCL and JPL.

The obligations of the parties are as follows:

i) JPL
- Procure and maintain the required consents;
- Maintain and repair the Transmission project as per the technical specifications and prudent practices;
- Own the Transmission project throughout the term of the TSA, free and clear of encumbrance other than permitted encumbrances;
- To make available the total transmission capacity to JKHCL;
- To appoint an operation and management contractor at least one moth prior to the Required Commercial Operation Date (if JPL so decides); and
- To comply with obligations under the TSA.
- Provide assistance to adjudicator and arbitrator.

ii) JKHCL
- To ensure that the Transmission project remains connected with the interconnection facilities;
- To comply with the obligations under the TSA;
- To assist and support JPL in obtaining all the necessary consents and wayleaves;

- To support and assist JPL to finalise the financing agreement by giving due consideration to the requirements of the lenders; and
- To operate the Transmission project and interconnection facilities in accordance with prudent utility practices.
- Provide assistance to adjudicator and arbitrator.

iii) JPL and JKHCL are required to frame and comply with the operating procedures as stated in the TSA.

iv) JPL is responsible for operation and maintenance of the Transmission project on its own cost. Under the TSA, outages (planned reduction in transmission capacity) are required to be scheduled in advance.

Discrepancy

In case of discrepancy between the terms and conditions stipulated in the transmission license issued by CERC and the TSA, the transmission license shall prevail.

Transmission Service Charges

JKHCL is required to pay monthly Transmission Service Charges (TSC) from the date on which the Transmission project is commissioned until this TSA expires or is terminated. The TSC shall be calculated in accordance with regulations of CERC. Parties are required to raise invoices and payments are required to be made as per the TSA. Disputed items in the invoice, if any, with be notified to the other party with reasons and payment is required to be made for the non-disputed items. If the other party does not accept the disputed items as per the notice, it will be settled as per the procedure for settling disputes in the TSA.

Letter of Credit

JKHCL is required to provide a letter of credit in favour of JPL equivalent to the value of one (1) month TSC assuming Normative Availability.

Insurance

JPL is required to insure the Transmission project against various risks as required by law, the financing documents and prudent utility practices.

Change in law

If JPL's costs or revenues are adversely affected or JPL is required to undertake capital expenditure which is directly attributable to the change in law, it is required to give a notice as soon as practicable. Within sixty (60) days of such notice, the parties are required to meet and agree on the amendments which are required to be made to the TSA to ensure that JPL's financial position is not affected due to the change in law.

Permitted Charges

JPL may create an encumbrance over all or part of the security provided by JKHCL or other assets of the Transmission project for the amounts payable under the financing agreements and for other amounts agreed by the parties.

Term

The TSA is valid until twenty five (25) years from the date of issue of the transmission license or until such time that the transmission license is extended. The TSA may be terminated before date, if the conditions precedent, are not waived or satisfied or if the TSA is terminated upon the occurrence of an event of default. This TSA is to terminate automatically upon the unnatural termination of the Implementation Agreement dated February 22, 2007.

Termination on Default

i) JPL's events of default

- JPL's failure to achieve financial closure of the Transmission project;
- Failure to appoint operation and management contractor, (if JPL decides to do so);
- Failure to maintain the Transmission project as per prudent utility practices;
- Breach of material obligations under the Implementation Agreement or the shareholders agreement;
- If JPL assigns, mortgages or charges any of its assets or rights or transfers or novates its obligations under the TSA;
- If any shareholder who is a signatory to the shareholders agreement, other than PGCIL ceases to be a shareholder of JPL;
- Transfer of rights and obligations under the TSA or of all or substantial portion of its assets or undertakings except where such transfer does not affect the ability of the transferee to perform the obligations under the TSA and such transferee assumes obligations under the TSA;
- Dissolution except pursuant to a merger, consolidation or re-organisation which does not affect the ability of the resulting entity to perform the obligations under the TSA;
- Revocation of the transmission licence of JPL;
- If the availability of the Transmission project is less than 90% except due to force majeure; and
- Tampering with interconnection facilities without the prior consent of JKHCL.

ii) JKHCL's events of default

- Dissolution of JKHCL except pursuant to a merger, re-organization or restructuring, which does not affect the ability of the resulting entity to perform the obligations under the TSA;
- Breach of any material obligations pursuant to the TSA or the Implementation Agreement;
- Failure to commission the Transmission project due to JKHCL's fault;
- If the monthly transmission charge has remained unpaid for a period of ninety (90) days;
- Transfer or novation of obligations under the TSA in a manner contrary to the provisions of this agreement; and
- Failure to operate the interconnection facilities.

iii) The termination is required to be effected as provided in the TSA.

Force Majeure

No party shall be liable for breach of its obligations pursuant to the TSA or otherwise, due to delay or non-performance, on account of force majeure. The occurrence of a force majeure event is required to be notified within seven (7) days of acknowledgment by the affected party. Reasonable measures shall be taken to mitigate the effect of such force majeure. A force majeure shall not absolve any party of its financial obligations.

Limitation of Liability

The aggregate liability of each party shall not exceed the limit fixed under the TSA.

Indemnity by JKHCL

JKHCL is required to indemnify JPL for all expenses suffered for any negligent act or omission by it or its contractors and employees, except where it arises from a claim made outside India; or where it was caused due to any act, omission or failure ofof JPL or its contractors to take reasonable steps to mitigate any loss, damage, death or injury where JPL is compensated by insurance.

JKHCL is also required to indemnify JPL from all damages, expenses, suits, actions and proceedings for infringement or alleged infringement of any intellectual property, except for, what is indicated or can reasonably be inferred from this agreement.

Indemnity by JPL

JPL is required to indemnify JKHCL for all expenses suffered for any negligent act or omission of it or its contractors, except where it arises from a claim made outside India; or where it was caused due to any act, omission or failure of JKHCL or its contractors to take reasonable steps to mitigate any loss, damage, death or injury or where JKHCL is compensated by insurance.

JPL is also required to indemnify JKHCL from all damages, expenses, suits, actions and proceedings for infringement or alleged infringement of any intellectual property, except for, what is indicated or can reasonably be inferred from this agreement.

Consequential and Indirect Losses

Neither party shall be liable to the other party in contract, tort etc. except pursuant to the TSA provided that it shall not be construed as a waiver with respect to matters which are unrelated to the TSA.

Duty to Mitigate

The indemnified party is required to take measures to mitigate the losses or damages.

Dispute Resolution

The parties shall seek to resolve any such dispute or difference by mutual consultation.

If the dispute cannot be resolved by mutual consent then it shall be referred to an adjudicator. The adjudicator is required to be an engineer for technical disputes and a financial expert for disputes relating to finance. The adjudicator is required to make recommendations to both parties. If either party is dissatisfied with the recommendations of the adjudicator or if he fails to make recommendations within sixty (60) days, the dispute may be referred to arbitration. Each party is required to appoint one arbitrator and the two arbitrators shall appoint the third arbitrator.

IV. Agreement relating to the Nigrie Thermal project

Pursuant to a Memorandum of Understanding (MoU) dated January 16, 2007 between the Government of Madhya Pradesh (GoMP) and Jaiprakash Associates Limited (JAL), the GoMP permitted to establish and operate a 500 MW Thermal Power Station (the Thermal Plant) at the villages Katai and Nigrie, involving a proposed investment of Rs. 20,000 million. This MoU is valid for one (1) year from the date of signing.

Pursuant to an amendment to the MoU dated December 8, 2007, between the GoMP, JAL and our Company, it was agreed that our Company shall establish and operate the Thermal Plant and the memorandum of understanding mentioned above shall be transferred to our Company. The installed capacity of the proposed Thermal Plant has been enhanced to 1000 MW and the proposed investment has been increased to Rs. 40,000 million. Pursuant to this amendment, the validity of the original MoU has been extended by six (6) months.

Implementation Agreement dated December 12, 2007

Subsequent to the transfer of the MoU to our Company, an Implementation Agreement dated December 12, 2007 was entered into between our Company and the GoMP, in relation to the Thermal Plant.

Term

The agreement is valid until the signing of a power purchase agreement between our Company and the GoMP or its nominated agency or until early termination of the agreement, as the case may be.

Concessional Energy

Under the terms of the agreement, our Company shall supply to the GoMP or its nominated agency 5% of the net power generated by the Thermal Plant at variable charges determined by CERC or MPERC, as the case may be. If our Company is allocated a captive coal block in the state of Madhya Pradesh, this percentage of power generated by the Thermal Plant to be supplied to the GoMP or its nominated agency at the specified concessional cost, shall be increased to 7.5% of the net power generated.

First Right of Refusal

In addition to the concessional energy, the GoMP or its nominated agency shall have the first right to purchase power, at mutually agreed terms, of up to 30% of the aggregate capacity of the Thermal Plant for a period of twenty (20) years. This first right of purchase shall be exercised by the GoMP within sixty (60) days of our Company offering the power generated by the Thermal Plant.

Wheeling

Our Company is required to enter into wheeling agreements to transmit the power to the consumer from the Thermal Plant. Our Company is required to obtain the necessary approvals and clearances for the wheeling arrangements. The cost of the dedicated transmission line if required, for the power being supplied to the Government shall be borne by the purchasing entity. The said cost is limited to the capacity to be procured by the purchasing entity.

Obligations of our Company

Our Company is required to achieve financial closure for the Thermal Plant and sign the power purchase agreement for concessional energy and additional energy, if any, with GoMP within eighteen (18) months of this agreement. Commercial operation of the Thermal Plant is required to be achieved within sixty (60) months of the date of this agreement. Our Company shall prepare a resettlement and rehabilitation plan as per the prevalent policy of the state government and implement rehabilitation and resettlement of project affected persons accordingly. During the construction period and until two (2) years following the commencement of commercial operation, our Company/Promoter is required to maintain a minimum of 51% of the equity holding in any special purpose vehicle that is established for the implementation of the Thermal Plant.

Force Majeure

Upon the occurrence of events beyond the control of the parties, amounting to force majeure events the date for achieving specific obligations under the agreement shall be extended by the period for which such force majeure event subsists. Neither party shall be liable to the other for any costs incurred in respect of such force majeure event. Further, the party affected by such force majeure event may claim relief only as specified in this agreement.

Events of Default of our Company

Events that constitute an 'event of default' by our Company under this agreement include:

a) Repudiation of this agreement or failure by our Company to perform its obligations under this agreement;
b) Failure by our Company to make payments in respect of its obligations under this agreement;
c) Assignment of rights or transfer of its obligations by our Company in violation of this agreement
d) Abandonment of the process of establishing and operating the Thermal Plant by our Company and
e) A material breach of this agreement by our Company;
f) The transfer pursuant to law of the rights and obligations under the agreement or dissolution by way of merger, consolidation, liqudation, reconstitution or re-organisation unless the transferee assumes the obligations of our Company;

Upon the occurrence of an event of default and our Company failing to cure such event of default within a period of sixty (60) days from receiving notice of such default, GoMP is entitled to terminate this agreement.

Termination

This agreement may be terminated by the GoMP by serving thirty (30) days' notice upon:

a) The occurrence of an event of default; (as described above)
b) Failure to achieve financial closure within twelve (12) months of the date of this agreement; or
c) Failure of our Company to perform its obligations for a period of twelve (12) continuous months due to force majeure.

Our Company may terminate this agreement in the event of enactment of any law that makes the performance of this agreement impossible. Termination shall be effected as provided in this agreement.

Dispute Resolution

This agreement provides for good faith negotiations and arbitration for the settlement of disputes arising out of this agreement.

Indemnity

Our Company shall be responsible for any loss or damage arising out of the construction, operation and maintenance of the Thermal project and shall indemnify the GoMP on such account.

Coal Supply Agreement dated December 25, 2007

Our Company has entered into a Coal Supply Agreement dated December 25, 2007 with Madhya Pradesh Jaypee Minerals Limited (MPJML). MPJML is our Promoter Group Company.

Term

This agreement shall be valid for the entire mineable life of the Amelia (North) Coal Block that is estimated to be twenty five (25) years.

Contract Quantity

The contract quantity of coal agreed to be supplied by MPJML and purchased by our Company is 2.5 million tonnes per year. The entire coal sold and purchased under this agreement shall be utilised exclusively for the Thermal Plant. Our Company has the right to vary the contract quantity of 2.5 million tonnes per year by 5% by notifying to MPJML three (3) months prior to the commencement of the concerned financial year. Our Company may revise the monthly requirement of coal by notifying MPJML ten (10) days prior to the commencement of a month.

Price

The price of the coal is the sum of base price, sizing charges, transportation charges till the delivery point, statutory charges, levies and other charges. The components of the price shall be determined on the basis of rates and criteria notified by MPJML or the statutory authority from time to time.

Payment Mechanism

Our Company is required to make the payments by Letter of Credit. Our Company is required to deliver, a bank guarantee issued by a scheduled or nationalised bank for an amount equal to the notified price for fifteen (15) days coal supply to MPJML. The said bank guarantee shall be valid for a minimum period of one (1) year. Our Company is required to ensure renewal of the bank guarantee at least one (1) month prior to its expiry.

Dispute Resolution

This agreement provides that disputes between MPJML and our Company shall be resolved amicably by mutual consultation. If such resolution is not possible, then the unresolved dispute or difference shall be referred to arbitration.

Force Majeure

If a party is rendered wholly or partially unable to perform its obligations under this agreement due to force majeure, then that party shall be exempted from performing obligations, which are affected by the force majeure.

V. Agreements relating to the Arunachal projects

Memoranda of Agreement dated February 22, 2006

Pursuant to two Memoranda of Agreement dated February 22, 2006 between the Government of Arunachal Pradesh (GoAP) and JAL, the GoAP granted permission to JAL to undertake preliminary investigation for the preparation of pre-feasibility reports and conduct detailed investigations for the preparation of DPRs relating to the Lower Siang project (1600 MW) and the Hirong project (500 MW) (collectively referred to as the "Arunachal projects"). The same has been estimated at 2000MW in the detailed project report prepared by NHPC, in relation to the Lower Siang project dated March 2006, which has subsequently been acquired by JAL. Subsequent to evaluation by our Company, this estimate has been upgraded to 2025MW, and this increase has been acknowledged by the Ministry of Environment and Forests, Government of India vide their letter dated November 7, 2007, granting clearance for pre-construction activities at the proposed project site.

The Arunachal projects are required to be subsequently implemented by JAL on build, own, operate and transfer (BOOT) basis and are required to be developed as run-of-the-river (RoR) schemes in line with the GoAP's policy of ensuring environmentally friendly and people friendly development of such projects.

All clearances and approvals required for the establishment and implementation of the Arunachal projects shall be obtained by JAL and JAL is also responsible for compliance with all environmental and safety requirements. The GoAP shall accord necessary clearances under its purview to JAL within a reasonable period of time and shall provide need based assistance to JAL in obtaining all such requisite approvals and clearances.

JAL is required to allocate to the GoAP 11% of the equity share capital in such special purpose vehicle incorporated for the implementation of the Arunachal projects within three (3) months of the date of these memoranda of agreement. The Arunachal projects shall not be transferred to any third party without prior consent of the GoAP although JAL is permitted to mortgage the land related to the Arunachal projects, with the prior consent of GoAP, for the purposes of obtaining financing, provided that the mortgage period does not extend beyond the period of the lease (mentioned below) of the Arunachal projects to JAL. Further JAL shall not incur any financial liabilities in the name of the GoAP during the course of the execution and maintenance of the Arunachal projects.

Term

Each of the Arunachal projects shall be operated by JAL for a lease period of forty (40) years from the date of the commencement of commercial operations of such project. The concerned Arunachal project shall revert to the GoAP on the expiry of such forty (40) year period, free of cost and in good working condition.

Free Power

Under the terms of the memoranda of agreement, the GoAP is entitled to free power as follows:

I Lower Siang project;

- 12% of the power generated for the first ten (10) years;
- 15% of the power generated during the subsequent period; and

II Hirong project

- 12% of the power generated for the first ten (10) years;
- 15.5% of the power generated during the subsequent period .

In addition to the above, the GoAP shall have the first right to purchase additional power (over and above the free power mentioned above) generated from the Arunachal projects, in terms of the power purchase agreement required to be entered into between the parties on mutually agreed terms and conditions. This right shall be exercised within ninety (90) days of JAL offering such power to the GoAP, and if the parties fail to enter into a mutually agreed power purchase agreement for the additional power within such period, JAL shall be entitled to sell the additional power to any third party.

Purchase of DPR from NHPC

JAL is to reimburse National Hydro Power Corporation Limited for the survey and investigations works and the cost of preparation of the DPR for the Lower Siang project. In furtherance of the above, JAL has purchased the said DPR relating to the Lower Siang project from National Hydro Power Corporation Limited on November 27, 2007 for an amount of Rs. 787.80 million.

Transmission

The responsibility for developing the evacuation system at each Arunachal project is our Company's. However, in respect of power generated by such Arunachal project and provided free to or purchased by the GoAP, the GoAP shall be responsible for evacuating the power from the bus-bar.

Indemnity

JAL indemnifies the GoAP from any damage or loss arising out of construction, operation and maintenance of the Arunachal projects. Neither party shall be responsible to the other for losses and damages arising out of any force majeure event.

Schedule

JAL is required to achieve financial closure relating to each Arunachal project within twelve (12) months of the receipt of techno-economic clearance from the CEA and requisite approvals from the Ministry of Environment and Forests relating to that Arunachal project. The implementation of each of the Arunachal projects is required to commence within a period of four (4) years from the date of signing of the memoranda of agreement or within a period of one (1) year from the date of receipt of all statutory clearances required for that Arunachal project.

Payments

JAL has deposited a sum of Rs. 16 million as a non-refundable processing fee in favour of the GoAP at the time of the signing of the memoranda of agreement relating to the Lower Siang project and has further deposited a sum of Rs. 33.6 million with the GoAP which shall be adjusted against the free power required to be supplied to the GoAP during the first year of commercial operation in respect of this project.

JAL has deposited a sum of Rs. 5 million as a non-refundable processing fee in favour of the GoAP at the time of signing of the memoranda of agreement relating to the Hirong project and has further deposited a sum of Rs. 10.5 million with the GoAP which shall be adjusted against the free power required to be supplied to the GoAP during the first year of commercial operation in respect of this project.

Termination

The GoAP may terminate the memoranda of agreement relating to an Arunachal project where financial closure in respect of such project has not been achieved within twelve (12) months of receiving techno-economic clearance and all other requisite statutory approvals.

The GoAP may also terminate the memorandum of agreement relating to an Arunachal project where implementation of such project has not commenced within four (4) years of the date of the memorandum of agreement or within a period of one (1) year from the date of receipt of all statutory clearances required for the Arunachal projects whichever is later. However the above time period shall be automatically extended by the aggregate of the period during which JAL could not take steps to commence implementation due to force majeure.

Any stoppage of work relating to an Arunachal project shall not exceed twelve (12) continuous months for reasons other than force majeure events where such stoppage extends beyond twelve (12continuous months, the GoAP, after providing JAL due opportunity to resume work, is entitled to terminate the Memorandum of Agreement relating to that Arunachal project.

Penalty

In case JAL is not able to commission the project within eight (8) years from the date of receipt of all statutory clearances, the company shall be liable to pay penalty at the rate of Rs. 10,000 per MW per Month to GoAP for the duration of extended period of commissioning except when such delay is caused by force majeure events.

Tariff

The power tariff in respect of the power generated at the Arunachal projects shall be fixed in accordance with the specific Government of India guidelines for such hydro-electric projects.

Tripartite Agreement dated December 13, 2007

Pursuant to a Tripartite Agreement dated December 13, 2007 among the GoAP, JAL and our Company, the GoAP granted its consent to the transfer of the assets, liabilities, obligations, rights, privileges and benefits relating to the Lower Siang project and the Hirong project under the memoranda of agreement dated February 22, 2006 (discussed above) from JAL to our Company. Our Company has assumed all rights and obligations of JAL under the memoranda of agreement and JAL has been released from such obligations by the GoAP.

VI. Agreements in relation to Meghalaya projects

Memoranda of Agreement dated December 11, 2007

Pursuant to two Memoranda of Agreement dated December 11, 2007 between the Government of Meghalaya (GoM) and our Company for execution of the 450 MW Kynshi – II hydro- electric project and the 270 MW Umngot hydro-electric project (collectively referred to as the "Meghalaya projects"), the GoM granted our Company permission to undertake investigations for the preparation of pre-feasibility reports and DPRs, financing and subsequent development, commissioning, implementation, operation and maintenance of the Meghalaya projects.

Term

Each of the Meghalaya projects shall be implemented by our Company on a BOOT basis for a period of forty (40) years commencing from the date of commercial operations of the relevant project. The concerned Meghalaya project shall be transferred to the GoM, free of cost, upon the expiry of such forty (40) year period.

Costs

The entire cost of preparation of DPRs, implementation, operation and maintenance of the Meghalaya projects shall be borne by our Company. Our Company may raise investments in connection with the Meghalaya projects but shall not incur any liability in the name of the GoM.

Free Power

The GoM is required to be given 12% of the energy generated at each of the Meghalaya projects free of cost and an additional 1% for the sustainable development of the area in which the project is situated. The GoM shall plough back 2% of such free power for the sustainable development of the area in which the relevant project is situated.

Transmission

The responsibility for developing the evacuation system at each of the Meghalaya projects shall be our Company's. However, in respect of power generated at each of the Meghalaya projects and purchased by the GoM, the GoM shall be responsible for evacuating the power from the bus bar.

Personnel

Our Company is required to reserve a minimum of 80% of the 'C' and 'D' category posts and grant preference in employment in higher category posts at each of the Meghalaya projects for bona fide citizens of the area and the state of Meghalaya. While awarding us contracts relating to the Meghalaya projects, our Company is required to give preference to local contractors who fulfill the eligibility criteria for such sub-contracts.

Indemnity

Our Company is responsible for any loss or damage arising out of the construction, operation and maintenance of the Meghalaya projects and indemnifies the GoM on such account.

Force Majeure

Neither party shall be responsible to the other for any losses arising out of any force majeure event.

Termination

The GoM may terminate the memoranda of agreement relating to a Meghalaya project if financial closure for the relevant project is not achieved within twelve (12) months of receiving the techno-economic clearance relating to such project. The GoM may further terminate the memorandum of agreement relating to a Meghalaya project if there is any stoppage of construction of such project for a period of more than twelve (12) months or where our Company does not commence construction within four (4) years of the date of the relevant memorandum of agreement or within a period of one (1) year from the date of receipt of all requisite approvals relating to such project.

Up-front Premium

Our Company is required to pay an up-front fee of Rs. 45 million for the 450 MW Kynshi – II hydro electric project and Rs. 27 million for the 270 MW Umngot hydro electric project. 50% of the said amounts has been paid on the signing of the relevant memoranda and the balance 50% is payable at the time of financial closure.

Equity participation

Our Company is required to allocate 26% of the equity in the special purpose vehicle(s) formed for the implementation of the Meghalaya projects to the GoM by way of equity subscription agreements to be executed within six (6) months from the date of the relevant memoranda of agreement. Our Company is required to arrange the funding for the equity participation of the GoM without any sovereign guarantee from the GoM. For facilitating the repayment of such funding, the GoM is required to assign to our Company all dividends and proceeds from sale of the free power to be provided to GoM from each of the Meghalaya projects.

REGULATIONS AND POLICIES

Our Company currently operates a 400 MW installed capacity run-of-the-river hydro-electric power project in district Chamoli, Uttarakhand and is engaged in the implementation of a 1,000 MW coal-fired thermal power plant in Madhya Pradesh. Our Company also proposes to implement, through investment in other companies or otherwise, five hydro-electric projects and one power transmission project at different locations in India. For details in relation to the objects of the Issue and our Company's other proposed investments, see the chapters titled "Objects of the Issue" and "Our Business" beginning on pages 77 and 114 of the Draft Red Herring Prospectus respectively.

The following is a summary of certain relevant regulations and policies applicable to our Company's business. The descriptions set forth below are not exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional advice.

Background of the Power Sector in India

Electricity, being an entry in the Concurrent List (Entry 38, List III) of the Seventh Schedule to the Constitution of India, is regulated by the Central Government and the State Governments. The electricity sector was liberalized in the 1990s permitting private participation in the generation of electricity. Since then, several independent power plants (IPPs) have been set up by private players and power purchase agreements have been entered into with State Electricity Boards (SEBs) for sale of the power generated by such IPPs.

The Electricity Act, 2003, the Electricity (Amendment) Act, 2003 and the Electricity (Amendment) Act, 2007 (collectively the "Electricity Acts"**)**

Prior to 2003, the generation, transmission and supply of electricity were governed by the Indian Electricity Act, 1910, the Electricity (Supply) Act, 1948 and the Electricity Regulatory Commissions Act, 1998. The Electricity Act, 2003 was introduced to consolidate the laws relating to generation, transmission, distribution, trading and use of electricity and for taking measures conducive to the development of the electricity industry. The salient features of the Electricity Acts are stated in brief below:

Generation

- The Central Government, in consultation with the State Governments and the Central Electricity Authority (CEA), is required to frame the national electricity policy and tariff policy from time to time;
- Any generating company may establish, operate and maintain generating stations without obtaining a license if it complies with prescribed technical standards relating to grid connectivity;
- A generating company intending to set-up a hydro-generating station is required to submit a scheme estimated to involve a capital expenditure exceeding a prescribed sum for concurrence of the CEA. The CEA is to consider whether the proposed river-works will prejudice the prospects for the best ultimate development of the river or its tributaries for power generation. Factors such as drinking water, irrigation, navigation, flood-control or other public purposes are also required to be considered. The CEA will need to satisfy itself that an adequate study has been made of the optimum location of dams and other river-works. Further, compliance with prescribed norms regarding dam design and safety are also to be considered by the CEA;
- A generating company is required to establish, operate and maintain generating stations, tie-lines, sub-stations and dedicated transmission lines connected therewith;
- A generating company may supply electricity to any licensee or even directly to consumers, subject to availing open access to the transmission and distribution systems and payment of transmission charges, as may be determined by the relevant regulatory commission; and
- Such regulatory commission is empowered, *inter alia*, to determine the tariff for supply of electricity from the generating company to a distribution licensee, for transmission of electricity, wheeling of electricity and retail sale of electricity.

Transmission

- Transmission licensees are to comply with grid standards prescribed by the CEA;
- Every transmission licensee is required to obtain a transmission license from the Central Electricity Regulatory Commission (CERC) or the State Electricity Regulatary Commission (SERC), as may be applicable;
- The Central Government is required to designate one government company as the central transmission utility (CTU) and the respective state governments are to designate one government company as the state transmission utility (STU). The CTU and the STUs are deemed to be transmission licensees;
- The CTU and STUs are primarily responsible for the transmission of electricity, the planning and co-ordination of the transmission system, providing a non-discriminatory open-access system to any user and developing a coordinated, efficient and integrated inter-state and intra-state transmission system respectively;
- The CTU is prohibited from engaging in the generation and/or trading of electricity and the STUs are prohibited from trading in electricity; and
- Open access is granted to IPPs subject to availability of adequate transmission capacity as determined by the CTU/STUs.

Trading

- Trading (purchase of electricity for resale) for both wholesale and retail supply has been made a licensed activity. A distribution licensee can undertake distribution, trading and retail supply through one license;
- The license to trade in electricity is granted by the relevant electricity regulatory commission;
- The criteria for licensing include capital adequacy and technical parameters; and
- The electricity regulatory commissions have the power to fix the ceiling on trading margins in intra-state trading of electricity, if considered necessary.

Rural Areas

- No license is required to generate and distribute electricity in rural areas notified by the State Government, subject to compliance with the requirements specified by the CEA.

Tariff Policy

The Tariff Policy (the Tariff Policy) was notified by the Central Government on January 6, 2006 in compliance with Section 3 of the Electricity Act, 2003. The central and state commissions are guided by the Tariff Policy while determining the tariff. A forum of regulators has been constituted for facilitating consistency in approach. The key features of the Tariff Policy are as below:

i) it stipulates adoption of a two-part tariff structure for all long term contracts;

ii) procurement of future power requirements is required to be through competitive bidding;

iii) it provides for procurement of electricity separately for base load requirements and peak load requirements, in order to facilitate setting up of generation capacities to specifically meet peak load requirements;

iv) it stipulates that PPAs should ensure adequate and bankable payment security arrangements to the generating companies;

v) in case of coal based generating stations, the cost of the project will also include reasonable cost of setting up coal washeries, coal beneficiation system and dry ash handling and disposal system; and

vi) insofar as transmission is concerned, it seeks to ensure optimal development of the transmission network to promote efficient utilization of generation and transmission assets and to attract the required investments in the transmission sector and providing adequate returns.

The Tariff Policy lays down a framework for performance-based cost of service regulation in respect of aspects common to generation, transmission as well as distribution. The key aspects of this framework are:

i) Return on Investment: The rate of return on investment should be such that it allows generation of reasonable surplus for growth of the sector. The rate of return on equity for generation and transmission projects is required to be appropriately notified by the CERC keeping in view the assessment of overall risk and the prevalent cost of capital. The rate of return notified by CERC for transmission may be adopted by the SERCs for distribution with appropriate modifications, taking into view the higher risks involved.

ii) Equity Norms: Adoption of a debt-equity ratio of 70:30 for financing of future capital cost of projects. In case of equity below the normative level, i.e., 30%, the actual equity would be used for determination of return on equity in tariff computations.

iii) Rates of depreciation in respect of generation and transmission assets, as notified by the CERC, will be made applicable for purpose of tariff and accounting. There will be no need to make any advance against depreciation.

iv) Structuring of debt, including its tenure, with a view to reduce tariff should be encouraged.

v) Appropriate costs of hedging and swapping to take care of foreign exchange variations shall be allowed in respect of debt obtained in foreign currencies for projects where the tariff has not been determined on the basis of competitive bids.

vi) Operating parameters in tariff shall be taken at "normative level" only and not at "lower of normative and actuals" thereby ensuring better operating performance. These operating norms in respect of generation and transmission shall be notified by the appropriate authorities from time to time.

vii) The Multi-Year Tariff (MYT) framework is to be adopted for any tariffs to be determined from April 1, 2006.

viii) Tariff fixation for all electricity projects (generation, transmission and distribution) that result in lower green house gas (GHG) emissions than the relevant base line should take into account the benefits obtained from the Clean Development Mechanism (CDM), so as to provide adequate incentive to the project developers.

For transmission projects, the Tariff Policy stipulates for competitive bids in respect of investment by a transmission developer other than a CTU or STU. Transmission charges under the national tariff framework can be determined on MW per circuit kilometre basis, zonal postage stamp basis, or some other variant. The Tariff Policy requires the appropriate Commission to establish norms for capital and operating costs, operating standards and performance indicators for transmission lines at different voltage levels. With respect to the allocation of transmission losses, transactions should be charged on the basis of average losses arrived at after appropriately considering the distance and directional sensitivity, as applicable to relevant voltage level, on the transmission system.

National Electricity Policy (NEP)

The NEP was notified by the Central Government on February 12, 2005, in compliance with Section 3 of the Electricity Act, 2003.

The main aims and objectives that the NEP seeks to achieve are the following:

- Access to electricity - available to all households in next five (5) years;
- Availability of power - demand to be fully met by 2012. Energy and peaking shortages to be overcome and adequate spinning reserve to be available;
- Supply of reliable and quality power of specified standards in an efficient manner and at reasonable rates;
- Per capita availability of electricity to be increased to over 1,000 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.

In respect of hydro-electric generation projects, the NEP calls for greater commitment of the Government towards ensuring debt financing of longer tenure and review of procedures for land acquisition, and other approvals/clearances for speedy implementation of such projects.

Further, in respect of thermal electricity generation, the NEP recommends establishing new generating stations near fuel sources, for example, pithead locations or load centres, and medium to long term fuel supply agreements, especially with respect to imported fuels, to ensure commercial viability and security of supply.

With respect to the transmission of electricity, the NEP recognizes the need to augment the transmission capacity in view of the increase planned in generation. The NEP places the responsibility on the CTU for the national and regional transmission system planning and development and on STU for the intra-state transmission system. The CTU is required to coordinate with the STUs for eliminating transmission constraints in a cost-effective manner. The NEP stipulates that the network expansion should be planned and implemented keeping in view the anticipated transmission demands on the transmission system in the open access regime. It further states that the prior agreement with the beneficiaries would not be a pre-condition for network expansion and the CTU and STU should undertake network expansion after identifying the requirements in consultation with stakeholders and after taking due regulatory approvals.

The NEP also recommends the creation of certain special mechanisms to encourage private investment in the transmission sector in order to meet the objective of 'Power for all by 2012'.

Modes of Participation in Power Projects

The two modes of participating in power projects are:
(i) the MoU route; or
(ii) the bidding route.

MoU Route

The MoU route involves negotiations between SEBs and the developer. The MOU route is based on a cost plus approach, with the cost determination usually involving the following:

- determination of receivables of capital cost;
- finalizing the term of loans and/or other debt;
- finalizing the extent of foreign exchange protection;
- fixing operating parameters within the prescribed norms;
- identifying deemed generation provisions;
- evaluating the extent of dispatchability;
- evaluating the level of incentive payments;
- identifying change in law in terms of taxation 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.

Bidding Route

Bidding is based on the bulk power tariff structure. The tariff structure recommends bid evaluation on the basis of levelised tariff for fixed cost components, escalable and non-escalable costs and certain operational parameters such as heat rate, auxiliary consumption, etc. Under the bidding route, the IPP

sells its entire output to SEBs and does not trade directly. The revenue from operations of the IPPs under the bidding route is divided into two streams:

- the fixed or capacity charge covering the payment received by the IPP for the generating capacity available to the SEB (irrespective of the actual dispatch by the SEB). This fixed or capacity charge also comprises components in respect of foreign exchange risk; and
- the variable or energy charge, which comprises the fuel cost for the electricity generated and purchased by the SEB at actuals. The fuel cost is calculated on the heat rate over the life of the power project and the cost of the fuel.

Standards of Performance

The appropriate commission can set the standards of performance applicable to each licensee or class of licensees. A licensee failing to meet the performance standards may have to pay compensation to the person affected by such failure. The licensees are required to submit information about their performance to the appropriate commission and the appropriate commission shall arrange to publish such performance-related information at least once a year.

Key Functionaries

Central and State Governments

The Central Government has been assigned a number of duties, including planning and policy formulation, rule making, prescribing duties and other tasks, funding, and issuing directions.

The Central Government designates a CTU and establishes the National Load Dispatch Centre (NLDC), Regional Load Dispatch Centres (RLDC), the Appellate Tribunal, the Coordination Forum, and the Regulators' Forum. The Central Government is empowered to vest the property of a CTU in a company or companies and decide on the jurisdiction of benches of the Appellate Tribunal. It prescribes the duties and functions of the CEA, NLDC and RLDC. In addition to administrative control, financial control of CERC also vests with the Central Government. The State Government exercises similar powers in relation to SERC, State Load Dispatch Centres (SLDCs) and STU.

Central Electricity Authority

The CEA primarily performs a consultative role. It is empowered to grant the technical clearance required for schemes relating to hydro-generating stations entailing an investment greater than a certain specified minimum investment.

Commissions at the central and state level

The power sector has a two-level regulatory system. At the centre, 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 each State. The CERC and the SERCs are to be guided by the National Electricity Policy, Tariff Policy and the National Electricity Plan while discharging their functions.

The CERC and SERCs have been entrusted with a variety of functions, including determining tariff, granting licenses to function as transmission licensee and electricity traders and settling disputes between the generating companies and the licensees. The CERC and SERCs are quasi-judicial authorities with the powers of a civil court and an appeal against orders of the CERC and/or the SERCs would lie to the Appellate Tribunal.

Appellate Tribunal

The Appellate Tribunal has been set up as an appellate body against orders of the CERC and/or the SERCs or the adjudicating officers. The Appellate Tribunal has been empowered with the powers of a

civil court and its orders are executable as decrees of a civil court. An appeal from the orders of the Appellate Tribunal will lie with the Supreme Court.

Load dispatch centres

The Electricity Act, 2003 has created a three-tier load dispatching system, namely a NLDC, RLDC and SLDCs. The load dispatch centres are now separate government companies and they cannot participate in trading or generation of electricity.

Fiscal Regulations

Section 80-IA of the Income Tax Act, 1961 provides that, while computing the total income of an industrial undertaking or enterprise engaged in infrastructure development, including undertakings that are set up for the generation and distribution of power if such undertaking begins to generate power or starts transimission or distribution by laying a network of new transmission or distribution lines prior to March 31, 2010, 100% deduction of the profit and gains of such undertaking is allowed. This deduction is permitted during any 10 consecutive assessment years out of the first fifteen (15) years from the commencement of operation of the infrastructure facility. This benefit is not applicable when the concerned undertaking is formed by the splitting up or reconstruction of a business already in existence or by the transfer to a new business of machinery or plant previously used for any purpose. For further details, please refer to the chapter titled "Statement of Tax Benefits" on page 94 of the Draft Red Herring Prospectus.

Kyoto Protocol and Carbon Credits

The Kyoto Protocol is a protocol to the International Framework Convention on Climate Change with the objective of reducing GHG that cause climate change. The Kyoto Protocol was agreed on December 11, 1997 at the third conference of the parties to the treaty when they met in Kyoto, and entered into force on February 16, 2005.

The Kyoto Protocol defines legally binding targets and timetables for reducing the GHG emissions of industrialized countries that ratified the Kyoto Protocol.

Governments have been separated into developed nations (who have accepted GHG emission reduction obligations) and developing nations (who have no GHG emission reduction obligations). The protocol includes "flexible mechanisms" which allow developed nations to meet their GHG emission limitation by purchasing GHG emission reductions from elsewhere. These can be bought either from financial exchanges, from projects which reduce emissions in developing nations under the CDM, the Joint Implementation scheme or from developed nations with excess allowances.

Typical emission certificates are:

- Certified Emission Reduction (CER);
- Emission Reduction Unit (ERU); and
- Verified Emission Reduction (VER).

CERs and ERUs are certificates generated from emission reduction projects, under the CDM for projects implemented in developing countries, and under Joint Implementation (JI) for projects implemented in developed countries, respectively. These mechanisms are introduced within the Kyoto Protocol. For projects which cannot be implemented as CDM or JI, but still fulfill the required standards, VERs can be generated. VERs, however, cannot be used for compliance under the Kyoto Protocol.

Other Regulations

In addition to the laws specific to implementing and operating power generating stations, our Company is also required to comply with the provisions of other legislations generally applicable to an operating business. The key regulations that are applicable to our Company include:

- *Environmental Laws:* Our Company's projects, particularly during their construction but also on a continuing basis, have to comply with various provisions of environmental legislations. Seismic parameters are to be complied with during construction. Our Company's projects may affect wildlife and aquatic life and may also involve rehabilitation and resettlement of human population in the vicinity of the projects. Consequently, relevant provisions of the Environment Protection Act, 1986, Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981, Hazardous Wastes (Management and Handling) Rules, 1989 and relevant forest conservation regulations, among others, are applicable to our Company.
- *Labour Laws:* The construction and operation of our Company's projects are labour-intensive activities and thus require compliance with various labour welfare legislations, including the Industrial Disputes Act, 1947, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, the Payment of Bonus Act, 1965 and the Employees State Insurance Act, 1948.
- *Land Laws:* The land requirement for our Company's projects usually consists of a mix of private land, government land and forestland. The Land Acquisition Act, 1894, relevant state land acts and the forest conservation acts are applicable in obtaining/diverting land for our Company's projects.
- In addition to the above, the provisions of the Companies Act various fiscal regulations and municipal laws are also applicable to our Company in the course of its operations.

HISTORY AND OTHER CORPORATE MATTERS

Our Company was incorporated as Jaiprakash Power Ventures Limited, a public limited company, on May 18, 1995 and obtained a certificate of commencement of business dated June 12, 1995. Our Company's Promoter is Jaiprakash Associates Limited (formerly known as Jaiprakash Industries Limited). For further details regarding our Promoter, please refer to the paragraph titled "Promoter's Background" in the chapter titled "Our Promoter" beginning on page 194 of the Draft Red Herring Prospectus.

Our registered office is situated at 113, Rajpur Road, Dehradun - 248 001, Uttarakhand.

Acquisition of the Vishnuprayag plant

Our Company has one operating run-of-the river 400 MW hydro-electric plant at Vishnuprayag in district Chamoli, Uttarakhand, which is located across the river Alaknanda (Vishnuprayag plant). The Vishnuprayag plant utilizes the water of the river Alaknanda and has an underground power station with an installed capacity of 400 MW (4x100 MW). For details regarding the Vishnuprayag plant, see the chapter titled "Our Business" beginning on page 114 of the Draft Red Herring Prospectus.

Our Company acquired the Vishnuprayag plant from our Promoter, Jaiprakash Associates Limited. The details of the acquisition as a going concern of the Vishnuprayag plant are as stated below:

Our Promoter and the Government of Uttar Pradesh (GoUP) executed a Memorandum of Understanding dated October 14, 1992 recording GoUP's acceptance of our Promoter's proposal to set up a 360 MW Vishnuprayag plant. Subsequently, our Promoter submitted a report to the GoUP for a 400 MW installed capacity project at Vishnuprayag. Pursuant to this report, the GoUP granted its approval to our Promoter to establish, own operate and maintain the Vishnuprayag plant by an agreement dated September 20, 1994. The approval was granted for an initial period of thirty (30) years from the date of commissioning of the Vishnuprayag plant, which is extendable for a further period of twenty (20) years upon mutually agreed terms.

Pursuant to an agreement dated March 9, 1998 between our Company and our Promoter, our Company acquired the Vishnuprayag plant as a going concern from our Promoter. The Vishnuprayag plant was transferred to our Company with effect from March 14, 1998, together with all the obligations and benefits of contracts and engagements, tangible and intangible rights, licenses and permits, quotas, registrations etc. The GoUP, pursuant to its letter dated March 29, 1996, stated that it had no objection to the implementation of the Vishnuprayag plant by our Company. Our Company paid a consideration of Rs. 143.7 million (being the valuation of the undertaking as on November 30, 1997 assessed in the valuation report of the Government approved valuer) to our Promoter for transfer of the assets of the power plant, by the allotment of 14,370,000 Equity Shares. Pursuant to formation of the State of Uttarakhand (formerly known as Uttaranchal), an Amended Implementation Agreement was executed between the GoUP, Government of Uttarakhand, Uttar Pradesh Power Corporation Limited (UPPCL) and our Company dated March 22, 2003.

The Vishnuprayag plant commenced commercial operation between June 17, 2006 and October 13, 2006. Our Company has executed a final Power Purchase Agreement with the UPPCL dated January 16, 2007. Under the Vishnuprayag PPA, our Company is required to supply 12% of the power produced at the Vishnuprayag plant to the Government of Uttarakhand free of cost and deliver the remaining power to UPPCL against payment of tariff as per the formula specified under the Vishnuprayag PPA. For further details in relation to the Vishnuprayag PPA, please refer to the chapters titled "Key Business Contracts", "Management's discussion and analysis of financial condition and results of operations" and "Our Business" beginning on pages 135, 271 and 114 respectively of the Draft Red Herring Prospectus.

Changes in the Registered Office of Our Company

There have been no changes in our Company's registered office since inception.

Key Events and Milestones

The key events and milestones in relation to our Vishnuprayag plant and otherwise are as stated hereunder:

Year	Major Events
Pre-incorporation of our Company	
October 1992	Memorandum of Understanding between our Promoter and GoUP, to carry out techno economic study and detailed investigation of the Vishnuprayag plant.
September 1994	Implementation Agreement among our Promoter, Uttar Pradesh State Electricity Board (now UPPCL) and the GoUP pursuant to which the GoUP granted JAL the right to establish, own, operate and maintain the Vishnuprayag plant.
Post-incorporation of our Company	
May 1995	Incorporation of our Company.
June 1995	Receipt of certificate of commencement of business.
March 1996	No Objection Certificate from the GoUP, for transfer of Implementation Agreement in favour of our Company from our Promoter.
September 1996	Power Purchase Agreement with the Uttar Pradesh State Electricity Board (now UPPCL)
May 1998	Transfer of the techno economic clearance from our Promoter in favour of our Company by the Central Electricity Authority.
March 2003	Amended Implementation Agreement among the GoUP, Government of Uttarakhand, UPPCL (formerly UPSEB) and our Company, pursuant to which the Government of Uttarakhand granted our Company the right to establish, own, operate and maintain the Vishnuprayag plant.
February 2006	Execution of two Memoranda of Agreement dated February 22, 2006 among the Government of Arunachal Pradesh and JAL for implementation, operation and maintenance of the Arunachal projects.
June 2006	Commencement of commercial operation of Unit I of our Vishnuprayag plant.
July 2006	Commencement of commercial operation of Unit II of our Vishnuprayag plant.
August 2006	Commencement of commercial operation of Unit III of our Vishnuprayag plant.
October 2006	Commencement of commercial operation of Unit IV of our Vishnuprayag plant.
January 2007	Final Power Purchase Agreement entered into between our Company and UPPCL in respect of the Vishnuprayag plant.
	Memorandum of Understanding between our Promoter and the Government of Madhya Pradesh for the establishment and operation of a 500 MW Thermal Power Station at the Katai and Nigrie villages in Madhya Pradesh.
December 2007	Amendment to Memorandum of Understanding between JAL, the Government of Madhya Pradesh and our Company, whereby our Company was granted permission to establish and operate our Nigrie Thermal project.
	Installed capacity of our Nigrie Thermal project increased to 1000 MW.
	Implementation Agreement signed between our Company and the Government of Madhya Pradesh for the Nigrie Thermal project.
	Tripartite Agreement between the Government of Arunachal Pradesh, our Promoter and our Company, for transfer of the assets, liabilities, obligations, rights, privileges and benefits in respect of the Arunachal projects to our Company.
	Execution of two Memoranda of Agreement between Government of Meghalaya and our Company for execution of the Meghalaya Projects, granting our Company permission to undertake preliminary investigation for DPR preparation, financing and subsequent development, commissioning, implementation, operation and maintenance of the Meghalaya projects.
	Approval from PGCIL to subscribe to equity in JPL.
	Execution of the Second Supplementary Implementation Agreement dated December 20, 2007 between the Government of Himachal Pradesh and JKHCL for extension of date for completion of construction/ commissioning of the

Year	Major Events
	project up to November 18, 2011.
	Execution of Coal supply agreement between Madhya Pradesh Jaypee Minerals Limited and our Company for supply of coal from Amelia (North) Coal Block for the Nigrie Thermal project dated December 25, 2007.

Main Objects of Our Company:

1. To set up power projects, including hydro, thermal, nuclear, wind, solar, gas based, combined cycle or any other power project, either through itself or through subsidiaries, joint ventures, associates or other entities, including by acquiring interest in power generation, transmission or other companies and to carry on the business of general electric power supply in all or any of its branches and to construct, lay down, establish, fix and carry out all necessary power stations, cables and wires, lines, accumulators, lamps and works and to generate, accumulate, distribute and supply electricity and to light cities, towns, villages, streets, docks, markets, theatres, buildings, industry or industries and any other places, both public and private.

2. To acquire the right to use or manufacture dynamos, accumulators and all apparatus now known, or that might be developed or intended in future in connection with the generation, transformation, transmission, propagation, radiation, distribution, supply, accumulation and employment or application of electricity or other sources of power/energy and to construct, maintain, carry out, work, buy, sell, let on hire and deal in works, plants, machinery, convenience and things of all kinds capable of being used in connection with such purposes, including cables, wires, lines, stations, exchanges, accumulators, dynamos, motor batteries, switching, regulating, controlling, signalling and medical apparatus, lamps, meters and engines.

3. To carry on the business of electricians and electrical, mechanical engineers, suppliers of electricity or other power/energy for the purpose of light, heat, motive power or otherwise, and manufactures and dealers of apparatus and things required for or capable of being used in connection with the generation, distribution, supply, accumulation and employment of electricity, galvanism, magnetism or non-conventional, renewable or new energy/power.

Changes in Memorandum of Association of our Company

Date of Shareholders' Approval	Changes in Memorandum of Association
April 11, 1998	The authorised share capital of Rs. 250,000,000 comprising of 25,000,000 Equity Shares was increased to Rs. 1,000,000,000 comprising of 100,000,000 Equity Shares.
October 18, 1999	The authorised share capital of Rs. 1,000,000,000 comprising of 100,000,000 Equity Shares was increased to Rs. 9,000,000,000 comprising of 900,000,000 Equity Shares.
December 18, 2007	Amendment of Main Objects Clause - To set up power projects, including hydro, thermal, nuclear, wind, solar, gas based, combined cycle or any other power project, either through itself or through subsidiaries, joint ventures, associates or other entities, including by acquiring interest in power generation, transmission or other companies and to carry on the business of general electric power supply in all or any of its branches and to construct, lay down, establish, fix and carry out all necessary power stations, cables and wires, lines, accumulators, lamps and works and to generate, accumulate, distribute and supply electricity and to light cities, towns, villages, streets, docks, markets, theatres, buildings, industry or industries and any other places, both public and private.

Subsidiaries of our Company

Our Company does not have any subsidiary as on the date of filing of the Draft Red Herring Prospectus with SEBI.

One of the objects of the Issue is to invest in the equity share capital of one of our Promoter Group Companies, JKHCL towards part-funding the equity component of the Karcham-Wangtoo project being executed by JKHCL, pursuant to which JKHCL will become our subsidiary after the Issue. Further, our Company also proposes to subscribe for 23% of the equity capital of JPL out of the proceeds of the Issue. JPL is developing a 230 km long power Transmission project to evacuate power from the Karcham-Wangtoo project. For further details, please refer to the chapter titled "Objects of the Issue" beginning on page 77 of the Draft Red Herring Prospectus.

In addition, our Company proposes to subscribe up to 89% of the equity capital of special purpose vehicle(s) to be incorporated to implement the Arunachal projects. Further our Company proposes to subscribe to up to 74% of the equity capital of the special purpose vehicle(s) that we intend to incorporate to implement the Meghalaya projects.

For further details on these projects, please refer to the chapters titled "Our Business" and "Key Business Contracts" beginning on pages 114 and 135 respectively of the Draft Red Herring Prospectus.

Shareholders Agreements

1. Subscription Agreement entered into between our Company and ICICI Bank Limited dated January 03, 2008.

Salient features of the Agreement, mentioned above are as follows:

- Subscription Price shall be Rupees 234.00 per equity share
- Our Company agrees to allot equity shares to the Subscriber of an aggregate quantity not exceeding 10.5 million, on the terms and conditions set out in the Agreement.
- ICICI Bank Limited may assign any of its rights under this Agreement, or transfer by novation any of it rights and obligations if IPO does not happen three years from the Completion Date. Our Company may not assign ay of its rights or transfer any of its rights or obligations under this Agreement.

Further our Promoter and ICICI Bank Limited have entered into agreement dated January 3, 2008 pursuant to which JAL and ICICI Bank Limited have given each other the right of first refusal for the shares of our company held by them as well as the tag along rights were given to ICICI Bank Limited. Further, ICICI Bank Limited has furnished non disposal undertaking towards the shares of our Company allotted pursuant to the share Subscription Agreement dated January 3, 2008.

2. Subscription Agreement entered into between our Company and State Bank of India dated January 05, 2008.

Salient features of the Agreement, mentioned above are as follows:

- Subscription Price shall be Rupees 234.00 per equity share
- Our Company agrees to issue and allot equity shares to the Subscriber of an aggregate quantity not exceeding 5 million, on the terms and conditions as mentioned in the Agreement.
- State Bank of India may assign any of its rights under this Agreement or transfer by novation any of its rights and obligations if IPO does not happen three years from the Completion Date. Our Company may not assign any of its rights or transfer of equity shares by SBI to its Affiliates or Associates or after three years from the Completion Date.

Further our Promoter and State Bank of India ("SBI") have entered into angreement dated January 5, 2008 pursuant to which JAL and SBI have given each other the right of first refusal for the shares of our Company held by them as well as the tag along rights were given to SBI. Further, SBI has furnished non-disposal undertaking towards the Equity Shares of our Company allotted pursuant to the share Subscription Agreement dated January 5, 2008.

3. Our Company was a party to a Subscription Agreement dated July 12, 2005 with ICICI Bank Limited (ICICI), and our Promoter was a party to the Shareholders and Buyback Agreement dated July 23, 2005, and Shareholders and Buyback Addendum I dated March 27, 2006 entered into with ICICI, pursuant to which ICICI had subscribed for 80 million Equity Shares, for an aggregate value of Rs. 800 million. The Equity Shares have subsequently been purchased on November 27, 2007 by Jaypee Ventures Private Limited, our Promoter Group Company, at a price of Rs. 12.42 per Equity Share, which was as per the terms of the aforesaid agreements. The aforesaid agreements have been terminated and are no longer in force.

Other Agreements / Arrangements

There are no other material contracts entered into or to be entered into by our Company, other than contracts in the ordinary course of our business or contracts entered into more than two (2) years before the date of the Draft Red Herring Prospectus.

Strategic partners

Our Company does not have any strategic partners as on date of the Draft Red Herring Prospectus.

Financial partners

Our Company does not have any financial partners as on date of the Draft Red Herring Prospectus.

OUR MANAGEMENT

Our Company is currently managed by a Board of Directors comprising twenty (20) Directors. As per our Articles of Association, our Board shall consist of not less than three (3) Directors and not more than twenty (20) Directors.

Our Articles of Association provide that so long as JAL holds 51% or more of the paid up equity capital of our Company, the Managing Director of our Company shall be the nominee of JAL. For further details, please refer to the section titled "Main Provisions of the Articles of Association of our Company" beginning on page 401 of the Draft Red Herring Prospectus.

Our Directors

Our Board consists of twenty (20) Directors of which ten (10) are independent Directors. Our Chairman is an Executive Director.

Sr. No.	Name, designation, father's name, address, nature of Directorship, occupation, term, DIN	Nationality	Age	Other directorships
1.	Mr. Jaiprakash Gaur, Director S/o Late Mr. B.S. Sharma A-9/27, Vasant Vihar, New Delhi - 110057 Non-executive, non-independent Liable to retire by rotation Industrialist DIN 00008085	Indian	76	1. Jaiprakash Associates Limited 2. Jaypee Infratech Limited 3. Jaiprakash Hydro-Power Limited 4. Jaypee Ventures Private Limited 5. Ceekay Estates Private Limited 6. Manumanik Estates Private Limited 7. Samsun Estates Private Limited 8. Dhara Infra Developers Private Limited 9. Sunvin Estates Private Limited
2.	Mr. Suresh Kumar, Executive Chairman and Chief Executive Officer S/o Mr. Tirlok Chand B-67, Sarvodya Enclave, New Delhi- 17 Executive, non-independent Business Not liable to retire by rotation DIN: 00010049	Indian	67	1. Jaypee Karcham Hydro Corporation Limited 2. Jaypee Infratech Limited
3.	Mr. Nanak Chand Sharma, Vice-Chairman S/o. Late C.S Sharma E-9/14, Vasant Vihar, New Delhi- 57 Non-executive, non-independent Business	Indian	72	1. Jaiprakash Enterprises Limited 2. Madhya Pradesh Jaypee Minerals Limited 3. Avni Realtors Private Limited

Sr. No.	Name, designation, father's name, address, nature of Directorship, occupation, term, DIN	Nationality	Age	Other directorships
	Liable to retire by rotation DIN: 00010129			
4.	Mr. Suren Jain, Managing Director S/o Late Mr. Ajeet Kumar Jain B-8/13, Vasant Vihar, New Delhi-110057 Business Executive and non-independent Not liable to retire by rotation DIN 00011026	Indian	37	1. Hicon Packagings Private Limited 2. Jaypee Ventures Private Limited. 3. Jaypee Powergrid Limited 4. Jaypee Karcham Hydro Corporation Limited. 5. Renaissance Lifestyle Private Limited
5.	Mr. Arun Gupta, Whole-time Director S/o Late Mr. Lakshmi Prasad Gupta Plot No. 64/4, Site-IV, Industrial Area, Sahibabad-201 010, Uttar Pradesh. Executive and non-independent Engineer Not Liable to retire by rotation DIN 00226354	Indian	66	1. Jaypee Karcham Hydro Corporation Limited
6.	Dr. Bidhubhusan Samal Additional Director s/o Late Nabhagan Samal Flat No. 1101, Lokhandwala Galaxy, Junction of N M Joshi and K K Marg, Byculla (West), Mumbai – 400011. Independent Service Liable to retire by rotation DIN 00007256	Indian	63	1. Jaiprakash Associates Limited 2. Surana Industries Limited 3. Prime Property Development Corporation 4. Zicom Electronic Security Systems Limited 5. Mayfair Hotels and Resorts 6. Austral Coke and Projects Limited 7. Shriram Life Insurance Company Private Limited 8. Shrijee Foundation (Charitable Trust) 9. Karn Merchant Bankers Limited 10. Microsec Financial Services Limited 11. ARSS Infrastructure Projects Limited
7.	Mr. Bal Krishna Taparia,	Indian	68	1. Jaiprakash Associates

Sr. No.	Name, designation, father's name, address, nature of Directorship, occupation, term, DIN	Nationality	Age	Other directorships
	Director S/o Mr. K.M Taparia 75, Nagina Bagh, Ajmer- 305001, Rajasthan Independent Retired banker Liable to retire by rotation DIN: 00019760			Limited 2. Jaypee Hotels Limited 3. Jaiprakash Enterprises Limited 4. Jaiprakash Hydro-Power Limited
8.	Mr. Basant Kumar Goswami, Director S/o Late Mr. Thakur Das Goswami F-4, Kailash Colony, New Delhi-110048 Independent Retired civil servant Liable to retire by rotation DIN: 00003782	Indian	72	1. Jaiprakash Associates Limited 2. Taj Kerala Hotels & Resorts Limited 3. Quest Venture Co-ordinators Private Limited 4. Global Trust Capital Finance Limited 5. Mata Securities Private Limited 6. Great India Aviation Limited 7. New Kenilworth Hotels Limited 8. Unison Hotels Limited 9. American Hotels & Restaurants Private Limited 10. Blue Coast Hotels Limited 11. L.H Sugar Factories Limited 12. Heritage North East Private Limited 13. Seabuckthorn Indage Group 14. B & Multiwall Packaging Limited
9.	Mr. Dharmendar Nath Davar, Director S/o Late Mr. Daryailal Davar B-5/82, Safdarjung Enclave, New Delhi – 110029. Independent Retired banker Liable to retire by rotation DIN: 00002008	Indian	73	1. Sandhar Technologies Limited 2. Sandhar Infosystems Limited 3. Maral Overseas Limited 4. HEG Limited 5. Rajasthan Spinning & Weaving Mills Limited 6. Jaiprakash Associates Limited 7. Jaiprakash Hydro-Power Limited 8. OCL India Limited 9. Indo Continental Hotels & Resorts Limited 10. Ansal Properties & Infrastructure Limited 11. Hero Honda Finlease Limited 12. Adayar Gate Hotel Limited 13. Ahlcon Parenterals (India) Limited

Sr. No.	Name, designation, father's name, address, nature of Directorship, occupation, term, DIN	Nationality	Age	Other directorships
				14. Titagarh Wagons Limited 15. ITIDA CAD Services (P) Limited 16. Sandhar Steady Stream Tooling Private Limited 17. S.P.Wahi Technology & Management Consultants Private Limited
10.	Mr. Gopi Krishna Arora, Additional Director S/o Late Dr. Y.N. Arora 181, Sector 15A, Noida. Independent Retired civil servant Liable to retire by rotation DIN: 00017824	Indian	73	1. Alps Industries Limited 2. Bengal Ambuja Housing Development Limited 3. Global Broadcasting News Limited 4. HGS India Limited 5. IL&FS Transportation Network Limited 6. Infrastructure Leasing and Financial Services Limited 7. Jaiprakash Associates Limited 8. Jaiprakash Hydro-Power Limited 9. Jaypee Karcham Hydro Corporation Limited 10. Noida Toll Bridge Company Limited 11. Network Eighteen Fincap Limited 12. Roto Pumps Limited 13. Sara Fund Trustee Company Private Limited 14. Television Eighteen India Limited 15. Sowar Private Limited 16. Krishvidur Services Private Limited 17. Sunil Healthcare Limited
11.	Mr. Gunjit Singh, Additional Director S/o Late Dr. Ram Singh J-208, Saket, New Delhi - 110017 Independent Retired from Indian Revenue Services Liable to retire by rotation DIN: 00079437	Indian	66	1. Jaypee Hotels Limited 2. Jaiprakash Enterprises Limited 3. Jaypee Infratech Limited
12.	Mr. Harish Chandra Jain, Nominee Director (Life Insurance Corporation of India) S/o Late Mr. M.C Jain	Indian	61	1. NIL

Sr. No.	Name, designation, father's name, address, nature of Directorship, occupation, term, DIN	Nationality	Age	Other directorships
	704, Inder Tower, Gokhale Road, South Dadar, Mumbai 400 025 Independent Retired from LIC Not liable to retire by rotation DIN: 00610254			
13.	Mr. M. J. Subbaiah Additional Director S/o Mr. Manepanda Aiyanna Joyappa # 201, Skyline Aparttments, Longford Raod, Bangalore – 560025. Independent Retired Banker Liable to retire by rotation DIN: 00044799	Indian	63	1. Jaiprakash Associates Limited 2. Eicher Motors Limited 3. Info Media India Limited 4. Cholamandalam Trustee Company Limited 5. Tanaaya Gems and Jewellery Exports Limited 6. ICICI Venture Funds Management Company
14.	Mr. Manoj Gaur, Director S/o Mr. Jaiprakash Gaur A-9/27, Vasant Vihar, New Delhi-110057 Non-executive, non-independent Business Liable to retire by rotation DIN: 00008480	Indian	43	1. Jaiprakash Associates Limited 2. Jaiprakash Hydro-Power Limited 3. Jaiprakash Enterprises Limited 4. Jaypee Cement Limited 5. Gujarat Anjan Cement Limited 6. JIL Information Technology Limited 7. Jaypee Hotels Limited 8. Jaypee Karcham Hydro Corporation 9. Jaypee Powergrid Limited 10. Madhya Pradesh Jaypee Minerals Limited 11. Manumanik Estates Private Limited 12. Indesign Enterprises Private Limited 13. Bhilai Jaypee Cement Limited 14. Himalayan Expressway Limited 15. Avni Housing Private Limited 16. Jaypee Infratech Limited 17. Jaypee Ventures Private Limited 18. JPSK Sports Private Limited

Sr. No.	Name, designation, father's name, address, nature of Directorship, occupation, term, DIN	Nationality	Age	Other directorships
				19. Gujarat Jaypee Cement & Infrastructure Limited
15.	Professor P.G Sastry Additional Director S/o Mr. Ramulu Peddibhotla 1-8-678/A/1, New No. 98, Padma Colony, Nallakunta, Hyderabad Independent Dean Liable to retire by rotation DIN: 01890172	Indian	70	1. Ramky Infrastructure Limited
16.	Mr. Raj Narain Bhardwaj, Additional Director S/o Late Mr. Murarilal 402, Moksh Apartment, Upper Govind Nagar, Malad (E), Mumbai Independent Retired banker Liable to retire by rotation DIN:01571764	Indian	62	1. Jaiprakash Associates Limited 2. Jaypee Hotels Limited 3. Adhunik Thermal Energy Limited 4. Tebma Shipyards Limited 5. Milestone Capital Advisors Private Limited 6. Milestone Propgain Realty Advisors Private Limited 7. Lanco Kondapally Power Private Limited 8. Singhi and Associates Private Limited 9. SREI Venture Capital Limited 10. Core Projects and Technology Limited
17.	Mr. Raj Kumar Kapoor, Nominee Director (IDBI Limited) S/o Late Mr. Madan Mohan Kapur Flat No. 14, Joly Maker Apartments -II, Cuffe Parade, Mumbai-400005 Non-executive and non-Independent Service Not liable to retire by rotation DIN: 00110338	Indian	49	Directorships (as a Nominee Director): 1. Jammu & Kashmir State Industrial Development Corporation Limited 2. IFCI Limited
18.	Mr. Rangi Lal Gupta Director	Indian	66	1. Jaypee Ventures Private Limited

Sr. No.	Name, designation, father's name, address, nature of Directorship, occupation, term, DIN	Nationality	Age	Other directorships
	S/o Mr. Ram Swarup Gupta 2058, Sector D-2, Vasant Kunj, New Delhi – 110 070 Non-Executive and Non-Independent Engineer Liable to retire by rotation DIN: 00013811			2. Jaiprakash Hydro-Power Limited
19.	Mr. Subhash Chandra Bhargava, Director S/o Mr. Jyoti Swarup Bhargava 1305, B Wing, 13th Floor, Dosti Aster (Dosti Aces), Uphill Link Road, Off SM Road, Antop Hill, Wadala (East), Mumbai-400037 Independent Professional Liable to retire by rotation DIN: 00020021	Indian	62	1. Aditya Birla Nuvo Limited 2. DCM Sri Ram Consolidated Limited 3. Escorts Limited 4. Jaiprakash Enterprises Limited 5. OTCEI Securities Limited 6. IL&FS Academy for Insurance & Finance Limited 7. IL & FS Insurance & Risk Management Services Limited 8. OTC Exchange of India Limited 9. Jaiprakash Associates Limited 10. Swaraj Engine Limited 11. Mudra Lifestyle Limited 12. Cox & King (India) Limited 13. UTI AMC Limited 14. Jaypee Cement Limited 15. A. K. Capital Services Limited
20.	Mr. Sunil Kumar Sharma, Director S/o Mr. N.C. Sharma E-9/14, Vasant Vihar, New Delhi – 110057. Non-executive, non-independent Business Liable to retire by rotation DIN: 00008125	Indian	48	1. Jaiprakash Associates Limited 2. Jaypee Ventures Private Limited 3. Jaiprakash Hydro-Power Limited 4. Jaypee Cement Limited 5. Jaypee Hotels Limited 6. Jaypee Karcham Hydro Corporation Limited 7. Madhya Pradesh Jaypee Minerals Limited 8. Suneha Estates Private Limited 9. Indesign Enterprises Private Limited 10. Jaypee Powergrid Limited 11. Himalyan Expressway Limited 16. Jaypee Infratech Limited

Brief Biography of the Directors of our Company:

Mr. Jaiprakash Gaur, 76 years, is a non-executive, non-independent Director of our Company and a promoter of our Promoter, JAL. Mr. Jaiprakash Gaur, is the founder of the Jaypee Group, and has been associated with the construction industry for over 51 years. He is an alumnus of the University of

Roorkee (now the Indian Institute of Technology, Roorkee). Mr. Jaiprakash Gaur has spearheaded the growth of the Jaypee Group that had an aggregate turnover of over Rs. 40,467 million in FY 2007 and is a key contributor to the strength of our Company.

Mr. Jaiprakash Gaur is the main promoter and founder Chairman of Jaiprakash Associates Limited, the promoter company of Jaiprakash Power Ventures Limited.

Mr. Jaiprakash Gaur has re-joined the Board of our Company on December 14, 2007.

Mr. Suresh Kumar, 67 years, is the Executive Chairman and Chief Executive Officer of our Company. He holds a Bachelors' Degree in civil engineering from University of Roorkee (now Indian Institute of Technology, Roorkee). He has over 44 years of experience in construction, finance, administration and company affairs and is presently on the board of some of our Promoter Group Companies. Prior to joining the Jaypee Group, Mr. Suresh Kumar was with the Uttar Pradesh Irrigation Department for 20 years where he executed various assignments related to design, planning and execution of irrigation and hydro-electric projects including the Yamuna hydro-electric stage-II project on river Tons and Garwal-Rishikesh-Chilla Hydro-Electric project on river Ganga in Uttaranchal. Mr. Suresh Kumar has been associated with the Jaypee Group for over 24 years and has been responsible for overseeing the construction of number of engineering projects, including concrete dams, underground power houses and tunnels etc. He has also been responsible for corporate functions including human resource development, finance, accounts and company affairs.

Mr. Suresh Kumar joined the Board of our Company on February 1, 1998 as whole-time Director and was subsequently re-designated as Managing Director with effect from February 23, 1998. Mr. Suresh Kumar was appointed as Executive Chairman with effect from April 19, 2007.

Mr. Nanak Chand Sharma, 72 years, was appointed as first Director of our Company and has been the non-executive and non-independent vice-chairman of our Company with effect from December 27, 1997. He holds a Bachelor's Degree in Civil Engineering.

Mr. Suren Jain, 37 years, is a Managing Director of our Company. He holds a Bachelor's Degree in Production Engineering from Marathwada University, Aurangabad. He has overall experience of over 15 years in corporate planning and management. Mr. Jain started his career with the construction division of JAL in 1992 as a management trainee and has thereafter, over a span of 15 years; worked in various capacities across varied businesses of the Jaypee group. He has worked for the prestigious Indra Sagar and Sardar Sarovar dams during his tenure with the constructon division, while with the hotels divisions, he was responsible for commissioning of the group's hotel projects in Mussorie and Agra. He has also been associated with the group's foray in the development of expressways on BOOT basis. Prior to being appointed as the Managing Director of our Company, Mr. Suren Jain was the Director (Corporate) of our Promoter and was further part of the senior management team responsible for the formulation and implementation of business strategies pertaining to power and energy business of the Jaypee Group. He was also assisting the executive chairman of JAL with matters relating to corporate finance and investor relations.

He has joined the Board of our Company as Managing Director on December 14, 2007.

Mr. Arun Gupta, 66 years, is an executive and non-independent, whole-time Director of our Company. Mr. Arun Gupta has been associated with our Company as an advisor for the last 5 years. Mr. Arun Gupta holds a Bachelor's Degree in Technology with Honours in Civil engineering from the Indian Institute of Technology, Kharagpur and is experienced in project management, co-ordination, planning, scheduling, monitoring and review of thermal and hydro power projects including transmission systems. Mr. Arun Gupta was the Chairman and Managing Director of Nathpa Jhakri Power Corporation (a joint venture between the Government of Himachal Pradesh and the Government of India) from 1995 to 2001. Mr. Arun Gupta had also held additional charge as the Chairman and Managing Director of Power Grid Corporation of India Limited in the year 1996.

Mr. Arun Gupta has joined the Board of our Company on December 14, 2007 as Whole-Time Director with effect from December 15, 2007.

Dr. B Samal, 63 years, is a non-executive and independent Director of our Company. Mr. Samal holds a Master's Degree in Agricultural Economics (gold medalist) and a Ph.D in Economics from Kalyani University, West Bengal. He also holds a Diploma in Bank Management conducted by the National Institute of Bank Management, Pune. Mr. Samal is a banker by profession and has served in various positions including as Chairman and Managing Director of Industrial Investment Bank of India, Chairman and Managing Director of Allahabad Bank. He has also been a Member of the Securities Appellate Tribunal. Dr. Samal is serving as a nominee director of IDBI on the Board of our Promoter.

Dr. B. Samal has joined the Board of our Company as an Additional Director on January 8, 2008.

Mr. Bal Krishna Taparia, 68 years, is a non-executive and independent Director of our Company. He holds a Master's Degree in Commerce from Rajasthan University, Jaipur and is a Certified Associate of Indian Institute of Bankers. Mr. Bal Krishna Taparia has over 40 years of experience in banking, corporate finance and administration sector and has served in various capacities in a number of organisations including as executive director of Industrial Investment Bank of India Limited and as the Chairman of Industrial Investment Bank of India.

Mr. Bal Krishna Taparia joined the Board of our Company with on June 29, 2004.

Mr. Basant Kumar Goswami, 72 years, is a non-executive and independent Director of our Company. He holds a Master degree in English from University of Delhi. He is a senior retired IAS Officer and has held positions in various departments of the Government of India.

Mr. Goswami joined the Board of our Company on June 17, 2002

Mr. Dharmendar Nath Davar, 73 years, is a non-executive and independent director of our Company. He holds a Bachelor's Degree in Commerce from Punjabi University and Masters Degree in Economics from Delhi University. He is a certified associate of the Indian Institute of Bankers, fellow of the Economic Development Institute of the World Bank and a permanent honorary faculty of the Management Development Institute, India. Mr. Dharmendar Nath Davar has over 45 years of experience in banking, finance, corporate planning and administration including as ex-chairman of IFCI Limited.

Mr. Dharmendar Nath Davar joined the Board of our Company on September 21, 2002.

Mr. Gopi K. Arora, 73 years, is a non-executive, independent Director of our Company. He holds a Master's Degree in History from Allahabad University and a Master's Diploma in Public Administration from Harvard University, Boston, USA. Mr. Gopi K. Arora joined the Indian Administrative Services (IAS) in 1957 and has over 35 years of service with the Government of India. During his service with the IAS, he has served in various positions in the Government of India including as the economic minister with the Embassy of India, Moscow, Russia from 1975 to 1978, as a joint secretary in 1983, as an additional secretary from 1984 to 1987 and as a special secretary in 1987 with the Office of the Prime Minister, Government of India. Further, he has also served as a secretary in the Ministry of Information and Broadcasting, Government of India in 1988, as finance secretary with Ministry of Finance, Government of India from 1989 to 1990 and as the Executive Director representing India, Bangladesh, Bhutan and Sri Lanka at the International Monetary Fund, Washington D.C. from 1990 to 1993.

Mr. Gopi K. Arora joined the Board of our Company as an Additional Director on August 6, 2007.

Mr. Gunjit Singh, 68 years is a non executive and independent Director of our Company. He holds a Bachelor's Degree with Honours in Arts, a Master's Degree in English both from Punjabi University and holds a Degree in Law from University of Delhi. Mr. Gunjit Singh joined the Indian Revenue Services in 1964 and held various positions in the Department of Income Tax. He has over 35 years of experience in administrative and revenue matters, and retired as the Director General (Investigations), North in 2001. Mr. Gunjit Singh received the award of 'Awadh Ratna' in 2001 in recognition of his excellence in administration.

Mr. Gunjit Singh joined the Board of our Company as an Additional Director on August 6, 2007.

Mr. Harish Chandra Jain, 61 years, is an independent Director of our Company. He is a nominee Director appointed by Life Insurance Corporation being one of our lenders. He holds a Master's Degree in Science and a Doctorate in Philosophy from University of Agra. He was employed for 37 years by Life Insurance Corporation of India where he dealt with customer relationship and management. He has experience in information technology, general administration and customer relations.

Mr. Harish Chandra Jain has been appointed as a nominee director of our Company on January 10, 2004.

Mr. M.J Subbaiah, 63 years, is a non-executive and independent Director of our Company. He holds a Masters Degree in Economics, from Mysore University and is also a gold medalist. He is also a fellow member of the Indian Institute of Bankers. Mr Subbaiah is a banker by profession and has over 26 years of experience in various senior positions including as Senior General Manager (Operations) with ICICI Bank Limited and as Managing Director of Centurion Bank. He is also a member of Tariff Authority for Major Ports (TAMP), a port tariff regulatory authority of the Government of India.

Mr. M.J Subbaiah has joined the Board of our Company as an Additional Director on January 8, 2008.

Mr. Manoj Gaur, 43 years, is a non-executive and non-independent Director of our Company. He holds a Degree in Civil Engineering from Birla Institute of Technology and Science, Pilani. Mr. Manoj Gaur is also a Director on the Board of our Promoter since 1986 and has an experience of over 20 years in the industry in corporate and finance functions. He has been associated with implementation and operation of JAL's cement plants at Rewa and Bela in Madhya Pradesh and has been instrumental in setting up the marketing network of our Promoter. Mr. Manoj Gaur is the executive chairman of JAL and has been associated with various activities of the Jaypee Group, such as engineering construction, hydro power, cement, real estate, information technology, hospitality and education initiatives.

Mr. Manoj Gaur joined the Board of our Company on November 1, 1997.

Mr. P.G Sastry, 70 years, is a non-executive and independent Director of our Company. Mr Sastry holds a Bachelors' Degree (Hons) and a Masters' Degree in Civil Engineering from IIT Kharagpur. He has over 49 years of experience in field of education and has formerly served as Principal of Regional Engineering College, Warangal, and of CBIT and MGIT, Hyderabad. He is currently the Dean (Administrative and Academic) at Sreenidhi Institute of Science and Technology, Hyderabad and is also the Chairman of the Committee for the Environment for the Clearance of Irrigation and Hydropower Projects, Ministry of Environment and Forests, Government of India.

Mr. P.G Sastry joined the Board of our Company as an Additional Director on January 8, 2008

Mr. Raj Narain Bhardwaj, 62 years is a non-executive and independent Director of our Company. He holds a Post Graduate Degree in Economics from the Delhi School of Economics and a Diploma in Industrial Relations and Personnel Management from Punjabi University, Patiala. He has over 37 years of experience with the Life Insurance Corporation of India and has served in various positions including Managing Director and Chairman of Life Insurance Corporation of India. Mr. R. N. Bhardwaj has also served as a member of the Securities Appellate Tribunal.

Mr. Raj Narain Bhardwaj joined the Board of our Company as an Additional Director on August 6, 2007.

Mr. Raj Kumar Kapoor, 49 years is an independent Director of our Company. He is a nominee Director appointed by Industrial Development Bank of India Limited being one of our lenders. He holds a Bachelor's Degree in Technology from IIT Kanpur, a Master's Degree in Business Administration from University of Delhi and is a Certified Associate of the Indian Institute of Bankers. He has over 25 years of experience in banking, finance and related areas. His services were commended by Oman Development Bank.

Mr. Kapoor joined our Board on October 16, 2007.

Mr. Rangi Lal Gupta, 66 years, is a non-executive and independent Director of our Company. He holds a Degree in Civil Engineering from IIT, Rourkee. Mr. Rangi Lal Gupta has over 41 years of

experience in designing, planning and construction of hydraulic structures such as dams, barrages, intake works, canals, head regulators, head race tunnels and under ground power houses.

Mr. Rangi Lal Gupta joined the Board of our Company on June 29, 2004.

Mr. Subhash Chandra Bhargava, 62 years, is a non- executive and independent Director of our Company. He holds a Bachelor's Degree in Commerce from Delhi University. He is a fellow member of the Institute of Chartered Accountants of India. He has over 34 years of experience that encompasses investments, treasury management, finance and accounts and inspection and has previously worked with the Life Insurance Corporation of India (LIC) from 1967 to 2005. During his association with LIC, he served in various capacities such as deputy secretary, secretary (investment), chief (Investment) and executive director (investment). Mr. Subhash Chandra Bhargava had also acted as member of technical advisory committee on money, foreign exchange and government securities markets of the Reserve Bank of India from May, 2004 to July, 2005.

Mr. Bhargava joined the Board of our Company on March 2, 2006.

Mr. Sunil Kumar Sharma, 48 years, is a non-executive and non-independent director of our Company. He holds a Bachelor's Degree in Science from University of Meerut. Mr. Kumar has over 25 years of experience in various areas of planning, procurement, execution and management, and has been instrumental in the successful completion of several engineering construction projects including Hotel Siddharth, Hotel Vasant Continental, the 1 MTPA cement plant at Rewa and raising the Lakhya Dam in Karnataka.

Mr. Sunil Kumar Sharma joined the Board of our Company with effect from June 29, 2004

Borrowing Powers of Directors

The borrowing powers of our Company is as per our Articles of Association which allows our Board to borrow any amount not exceeding the aggregate of the paid up equity capital of our Company plus free reserves except with the consent of the members of our Company in general meeting.

The shareholders of our Company have, at the EGM held on December 18, 2007 passed a resolution enhancing the borrowing powers of our Board to Rs. 250,000 million.

Terms of Appointment of our Directors

Compensation and Benefits to the whole-time Directors

Mr. Suresh Kumar, Executive Chairman and Chief Executive Officer

Mr. Suresh Kumar joined the Board of our Company on February 1, 1998 as whole-time Director and was subsequently re-designated as Managing Director with effect from February 23, 1998. Mr. Suresh Kumar was re-designated as Executive Chairman with effect from April 19, 2007. Mr Suresh Kumar has been re-appointed as our Executive Chairman for a further period of three (3) years with effect from February 1, 2008 in pursuance of a resolution of our Board on December 14, 2007 and resolution of our shareholders at the EGM held on December 18, 2007 approving the terms of his appointment. Further Mr. Kumar has been re-designated as Executive Chairman and Chief Executive Officer pursuant to resolution of our Board dated January 8, 2008.

The significant employment terms as Executive Chairman are as follows:

Particulars	Remuneration
Salary	**Salary:** Rs.390,000 per month in the pay scale of Rs. 300,000 – 30,000 – 450,000 – 40,000 – 650,000 (Increment shall be admissible on 1st April of every year)
Perquisites and Other Benefits	(i) House rent allowance at the rate of 60% of the salary. (ii) Reimbursement of expenditure on gas, electricity and water subject to a ceiling of 10% of the salary.

Particulars	Remuneration
	(iii) Reimbursement of medical expenses incurred for self and his family subject to a ceiling of one (1) month's salary in a year or three (3) months' salary over a period of three (3) years. (iv) Leave travel concession / expenses for self and his family, once in a year, incurred in accordance with the rules specified by our Company subject to a ceiling of one (1) month's salary in a year. (v) Personal accident insurance premium which is not to exceed Rs. 10,000 per annum. (vi) Contribution to provident fund, superannuation fund or annuity fund as per rules/policy of our Company. (vii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service. (viii) Encashment of leave at the end of the tenure as per rules/ policy of our Company. (ix) Perquisites and other benefits as above shall be restricted to an amount equal to the annual salary. Mr. Suresh Kumar, Executive Chairman shall also be eligible for a provision of car for use on Company's business and telephone at residence which shall not be included in computation of perquisites as above.

Mr. Arun Gupta, Whole-Time Director

Mr. Arun Gupta was appointed as whole-time Director of our Company pursuant to the provisions of the Act for a period of three (3) years with effect from December 15, 2007 in pursuance of a resolution of our Board on December 14, 2007 and resolution of our shareholders at the EGM held on December 18, 2007 approving the terms of his appointment.

The significant employment terms as set out in the aforesaid resolution are as follows:

Particulars	Remuneration
Salary	**Salary:** Rs.125,000 per month in the pay scale of Rs. 100,000 – 12,500 – 1,62,500 / 15,000 – 2,37,500 (Next increment shall be admissible on December 15, 2008 and thereafter on every 15th December of the year)
Perquisites and Other Benefits	(i) House rent allowance at the rate of 60% of the salary. (ii) Reimbursement of expenditure on gas, electricity and water subject to a ceiling of 10% of the salary. (iii) Reimbursement of medical expenses incurred for self and his family subject to a ceiling of one (1) month's salary in a year or three (3) months' salary over a period of three (3) years. (iv) Leave travel concession / expenses for self and his family, once in a year, incurred in accordance with the rules specified by our Company subject to a ceiling of one (1) month's salary in a year. (v) Personal accident insurance premium which is not to exceed Rs. 8,000 per annum. (vi) Contribution to provident fund, superannuation fund or annuity fund as per rules/policy of our Company. (vii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service. (viii) Encashment of leave at the end of the tenure as per rules/ policy of our Company. (ix) Perquisites and other benefits as above shall be restricted

Particulars	Remuneration
	to an amount equal to the annual salary. Mr. Arun Gupta, Whole-time Director shall also be eligible for a provision of car for use on Company's business and telephone at residence which shall not be included in computation of perquisites as above.

Mr. Suren Jain, Managing Director

Mr. Suren Jain was appointed as Managing Director of our Company pursuant to the provisions of the Companies Act for a period of five (5) years with effect from December 14, 2007 in pursuance of a resolution of our Board dated December 14, 2007 and resolution of our shareholders at the EGM held on December 18, 2007 approving the terms of his appointment.

The significant terms of his employment as set out in the aforesaid resolution are as follows:

Particulars	Remuneration
Salary	**Salary:** Rs. 250,000 per month in the pay scale of Rs. 200,000 - 25,000 - 3,25,000 - 30,000 - 4,75,000 (Next increment shall be admissible on December 14, 2008 and thereafter on every 14th December of the year)
Perquisites and Other Benefits	(i) House rent allowance at the rate of 60% of the salary. (ii) Reimbursement of expenditure on gas, electricity and water subject to a ceiling of 10% of the salary. (iii) Reimbursement of medical expenses incurred for self and his family subject to a ceiling of one (1) month's salary in a year or three (3) months' salary over a period of three (3) years. (iv) Leave travel concession / expenses for self and his family, once in a year, incurred in accordance with the rules specified by our Company subject to a ceiling of one (1) month's salary in a year. (v) Personal accident insurance - premium which is not to exceed Rs. 10,000 per annum. (vi) Contribution to provident fund, superannuation fund or annuity fund as per rules/policy of our Company. (vii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service. (viii) Encashment of leave at the end of the tenure as per rules/policy of our Company. (ix) Perquisites and other benefits as above shall be restricted to an amount equal to the annual salary. Mr. Suren Jain, Managing Director shall also be eligible for a provision of car for use on Company's business and telephone at residence which shall not be included in computation of perquisites as above.

Sitting Fees

Other than our executive Directors, all Directors are entitled to sitting fees of Rs. 20,000 for every meeting of our Board and to Rs. 20,000 for every committee meeting.

Shareholding of Directors

As on date of filing of the Draft Red Herring Prospectus none of our Directors hold any Equity Shares of our Company except for Equity Shares held by Mr. Jaiprakash Gaur and Mr. Nanak Chand Sharma in their capacity as nominees, beneficial interest being held by our Promoter.

Further the following entities in which some of our Directors are associated hold Equity Shares in our Company:

Sr. No	Promoter/ Promoter Group Company	Number of Equity Shares held by the Promoter /Promoter Group Company	Name of Director	Nature of Directorship in the Promoter Group Company
1.	Jaiprakash Associates Limited	429,000,000	Mr. Jaiprakash Gaur	Director
			Mr. Basant Kumar Goswami	Independent Director
			Mr. Bal Krishna Taparia	Independent Director
			Mr. Manoj Gaur	Executive Chairman and CEO
			Mr. Sunil Kumar Sharma	Executive Vice Chairman
			Mr. Subhash Chandra Bhargava	Independent Director
			Mr. Raj Narain Bhardwaj	Independent Director
			Mr. Gopi K. Arora	Independent Director
			Mr. D.N Davar	Independent Director
2.	Jaypee Ventures Private Limited	80,000,000	Mr. Jaiprakash Gaur	Executive Chairman
			Mr. Manoj Gaur	Director
			Mr. Rangi Lal Gupta	Whole-time Director
			Mr. Sunil Kumar Sharma	Director
			Mr. Suren Jain	Director

Our Company has allotted 8,000,000 Equity Shares to Jaypee-Group Employees Welfare Trust on January 5, 2008. The beneficiaries under the Jaypee-Group Employees' Welfare Trust include the employees and Directors of our Company, and the Equity Shares may be transferred to such employees and Directors at the discretion of the trustees of the Trust, at such price as may be decided by them.

Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance shall be applicable to us immediately upon listing of our Company's Equity Shares on the Stock Exchanges. We have already complied with SEBI Guidelines in respect of corporate governance (as applicable) with respect to broad basing of Board, constituting various committees such as audit committee, remuneration committee and shareholders/investors grievance committee. We undertake to take all necessary steps to comply with all the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

In terms of Clause 49 of Listing Agreement, our Company has already appointed independent directors and constituted following committees.

Composition of Board of Directors

10 out of 20 Directors on the Board of our Company, are independent directors thereby, half of Board comprises of independent Directors. Mr. Suresh Kumar, our Chairman is an executive Chairman on our Board.

Audit Committee:

The Audit Committee of our Company was constituted on March 14, 1998, and was last reconstituted on October 15, 2007. The members of the existing Audit Committee are:

Name	Designation
Mr. Dharmendar Nath Davar	Chairman – Independent Director
Mr. Basant Kumar Goswami	Member –Independent Director
Mr. Subhash Chandra Bhargava	Member- Independent Director

The scope and function of the Audit Committee is in accordance with Section 292A of the Companies Act and Clause 49 of the Listing Agreement and its terms of reference include the following:

- Overseeing our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Appointment, removal and terms of remuneration of internal auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

  (i) Matters required to be included in the Director's Responsibility Statement are to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act 1956;
  (ii) Changes, if any, in accounting policies and practices and reasons for the same;
  (iii) Major accounting entries involving estimates based on the exercise of judgment by management;
  (iv) Significant adjustments made in the financial statements arising out of audit findings;
  (v) Compliance with listing and other legal requirements relating to the financial statements;
  (vi) Disclosure of any related party transactions; and
  (vii) Qualifications in the draft audit report.

- Reviewing, with the Management, the quarterly, half yearly and yearly financial statements before submission to the Board for approval.
- Monitoring the use of the proceeds of the proposed initial public offering of our Company
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems, and ensure compliance with the internal control systems.
- Reviewing internal audit reports relating to internal controls and weaknesses.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussions with internal auditors on any significant findings and follow up thereon.
- Discussions with auditors periodically about the internal control systems.
- Reviewing management letters/letters of internal control weaknesses issued by the statutory auditors.
- 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.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- To review the functioning of the whistle blower mechanism, when the same is adopted by our Company and is existing.
- Carrying out any other function as may from time to time be required under any statutory, contractual or other regulatory requirement.

Shareholders'/Investors' Grievance, Share Allotment and Share Transfer Committee

The existing Shareholders'/Investors' Grievance, Share Allotment and Share Transfer Committee was constituted on December 14, 2007. The members of this committee are:

Name	Designation
S.K Sharma	Chairman – Non-executive, non-independent
Suren Jain	-Member- Executive, non-independent
Arun Gupta	Member- Executive, non-independent

This committee will address all grievances of shareholders/investors in compliance of the provisions of clause 49 of the listing agreements with the Stock Exchanges and its terms of reference include the following:

- Allotting the equity shares of our Company, and supervising and ensuring:

  (i) Efficient transfer of shares, including review of cases for refusal of transfer/transmission of shares and debentures;
  (ii) Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.
  (iii) Issue of duplicate/split/consolidated share certificates;
  (iv) Allotment and listing of shares;
  (v) Review of cases for refusal of transfer/transmission of shares and debentures;
  (vi) Reference to statutory and regulatory authorities regarding investor grievances; and
  (vii) Timely attendance and redressal of investor queries and grievances.

- Carrying out any other function as may from time to time be required under any statutory, contractual or other regulatory requirement."

Remuneration Committee:

The Remuneration Committee was constituted on January 17, 2003. The members of this committee are:

Name	Designation
Mr. R.N Bhardwaj	Chairman – Independent Director
Mr. Basant Kumar Goswami	Member- Independent Director
Mr. Dharmendar Nath Davar	Member- Independent Director

This committee shall look into the following:

- Recommending to the Board, the remuneration packages of our Company's Managing/Joint Managing/Deputy Managing/Whole-time/Executive Directors, including all elements of remuneration package (i.e., salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.).
- Determining our Company's policy on specific remuneration packages for our Company's Managing/Joint Managing/Deputy Managing/Whole-time/ Executive Directors, including pension rights and any compensation payment.
- Implementing, supervising and administering any share or stock option scheme of our Company.
- Establishing and administering any employee compensation and benefit plans.
- Carrying out other functions as may from time to time be required under any statutory, contractual or other regulatory requirement.

Policy on Disclosure and internal procedure for prevention of Insider Trading

We will comply with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992 on the listing of our shares on BSE and NSE.

Mr. Manmohan Sibbal, Company Secretary and Compliance Officer, is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

Interest of our Directors

Our Directors may be deemed to be interested to the extent of compensation / sitting fees and reimbursement of expenses in accordance with their respective terms of employment / Articles of Association of our Company. The Directors may also be deemed to be interested to the extent of the Equity Shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a Director/ Member respectively and the Equity Shares if any, out of the present Issue that may be subscribed for and allotted to them or their relatives or any Company in which they are Directors / members of firms in which they are partners. Our Directors are also interested to the extent of transactions given under the paragraph titled "Related Party Transactions in the section titled "Financial Statements" beginning on page 77 of the Draft Red Herring Prospectus.

Further, as part of the Objects of the Issue our Company proposes to reimburse JAL for expenses incurred in relation to our Nigrie Thermal project and our Arunachal projects. Our Directors who are also non-independent directors, promoters of JAL may be deemed to be interested in such payments to JAL. For the details on the same, please refer to the chapter titled "Objects of the Issue" beginning on page 77 of the Draft Red Herring Prospectus. All our Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations.

Other than as stated elsewhere in the Draft Red Herrring Prospectus, our Directors do not have any interest in any property acquired by our Company in the period of two (2) years before filing the Draft Red Herring Prospectus with SEBI or proposed to be purchased/acquired which is to be paid wholly or partly out of the proceeds of the Issue.

Relationship among our Directors

None of the above mentioned directors are related to each other in terms of the definition of the term "relative" in section 6 of the Companies Act, except, Mr. Jaiprakash Gaur, Mr. Manoj Gaur, Mr. Nanak Chand Sharma and Mr. Sunil Kumar Sharma.

The relations are:

i. Mr. Jaiprakash Gaur is the father of Mr. Manoj Gaur;
ii. Mr. N.C Sharma is the father of Mr. Sunil Kumar Sharma

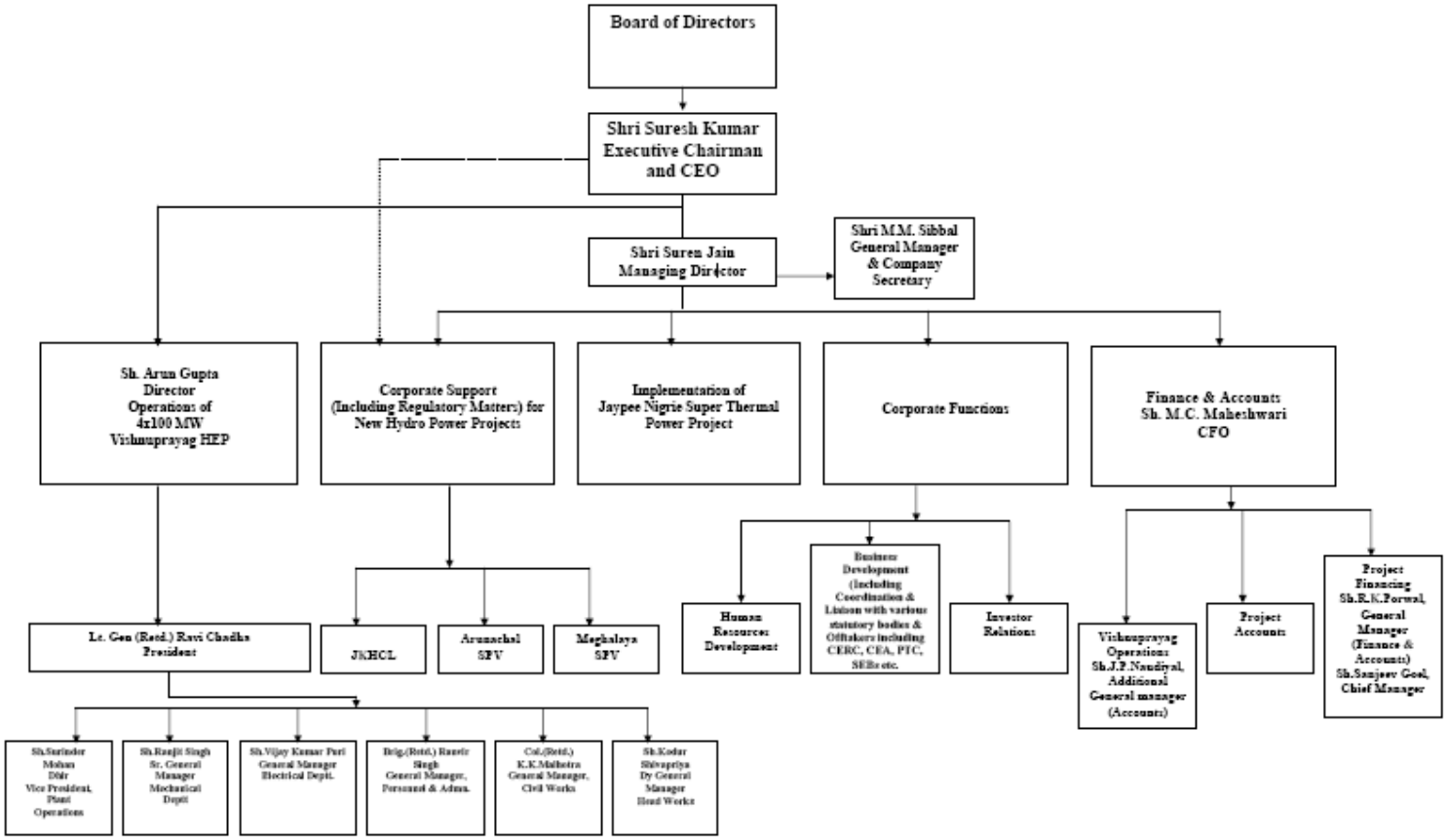
Changes in our Board of Directors in the last three (3) years

The changes in our Board of Directors in the last three (3) years are as under:

Name of the Director	Appointment (with effect from)	Resignation (with effect from)	Remarks
2008			
Mr. M.J Subbaiah	January 8, 2008	-	Appointed as Additional Director
Dr. B.Samal	January 8, 2008	-	Appointed as Additional Director
Mr. P.G Sastry	January 8, 2008	-	Appointed as Additional Director
Mr. Suresh Chandra	March 14, 1998	January 8, 2008	Resigned as Director
Mr. Majid Ali Siddiqi	November 1, 1997	January 8, 2008	Resigned as Director
Mr. Gajendra Pal Singh	September 21, 2002	January 8, 2008	Resigned as Director
2007			
Mr. Jaiprakash Gaur	December 14, 2007	-	Appointed as Director
Mr. Suren Jain	December 14, 2007	-	Appointed as Managing Director
Mr. Arun Gupta	December 15, 2007	-	Appointed as whole-time Director
Mr. Mahesh Chand Maheshwari	April 1, 2000	December 14, 2007	Resigned as Director (Finance)
Mr. Viren Jain	July 1, 2004	March 31, 2007	Resigned as whole-

Name of the Director	Appointment (with effect from)	Resignation (with effect from)	Remarks
			time Director
Mr. Shailendra Gupta	September 19, 2001	July 27, 2007	Resigned as Director
Mr. Gopi Krishna Arora	August 6, 2007	-	Appointed as an Additional Director
Mr. Raj Narain Bhardwaj	August 6, 2007	-	Appointed as an Additional Director
Mr. Gunjit Singh	August 6, 2007	-	Appointed as an Additional Director
Mr. Raj Kumar Kapoor	October 16, 2007	-	Appointed as nominee Director (IDBI Limited)
Ms. Lalita Pershad Aggarwal	March 5, 2004	October 16, 2007	Nomination withdrawn by IDBI Limited.
2006			
Mr. Jaiprakash Gaur	Since Inception	December 12, 2006	Resigned as Director
Mr. Subhash Chandra Bhargava	March 2, 2006	-	Appointed as Additional Director
Mr. Subhash Chandra Bhargava	August 18, 2006	-	Appointed as Director
Mr. Rajendra Kumar Jain	November 1, 1997	February 15, 2006	Resigned as Director
Mr. C.K Agrawal	March 14, 1998	February 15, 2006	Resigned as Director
Mr. Harish Kumar Vaid	November 1, 1997	February 15, 2006	Resigned as Director

Organisation Chart



Key Managerial Personnel

Brief biographies of our key managerial personnel other than our Executive Directors (mentioned above) are given below:

Mr. Mahesh Chand Maheshwari, 54 years is the Chief Financial Officer of our Company. He is a fellow member of the Institute of Chartered Accountants and also a fellow member of the Institute of Company Secretaries. Mr. Maheshwari has over 32 years experience in areas of finance, accounts, banking, secretarial, taxation, commercial, project management, mergers and acquisitions, credit control and MIS development, liaison work with government authorities and general management. Prior to joining our Company Mr. Maheshwari has worked in senior management positions in various companies including with Modern Group as President-Finance, Grasim Industries Limited as Vice President- Finance, Birla Yamaha Limited as Vice President- Finance. Mr. Maheshwari joined our Company in November, 1997 as Vice President (Finance) and Company Secretary and was subsequently elevated to Director (Finance) of our Company with effect from April 1, 2000. Mr. Maheshwari resigned as Director (Finance) and Company Secretary with effect from December 14, 2007, and has been appointed as Chief Financial Officer of our Company. As Chief Financial Officer of our Company he is in overall charge of finance, accounting and commercial matters. For the fiscal 2007, the remuneration paid to Mr. Maheshwari as Director (Finance) and Company Secretary by our Company was Rs. 1,788,186.

Lieutenant General (Retired) Ravi Chadha, 65 years, is the President of our Company. He holds a Bachelor's Degree in Engineering (Civil) from University of Pune, a Masters degree in Science from Madras University, Master's Diploma in Business Administration from Institute of Management, Pune and a Diploma in Export Management from Institute of Foreign Trade, New Delhi. He is also a member of the Institution of Engineers (India, New Delhi) He has over 43 years of experience in conceptualisation, planning, direction and implementation of various project especially in personnel management, equipment/ materials, logistics and financial aspects. Prior to joining our Company he has worked for Noida Medicare Centre Limited for 4 years as an advisor and has also served with the Indian Army for 40 years before retiring as a Lieutenant General. As President of our Company he is responsible for overseeing the operation of our Vishnuprayag project. Lieutenant General (Retired) Ravi Chadha has joined our Company on April 1, 2007. He was not paid any remuneration in fiscal 2007.

Mr. Surinder Mohan Dhir, 61 years, is the Vice President (Electrical) of our Company. He holds a Bachelors' Degree in Science and a Bachelor's Degree in Electrical Engineering from University of Punjab**.** He has 36 years of experience in operation, maintenance, renovation, modernisation and uprating of hydro-power plants and has previously worked with Punjab State Electricity Board for 30 years including as Engineer in Chief. He has also worked with Keniya Power & Lighting Company for 5 years as Hydro Superintendent. As Vice President of our Company he is responsible for overseeing the power house operation of our Vishnuprayag plant. Mr. Surinder Mohan Dhir joined our Company on June 5, 2006. For the fiscal 2007 the remuneration paid by us to Mr. Dhir was Rs. 414,600.

Mr. Ranjit Singh, 57 years, is the Senior General Manager (Mechanical) of our Company. He holds a Bachelor's Degree in Mechanical Engineering from University of Punjab. He has over 33 years of experience in areas of erection and commissioning of hydro turbine, water turbine manufacturing, assembling and testing and has previously worked with the Thaper Institute of Engineering for 4 years as a Lecturer, and with Bharat Heavy Electricals Limited for over 28 years including as Additional General Manager (Production). Mr. Ranjit Singh has joined our Company on September 21, 2006. As Senior General Manager (Mechanical) he is responsible for overseeing the maintenance of the power house at Vishnuprayag. For the fiscal 2007 the remuneration paid by us to Mr. Singh was Rs. 376,834.

Brigadier (Retired) Ranvir Singh, 60 years, is the General Manager (Personnel and Administration) of our Company. He holds an Intermediate from UP Board, Allahabad, and has also attended Senior Defence Management Course from College of Defence Management, Secunderabad, Equipment Management Course, from Military College of Electronics and Mechanical Engineering, Secunderabad and Industrial Security and Fire Management Course Sam Security and Safety Management Educational Institution, New Delhi. He has over 37 years of experience in areas of administration, human resource development, security, training, material management and financial management and has previously served the Indian Army for 34 years and retired as a 'Brigadier'. He has also worked with Jaiprakash Associates Limited as the Additional General Manager (Personnel and Administration) for 4 years. Brigadier (Retired) Ranvir Singh has joined our Company on April

2, 2007, and is in charge of human resource and personnel administration in our Company. Accordingly he was not paid any remuneration in fiscal 2007.

Mr. Vijay Kumar Puri, 60 years, is the General Manager (Electrical) of our Company. He holds a Bachelor's Degree in Electrical Engineering from University of Rourkee. He has 35 years of experience in areas of hydro electric generation and transmission, design, construction, operation and maintenance and has previously worked with the Uttar Pradesh Power Corporation Limited for 30 years in various capacities and was last designated as 'Executive Engineer'. He has also served as Deputy General Manager (Electrical) for Jaiprakash Hydro Power Limited for 1 year and 8 months. Mr. Vijay Kumar Puri has joined our Company on January 4, 2005, and as General Manager (Electrical) he is responsible for operation and maintenance of electromechanical systems of the powerhouse at Vishnuprayag. For the fiscal 2007 the remuneration paid by us to Mr. Vijay Kumar Puri was Rs. 468,633.

Colonel (Retired) Kamal Kant Malhotra, 61 years, is the General Manager (Civil) of our Company. He holds a Bachelor's Degree in Civil Engineering from College of Military Engineering, Pune. He has over 37 years of experience in military engineering service, border road, road, building and bridge construction, and budgeting, monitoring and controlling. He has previously served with the Indian Army for 29 years before retiring as a 'Colonel'. He has also worked with Jaiprakash Associates Limited for two (2) months as the Deputy General Manager (Civil). He has joined our Company on June 1, 1998, and is the key in-charge for the barrage operations at our Vishnuprayag plant. For the fiscal 2007 the remuneration paid by us to Mr. Malhotra was Rs. 555,831.

Mr. Ram Kumar Porwal, 44 years, is the General Manager (Finance & Accounts) of our Company. He holds a Master's Degree in Commerce from University of Kanpur, a Bachelor's Degree in Law from University of Kanpur and is a fellow member of the Institute of Chartered Accountants of India. He has 23 years of experience in finance, accounts, taxation, costing, commercial, Management Information Systems, project import, contract management and liaising with various government authorities and has previously with worked with Goyal MG Gases Limited for 10 years including as Manager (Accounts & Taxation). He has also worked with Chinar Packaging Private Limited as the Manager (Finance & Accounts) for 2 years. Mr. Ram Kumar Porwal has joined our Company on June 2, 2003, and is responsible for financial matters including co ordination with lenders, corporate and project accounting matters, income tax, service tax, insurance, ERP, co-ordination with auditors, contract management, project import, and other commercial matters. For the fiscal 2007 the remuneration paid by us to Mr. Porwal was Rs. 433,264.

Mr. Rakesh Kumar Jain, 60 years, is the Additional General Manager (Electrical) of our Company. He holds of Master's Degree in Electrical Engineering. He has 33 years of experience and has previously worked with worked with the Uttar Pradesh State Electricity Board for 31 years where the last position held by him was Assistant Engineer (Design). He has worked with Jaiprakash Associates Limited for six (6) months as the Additional General Manager (Electrical). Mr. Rakesh Kumar Jain joined our Company on January 6, 2006. For the fiscal 2007 the remuneration paid by us to Mr. Rakesh Kumar Jain was Rs. 267,975.

Mr. Janardhan Prasad Naudiyal, 51 years, is the Additional General Manager (Accounts) of our Company. He holds a Master's Degree in Arts (Economics) from University of Garhwal and a Diploma in Management from Indira Gandhi National Open University. He has over 30 years of experience in accounts, taxation, costing, M.I.S and liaising, and has previously worked with Jaiprakash Enterprises Limited for six years where his last designation was 'Resident Manager'. He has joined our Company on April 1, 1998 and as Additional General Manager (Accounts) he is responsible for accounts and taxation related matters of our head office. For the fiscal 2007 the remuneration paid by us to Mr. Naudiyal was Rs. 464,076.

Mr. Kodur Sivapriya, 48 years, is the Deputy General Manager (Electrical) of our Company. He holds a Bachelor's Degree in Technology (Mechanical). He has 26 years of experience in design, fabrication, erection, testing and commissioning of hydro mechanical equipment, pressure vehicles, and building structures and has previously worked with Tungabhadra Steel for 23 years where the last position held by him was 'Site In charge'. He has also worked with Jaiprakash Associates Limited for one and a half year as Project Manager. Mr. Kodur Sivapriya has joined our Company on September 1, 2006, and as Deputy General Manager he is responsible for all electrical and maintenance matters at the barrage of the Vishnuprayag plant. For the fiscal 2007 the remuneration paid by us to Mr. Sivapriya was Rs. 168,740.

Mr. Manmohan Sibbal, 48 years, is the Company Secretary and Compliance Officer of our Company. Mr. Sibbal holds a Master's Degree in Commerce and Post Graduate Diploma Personnel Management. Mr. Sibbal is

a Certified Associate of the Indian Institute of Bankers, a Fellow Member of the Institute of Company Secretaries of India and an Associate of the Institute of Chartered Secretaries and Administrators, London. He has served in various capacities at Punjab National Bank where his last designation was 'Manager-Industrial Relations'. He has been with the Jaypee Group since 1996 and was the Company Secretary of JHPL prior to joining our Company. Mr. Manmohan Sibbal has joined our Company on December 15, 2007 as the Company Secretary and Compliance Officer. Accordingly Mr. Manmohan Sibbal was not paid any remuneration by us in fiscal 2007.

The key managerial personnel whose names appear above are permanent employees and are on the rolls of our Company. None of the above mentioned key managerial personnel are related to each other. None of the key managerial personnel are appointed pursuant to any arrangement or understanding with major shareholder, customer or supplier.

Shareholding of our key managerial personnel

As on date of filing the Draft Red Herring Prospectus, none of our key managerial personnel hold any Equity Shares in our Company.

Our Company has allotted 8,000,000 Equity Shares to Jaypee-Group Employees Welfare Trust on January 5, 2008. The beneficiaries under the Jaypee-Group Employees' Welfare Trust include the employees and Directors of our Company, and the Equity Shares may be transferred to such employees and Directors at the discretion of the trustees of the Trust, at such price as may be decided by them.

Bonus or profit sharing to key managerial personnel

There is no specific bonus or profit sharing plan, for our key managerial personnel.

Changes in the key managerial Personnel

Except as stated below, there has been no change in our key managerial employees during the last three (3) years:

Name and Designation	Date of Appointment	Date of Resignation	Reason
Mr. Mohinder Paul Gupta, General Manager (Mechanical)	April 9, 2002	May 31, 2006	Resignation
Mr.Vijay Kumar Puri, General Manager (Electrical.)	April 01, 2005	-	Appointment
Mr. Surinder Mohan Dhir, Vice President (Electrical)	June 5, 2006	-	Appointment
Mr. Ranjit Singh- Senior, General Manager (Electrical)	September 21, 2006	-	Appointment
Lieutenant General (Retired) Ravi Chadha, President	April 1, 2007	-	Appointment
Brigadier (Retired) Ranvir Singh, General Manager (Personnel & Administration)	April 2, 2007	-	Appointment
Mr. Mahesh Chand Maheshwari, Chief Financial Officer	December 14, 2007	-	Appointment
Mr. Manmohan Sibbal, Company Secretary and Compliance Officer	December 14, 2007	-	Appointment
Mr. Ravi Kumar, Additional General Manager (Electrical)	September 10, 2003	November 30, 2007	Resignation

Manpower / Employees

As on December 15, 2007 our Company has 254 permanent employees on its rolls:

Sl. No.	Department	No. of employees
Employees at Vishnuprayag		
1.	Personnel & administration	6
2.	Annapurna	3
3.	Camp	6
4.	Field hostels	11
5.	Dispensary	4
6.	Security	65
7.	Stores	11
8.	Electronic Data Processing	1
9.	Rishikesh Purchase	1
10.	Accounts	6
11.	Billing & drawing	3
12.	Mechanical Section	43
13.	Civil	10
14.	Barrage operation & maintenance	12
15.	Power house (operation)	17
16.	Power house (mechanical maintenance)	14
17.	Power house (electrical maintenance)	15
18.	Power house (house keeping)	1
19.	Electrical section	13
	Total (A)	**242**
Employees at head office		
1.	Executive Chairman	1
2.	Managing Director	1
3.	Whole-time Director	1
4.	Chief Financial Officer	1
5.	Company Secretary	1
6.	Finance & Accounts	7
	Total (B)	**12**
	Total (A)+(B)	**254**

Interest of Employees

Our Company has allotted 8,000,000 Equity Shares to Jaypee-Group Employees Welfare Trust on January 5, 2008. The beneficiaries under the Jaypee-Group Employees' Welfare Trust include the employees and Directors of our Company, and the Equity Shares may be transferred to such employees and Directors at the discretion of the trustees of the Trust, at such price as may be decided by them. .

ESOP / ESPS Scheme to Employees

Presently, we do not have ESOP / ESPS scheme for our employees.

Non salary related payment or benefit to our employees / key managerial personnel

There has been no other payment or benefit given to the employees / key managerial personnel of our Company other than in accordance with their respective terms of employment.

OUR PROMOTER

Our Company's promoter is Jaiprakash Associates Limited.

Jaiprakash Associates Limited (JAL)

JAL is the entity formed as a result of the amalgamation of "Jaiprakash Industries Limited" (JIL), a listed entity with "Jaypee Cement Limited" (JCL), an unlisted company.

JCL was incorporated on November 15, 1995 as "Bela Cement Limited", and the certificate of commencement of business was granted on January 29, 1996. Subsequently, the company was renamed as "Jaypee Rewa Cement Limited" and a fresh certificate of incorporation was granted by the RoC, Kanpur on August 30, 2000. Subsequently, its name was changed to JCL on January 3, 2002.

JIL amalgamated with JCL pursuant to a scheme of amalgamation sanctioned by the Allahabad High Court vide its order dated March 11, 2004. As per the said scheme of amalgamation, the amalgamated entity was renamed as "Jaiprakash Associates Limited". JIL was promoted by Mr. Jaiprakash Gaur and his associates. Since JIL has now amalgamated with JCL, its promoters are promoters of JAL. The main promoters of JAL are Mr. Jaiprakash Gaur, Mr. Manoj Gaur and their families, Mr. Nanak Chand Sharma, Mr. Sunil Kumar Sharma and their families, Mr. S. K. Jain and his family, Mr. Raj Kumar Singh and his family, Mrs. Kumud Jain and her family Mr. S. P. Joshi and his family, Mr. G. P. Gaur and his family, Jaypee Ventures Private Limited and Jaiprakash Enterprises Limited.

JAL is engaged primarily in the business of:

- Engineering and Construction;
- Manufacture and marketing of cement; and
- Real Estate development.

The equity shares of JAL are listed on BSE and NSE.

The equity shares of our Promoter were also listed on the Delhi Stock Exchange Association Limited (DSE), Uttar Pradesh Stock Exchange Association Limited (UPSE), Ahmedabad Stock Exchange Limited (ASE) and the Calcutta Stock Exchange Association Limited (CSE). Our Promoter received the delisting approvals from its shareholders for delisting of its equity shares from the DSE, the UPSE, the ASE and the CSE pursuant to a special resolution passed at the AGM held on September 27, 2005, since the trading activities in the equity shares of our Promoter on these exchanges was low. Our Promoter has received the delisting approvals from ASE (with effect from March 31, 2006), the UPSE (with effect from July 28, 2006) and the DSE (with effect from August 14, 2006). Our Promoter is awaiting the approval for the delisting of its equity shares from the CSE.

Our Promoter's PAN, bank account details, CIN and the address of the registrar of companies where our Promoter is registered will be submitted to the Stock Exchanges at the time of filing of the Draft Red Herring Prospectus with the Stock Exchanges.

Promoters Background

JAL is the flagship company of the jaypee group (Group). The Group is a diversified infrastructure conglomerate based in India with significant interests in the areas of civil engineering and construction, cement, power, real estate and expressways, hospitality and golf courses and is also associated with a number of charitable and non-profit causes. The consolidated turnover of JAL for the fiscal year ended March 31, 2007 was Rs. 40,467 million.

Mr. Jaiprakash Gaur, is the founder of the Jaypee Group, and has been associated with the construction industry for over 51 years. He is an alumnus of the University of Roorkee (now the Indian Institute of Technology, Roorkee). Mr. Jaiprakash Gaur has spearheaded the growth of the Jaypee Group and is a key contributor to the strength of our Company.

JAL has over four decades of experience in execution of river valley and hydroelectric power projects undertaking EPC and turnkey contracts, as the lead construction company or as leader of consortia and through

joint ventures. JAL has been involved in the implementation of hydro-electric projects across the country involving an aggregate generation of over 10,000 MW. As an E&C company, it has obtained an ICRA rating of CR1 indicating very strong contract execution capacity with respect to hydropower (EPC) projects with contract values of up to Rs. 25,000 million. JAL has participated in 54.30% of hydro power projects (in different capacities) under implementation in the recently concluded 10th Five Year Plan of Government of India.

JAL is a cement manufacturer in India with an installed capacity of 7 million tons per annum and has its plant at Rewa in Madhya Pradesh.

JAL operates an 18 hole 'Greg Norman Signature Championship' golf course at Greater Noida (part of National Capital Region of Delhi) with rights to develop 8 million square feet of real estate.

Some of the contracts successfully completed by JAL in the hydropower sector include the following projects:

Year	Project	Major Works Completed
1974	Ukai Dam Project	Main canal; cross drainage works; tail race channel
1977	Salal hydro-electric project	Excavation of powerhouse; cut-off wall
1979	Garwhal-Rishikesh chilla hydel project-Veerbhadra Barrage	Channel works and barrage works
1981	Kudremukh Iron Ore Project	Earth dam; mine road; hole dam
1985	Brahmaputra Road Bridge	Approach bank and guide bind
1986	Sardar Sarovar package works	Excavation of Sardar Sarovar Dam foundation (1981); fault zone treatment (1984); construction of blocks 1 to 20 of Sardar Sarovar Dam (1986)
1986	Tehri hydro-electric project	Two diversion tunnels; river bed excavation; upstream coffer dam excavation and fill placement excavation of chute spillway
1987	Karjan reservoir project	Concrete gravity dam
1987	Indira Sarovar hydro-electric project	Two adit tunnels and powerhouse pit
1989	Vishakapatnam steel plant	Merchant and wire rod rolling mill; raw material handling station; peripheral boundary wall
1993	Chamera concrete gravity dam	Concrete gravity dam
1994	Kudremukh iron ore project	Raising height of Lakya earth dam and construction of tunnel spillway
1998	Vadagam saddle dam	Canal head powerhouse
2002	Nathpa Jhakri hydro-electric project	Construction of powerhouse
2003	Baspa hydro-electric project	Hydro-electric Build-Own-Operate plant
2004	Chamera II hydro-electric project	EPC contract for dam and power house
2005	Indira Sagar hydro-electric project	Construction of power house and dam
2005	Sardar Sarovar (Vadgal Saddle Dam)	Saddle dam complete
2006	Vishnuprayag hydroelectric project	Hydro-electric Build-Own-Operate plant
2007	Dul-Hasti hydro-electric project	Dam, powerhouse and HRT
2007	Tehri hydro-electric project	Rock-fill dam and spillway
2007	Sardar Sarovar (Narmada) project	Main dam and power house
2007	Tala hydro-electric project	Powerhouse
2007	Omkareshwar Project	EPC Contract for dam and powerhouse

In FY 2007, JAL has completed projects aggregating to a power generation capacity of 4,010 MW as detailed below:

1. Dul-Hasti Hydroelectric Project (390 MW) in Jammu & Kashmir;
2. Vishnuprayag plant (400 MW) in Uttaranchal;
3. Tehri Hydroelectric Project (1000 MW) in Uttaranchal;
4. Sardar Sarovar Hydroelectric Project (1200 MW) in Gujarat; and
5. Tala Hydro-electric Project (1020 MW) in Bhutan.

In FY 2007, JAL has been awarded the following contracts:

1. Laying of pressure mains (including surge protection) from pump house no. 6 to Sudimalla Pedda Cheruvu including Cross Masonry and Cross Drainage (CM & CD) works of Rajiv Sagar Lift Irrigation Project (Dummugudem) in district Khammam, Andhra Pradesh. The contract secured by a joint venture led by JAL, has a value of approximately Rs. 2,820 million.
2. Construction of GNSS main canal from km. 119.000 to km. 141.350 including construction of CM & CD works of Uddimadugu Kadapa District of Andhra Pradesh. The contract secured by a joint venture led by JAL, has a value of approximately Rs. 1,120 million.
3. Construction of Zirakpur – Parwanoo Highway from km. 39.86 to km. 67.00 of NH-22 in the states of Punjab, Haryana and Himachal Pradesh on BOT basis having a project value of approximately Rs. 4,120 million; and
4. Nigrie Thermal project in Madhya Pradesh, which has now been transferred to, and is proposed to be implemented by, our Company. For further details on the Nigrie Thermal project, refer to chapters titled "Objects of the Issue" "Our Business" and "Key Business Contracts" beginning on pages 77, 114 and 135 respectively of the Draft Red Herring Prospectus.

JAL, on its own, has pre-qualified to participate in the bidding for the construction of following projects on turnkey basis:

1. 1500 MW Tipaimukh Hydro-electric Projects in Manipur ; and
2. 1000 MW Pakal Dul Hydroelectric Project in Jammu and Kashmir.

Shareholding Pattern of JAL as on September 30, 2007 as filed with the stock exchanges, where JAL's equity shares are listed

Sr. No.	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
(A)	**Shareholding of Promoter and Promoter Group**					
(1)	**Indian**					
(a)	Individuals/ Hindu Undivided Family	104	10,324,854	7,077,328	4.70	4.70
(b)	Central Government/ State Government(s)	-	-	-	-	-
(c)	Bodies Corporate	20	94,071,460	89,411,028	42.84	42.84
(d)	Financial Institutions/ Banks	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-
	Sub-Total(A)(1)	**124**	**104,396,314**	**96,488,356**	**47.54**	**47.54**
(2)	**Foreign**					
(a)	Individuals/ (Non-Resident Individuals/ Foreign Individuals)	1	16368	0	0.01	0.01
(b)	Bodies Corporate	-	-	-	-	-
(c)	Institutions	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-
	Sub-Total(A)(2)	**1**	**16,368**	**0**	**0.01**	**0.01**
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	**125**	**104,412,682**	**96,488,356**	**47.55**	**47.55**
(B)	**Public Shareholding**					
(1)	**Institutions**					
(a)	Mutual Funds/ UTI	136	21,381,894	21,347,565	9.74	9.74
(b)	Financial Institutions/ Banks	89	530,871	482,253	0.24	0.24
(c)	Central Government/ State Government(s)	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-
(e)	Insurance Companies	7	3,968,879	3,967,979	1.81	1.81

Sr. No.	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
(f)	Foreign Institutional Investors	171	59,205,448	59,147,510	26.96	26.96
(g)	Foreign Venture Capital Investors	-	-	-	-	-
(h)	Any Other (specify)	-	-	-	-	-
	Sub- Total (B)(1)	**403**	**85,087,092**	**84,945,307**	**38.75**	**38.75**
(2)	**Non-institutions**					
(a)	Bodies Corporate	1,695	8,109,135	7,910,560	3.69	3.69
(b)	Individuals -					
i.	Individual shareholders holding nominal share capital up to Rs.1 lakh	85,225	15,190,407	9,391,265	6.92	6.92
ii.	Individual shareholders holding nominal share capital in excess of Rs.1 lakh.	48	2,175,439	1,124,391	0.99	0.99
(c)	Any Other (specify)	-	-	-	-	-
i.	Non resident Indians	1,032	1,146,730	782,320	0.52	0.52
ii.	Trusts	16	307,702	307,702	0.14	0.14
iii.	OCB	5	1,237,680	1,214,180	0.56	0.56
iv.	Foreign Body Corporate	5	1,646,897	1,646,897	0.75	0.75
v.	Clearing Members & in transit	311	271,211	271,211	0.12	0.12
	Sub-Total(B)(2)	**88,337**	**30,085,201**	**22,648,526**	**13.70**	**13.70**
	Total Public Shareholding (B)=(B)(1)+(B)(2)	**88,740**	**115,172,293**	**107,593,833**	**52.45**	**52.45**
	T0TAL (A)+(B)	**88,865**	**219,584,975**	**204,082,189**	**100.00**	**100.00**
(C)	Shares held by Custodians and against which Depository Receipts have been issued	NIL	NIL	NIL	NIL	NIL
	GRAND TOTAL (A)+(B)+(C)	**88,865**	**219,584,975**	**204,082,189**	**100.00**	**100.00**

Note: JAL had 88,865 shareholders as on September 30, 2007.

Board of Directors of JAL as on December 15, 2007

Name of Directors	Designation
Mr. Jaiprakash Gaur	Director
Mr. Manoj Gaur	Executive Chairman and CEO
Mr. Sunil Kumar Sharma	Executive Vice Chairman
Mr. Sarat Kumar Jain	Vice Chairman
Mr. Sunny Gaur	Managing Director (Cement)
Mr. Pankaj Gaur	Joint Managing Director (Construction)
Mr. A. K. Sahoo	LIC Nominee
Dr. B. Samal	IDBI Nominee
Mr. M. J. Subbaiah	ICICI Nominee
Mr. R. K. Singh	Whole-time Director
Mr. Shyam Datt Nailwal	Whole-time Director and CFO
Mr. Gopi K. Arora	Director
Mr. R. N. Bhardwaj	Director
Mr. D. N. Davar	Director

Name of Directors	Designation
Mr. S. C. Bhargava	Director
Mr. B. K. Goswami	Director
Dr. E R C Shekar	Director
Mr. B. K. Taparia	Director
Mr. M. S. Srivastava	Director
Mr. Ranvijay Singh	Whole-time Director

Financial Performance

The audited consolidated financial performance of JAL for FY 2005, FY 2006 and FY 2007 is as given below:

Rs. in million (except per share data)

For the period ended	Year Ended March 31, 2007	Year Ended March 31, 2006	Year Ended March 31, 2005
Sales and other income	35,936.2	33,073.9	29,611.2
Profit/(Loss) after tax	4,149.0	6,399.9	2,076.3
Equity capital (par value Rs. 10 per share)*	2,192.4	2,150.6	1,762.2
Reserves and Surplus	26,537.1	24,671.4	10,585.3
Earnings per share (Rs.)*	19.10	13.61	11.78
Book value per equity share (Rs.)*	131.04	124.71	70.17

* The share data based on face value of Rs. 10 per equity share. In terms of the approval of the shareholders accorded on November 24, 2007, the face value of the same has been split to Rs. 2 per share. December 26, 2007 was the record date for the said purpose.

Share Quotation:

i. Highest and Lowest price of JAL on the NSE in the last six (6) months:

Month	High (Rs.)	Low (Rs.)
July 2007	893.00	739.00
August 2007	948.00	756.00
September 2007	1,162.00	888.05
October 2007	1,533.90	1,010.00
November 2007*	1,873.40	1,364.00
December 2007 (up to December 14)	2,175.00	1,820.00
December 2007 (December 17, 2007 onwards)	440.50	371.05

* The share quotations are based on face value of Rs. 10 per equity share. In terms of the approval of the shareholders accorded on November 24, 2007, the face value of the same has been split to Rs. 2 per share. December 26, 2007 has been fixed to be the record date for the said purpose.

Closing share price on NSE as on January 7, 2008 is Rs. 472.80.

Market Capitalization on the NSE as on December 31, 2007 was Rs. 495,592.82 million.

ii. Highest and Lowest price of JAL on the BSE in the last six (6) months:

Month	High (Rs.)	Low (Rs.)
July 2007	892.50	740.00
August 2007	932.45	758.00
September 2007	1,160.00	881.00
October 2007	1,532.00	1,010.00
November 2007*	1,882.00	1,340.00
December 2007 (up to December 16)	2,177.00	1,825.00
December 2007 (December 17, 2007 onwards)	449.90	370.10

* The share quotations are based on face value of Rs. 10 per equity share. In terms of the approval of the shareholders accorded on November 24, 2007, the face value of the same has been split to Rs. 2 per share. December 26, 2007 has been fixed to be the record date for the said purpose.

Closing share price on BSE as on January 7, 2008 was Rs. 473.00.

Market Capitalization on the BSE as on December 31, 2007 was Rs. 494,316.56 million.

Promise v Performance

Details of the last public / rights issue made by JAL:

Issue details	Issue size (Rs. Millions)	Timing of Issue
Issue of 41,565,180 equity shares of Rs. 10 each at a premium of Rs. 50 per share to the Shareholders, employees of JAL and associate companies	2,493.90	Issue opened on: April 12, 1993 Issue closed on: May 25, 1993

The company's last public / rights issue was made in April/May, 1993 with an object to part finance the requirements of funds for setting up Cement Plant III at Rewa, Madhya Pradesh with an installed capacity of 1.5 million tons per annum at an estimated cost of Rs. 3,500 million and for setting up the 300 MW Baspa Stage-II hydro electric project at Himachal Pradesh at an estimated cost of Rs. 8,500 million. The said objects were achieved.

Cement Plant – III:

	Projections	Actual	Remarks
Capacity	1.5 MTPA	1.5 MTPA	Delay in commencement of commercial production was due to change in configuration of the project resulting into delay in finalization / ordering of latest machinery and technology. This resulted in time and cost overrun.
Commencement of Commercial Production	October, 1995	October 21, 1996	
Cost of the Project	Rs.3,500 million	Rs. 4,750 million	

Baspa-II Hydro Electric project:

	Projections	Actual	Remarks
Capacity	300 MW	300 MW	Delay in signing of PPA resulted in a delay of 27 months and flash floods in July 2000 resulted in a delay of 16 months
Commencement of Commercial Production	June, 1997	June, 2003	
Cost of the Project	Rs. 8,500 million	Rs. 16,247.20 million	

The projections regarding sales and profitability of JAL were made as follows:

Year ending	Projected Sales	Actual Sales	Variance (%)	Projected Net Profit	Actual Net Profit	Variance (%)
1993	6,250.00	6,324.40	1.19	800.00	927.70	15.96
1994	7,550.00	6,920.00	(8.34)	1,150.00	937.10	(18.51)
1995	8,750.00	7,647.40	(12.60)	1,370.00	955.30	(30.27)
1996	10,100.00	9,963.10 (15 months)	*	1,590.00	914.00	*
1997	12,250.00	7,680.70	*	1,700.00	248.70	*
1998	14,300.00	6,451.30 (9 months)	*	2,110.00	164.10	*

* The projections for the years 1996, 1997 and 1998 given above are not comparable with the aforesaid actual results, *inter alia*, for the following reasons:

(i) The financial year 1995-1996 was changed to comprise of fifteen (15) months ended June 30, 1996
(ii) The financial year 1997-1998 was changed to comprise of nine (9) months ended March 31, 1998
(iii) Cement plant III (one of the object for which issue was made) was hived off to a new wholly owned subsidiary of JIL during the year 1996-97.

The results for the said plant were, therefore, not included in the results of JIL (now JAL) for the year 1996-97 and 1997-98, as projected in the offer document.

In addition, JAL has made three FCCB offerings in the last three (3) years. The details of the FCCB offerings have been briefly stated hereunder:

Year when concluded	Principal amount of the bonds	Amount outstanding as on November 30, 2007
2005	USD 100,000,000	USD 2,060,000
2006	EUR 165,000,000	EUR 48,000,000
2007	USD 400,000,000	USD 400,000,000

Mechanism for redressal of investor grievance

All share related matters, namely transfer, transmission, transposition, dividend, change of name, address and signature of mandate and power of attorney, replacement, split, consolidation, demat and remat of shares, issue of duplicate certificates etc. are handled by JAL's registrar and transfer agent being Alankit Assignments Limited (RTA).

Investors correspond with RTA and JAL, on all share related matters. JAL has an established mechanism for investor service and grievance handling, with RTA and the compliance officer appointed by JAL.

The board of directors of JAL has constituted a Shareholders / Investor Grievance Committee which, *inter alia*, approves transfer and transmission of shares, issue of duplicate certificates, rematerialisation of shares and oversees and reviews all matters connected with securities transfers and other processes. The said committee also looks into redressal of shareholders' complaints related to transfer of shares, non-receipt of declared dividend etc. The said committee oversees performance of RTA and recommends measures for overall improvement in the quality of investor services. The summary statement of investor related transactions and details are also considered by the board of directors of JAL.

There are certain investor related disputes pending before courts. For more details, please refer to the chapter titled "Outstanding Litigations, Material Developments and Other Disclosures" beginning on page 298 of the Draft Red Herring Prospectus.

FY 2004-2005

During this year JAL had received 1,596 references out of which 1,571 references were resolved till March 31, 2005 and the remaining 25 references were also attended thereafter. Further, during the year JAL had received 3990 transfer requests in respect of 1,098,501 shares, out of which 3,787 transfer requests relating to 1,064,204 shares were processed till March 31, 2005 and the remaining 203 requests in respect of 34,297 shares were processed in April 2005.

FY 2005-2006

During the year, JAL had received 3,962 references from the shareholders, 3,915 references were resolved / addressed till March 31, 2006 and the remaining references were resolved / addressed shortly thereafter.

Further as on March 31, 2005, 203 transfer requests in respect of 34,297 shares were due for redressal. During the year JAL had received 2,942 transfer request in respect of 520,382 shares. 3,074 transfer requests relating to 538,188 shares were processed till March 31, 2006 and the remaining requests in respect of 16,491 shares were also processed.

FY 2006-2007

During this year JAL had received 3,389 references from its shareholders of which 3,365 references were resolved / addressed till March 31, 2007 and the remaining references were processed.

From April 1, 2007 to December 31, 2007

During the period from April 1, 2007 to December 31, 2007, JAL had received 2,417 references, in addition to 24 pending references, from its shareholders of which 2,410 were processed till December 31, 2007.

Subsidiaries of JAL

As on the date of the Draft Red Herring Prospectus, JAL has ten subsidiaries other than our Company, namely:

1. Jaypee Hotels Limited;
2. Jaiprakash Hydro-Power Limited;
3. Jaypee Karcham Hydro Corporation Limited;
4. Jaypee Cement Limited;
5. Gujarat Anjan Cement Limited (subsidiary of JCL);
6. Jaypee Powergrid Limited (subsidiary of JHPL);
7. Madhya Pradesh Jaypee Minerals Limited;
8. Jaypee Infratech Limited;
9. Himalayan Expressway Limited; and
10. Bhilai Jaypee Cement Limited.

For further details on the above subsidiaries of JAL please refer to the chapter titled "Our Promoter Group Companies" beginning at page 203 of the Draft Red Herring Prospectus.

Companies from which our Promoter has disassociated itself during the preceding three (3) years

Our Promoter has not disassociated itself from any company in the three years preceding the date of the Draft Red Herring Prospectus.

Common Pursuits

Our Promoter, JAL and our Company both are currently engaged in the business of execution of thermal and hydro-electric projects. All our existing and proposed projects, other than the Meghalaya projects, were initially awarded to JAL and subsequently transferred to our Company for execution, operation and maintenance.

JAL has a 63.34% subsidiary Jaiprakash Hydro Power Limited (JHPL), a listed company that operates the 300 MW Baspa II hydro-electric plant. There is no non-compete agreement in place between other Jaypee Group companies and us. Other Jaypee Group companies may develop power generation projects in the future that may compete with us. There may be conflicts of interest between Jaypee Group companies, including JAL and JHPL, and our own power projects as regards bidding for new projects and selling power from projects that are operated by us and by other members of the Jaypee Group.

Interest of Promoter

Our Promoter is interested in our Company to the extent of its shareholding in our Company and the dividend it is entitled to receive, if declared, by our Company. For the payments that are made by our Company to certain Promoter Group Companies, please refer to the paragraph titled "Related Party Transactions" in the section titled "Financial Statements" beginning on page 221 of the Draft Red Herring Prospectus.

Further, as part of the Objects of the Issue our Company proposes to reimburse JAL for expenses incurred in relation to our Nigrie Thermal project and our Arunachal projects. For the details on the same, please refer to the chapter titled "Objects of the Issue" beginning on page 77 of the Draft Red Herring Prospectus.

Except as stated otherwise in this Draft Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two (2) years from the date of this Draft Red Herring Prospectus in which our Promoter is directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company other than in the normal course of business.

Further, except as disclosed in this chapter, the section titled "Risk Factors" and the chapter titled "Our Promoter Group Companies" beginning on pages xii and 203 respectively of the Draft Red Herring Prospectus, our Promoter does not have any interest in any venture that is involved in any activities similar to those conducted by us.

Payment or Benefit to our Promoters

Except as stated in the paragraph titled "Related Party Transactions" in the chapter titled "Auditor's Report on the Financial Statements" beginning on page 221 of the Draft Red Herring Prospectus, there has been no payment of benefits to our Promoters during the two (2) years prior to the filing of the Draft Red Herring Prospectus.

Related Party Transactions

For details on our related party transactions please refer to the section titled "Financial Statements" and the chapters titled "Key Business Contracts", "Objects of the Issue" and "Our Business beginning on pages 221,135,77 and 114 of the Draft Red Herring Prospectus.

OUR PROMOTER GROUP COMPANIES

Our Promoter Group comprises of twelve companies. They are as follows:

I. Jaypee Hotels Limited;
II. Jaiprakash Hydro-Power Limited;
III. Jaypee Karcham Hydro Corporation Limited;
IV. Jaypee Infratech Limited;
V. Himalayan Expressway Limited;
VI. Jaypee Cement Limited;
VII. Bhilai Jaypee Cement Limited;
VIII. Madhya Pradesh Jaypee Minerals Limited;
IX. Gujarat Anjan Cement Limited;
X. Jaypee Powergrid Limited;
XI. Jaypee Ventures Private Limited; and
XII. Jaiprakash Kashmir Energy Limited.

Our Promoter Group Companies from point (I) to (X) are the subsidiaries of our Promoter.

I. Jaypee Hotels Limited (JHL)

JHL was incorporated as "Siddharth Inter-Continental Hotels (India) Limited" on December 29, 1980 as a public limited company under the Companies Act and received Certificate of Commencement of Business on February 23, 1981 from the Registrar of Companies, Delhi, Haryana.

Jaiprakash Enterprises Limited (JEL) amalgamated with Siddharth Inter-Continental Hotels (India) Limited pursuant to the Scheme of Amalgamation sanctioned by the Delhi High Court vide its Order dated April 5, 1984.

Subsequently, on June 26, 1987, Siddharth Inter-Continental Hotels (India) Limited was renamed as "Jaypee Hotels Limited" (JHL).

As per the main objects clause of its memorandum of association, JHL is authorised to carry on the business of hotels, restaurants, wine, beer and spirit merchants and to acquire by purchase or lease land, buildings and hereditaments. Further, to carry on the business of builders, civil, mechanical and electrical contractors.

JHL presently owns and operates 5-Star deluxe hotels in North India namely, Hotel Jaypee Siddharth and Jaypee Vasant Continental in Delhi and Jaypee Palace Hotel at Agra. It also manages the Hotel Jaypee Residency Manor at Mussoorie and the Jaypee Greens – Greater Noida, both of which are 5 Star Deluxe properties, owned by JAL. JHL is also engaged in the business of civil engineering and construction.

The equity shares of JHL are listed on NSE.

Shareholding Pattern of JHL as on September 30, 2007 as filed with the stock exchanges where equity shares of JHL are listed

Sr. No.	Category of shareholder	No. of shareholders	Total no. of shares	No. of shares held in de materialised form	Total shareholding as a percentage of total number of shares	
					Total shareholding as a % of (A+B)	Total shareholding as a % of (A+B+C)
(A)	**Shareholding of Promoter and Promoter Group**					
(1)	**Indian**					
(a)	Individuals/Hindu Undivided Family	18	575,414	80,097	1.04	1.04
(b)	Central Government/State	-	-	-	-	-

Sr. No.	Category of shareholder	No. of shareholders	Total no. of shares	No. of shares held in de materialised form	Total shareholding as a percentage of total number of shares	
					Total shareholding as a % of (A+B)	Total shareholding as a % of (A+B+C)
	Government(s)					
(c)	Bodies Corporate	5	40,918,570	33,199,576	73.74	73.74
(d)	Financial Institutions/Banks	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-
	Sub-Total (A)(1)	23	41,493,984	33,279,673	74.78	74.78
(2)	**Foreign**					
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-
(c)	Institutions	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	23	41,493,984	33,279,673	74.78	74.78
(B)	**Public Shareholding**					
(1)	**Institutions**					
(a)	Mutual Funds / UTI	2	3,600	-	0.01	0.01
(b)	Financial Institutions / Banks	8	689,900	683,800	1.24	1.24
(c)	Central Government / State Government(s)	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-
(f)	Foreign Institutional Investors	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-
(h)	Any Other (specify)	-	-	-	-	-
	Sub-Total (B)(1)	10	693,500	683,800	1.25	1.25
(2)	**Non-institutions**					
(a)	Bodies Corporate	860	4,920,133	4,305,283	8.87	8.87
(b)	Individuals					
	i. Individual shareholders holding nominal share capital up to Rs. 1 Lakh.	24,233	5,641,278	3,838,957	10.17	10.17
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh.	56	2,561,003	2,475,162	4.62	4.62
(c)	Any Other (specify)	310	180,102	75,602	0.32	0.32
	Sub-Total (B)(2)	**25,459**	**13,302,516**	**10,695,004**	**23.97**	**23.97**
	Total Public Shareholding (B)=(B)(1)+(B)(2)	**25,469**	**13,996,016**	**11,378,804**	**25.22**	**25.22**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	-	-	-	-	-
	Grand Total (A)+(B)+(C)	**25,492**	**55,490,000**	**44,658,477**	**100**	**100**

JHL had 25,492 shareholders as on September 30, 2007.

Board of Directors of JHL as on December 15, 2007

Name of Directors	Designation
Mr. Sunil Kumar Sharma	Chairman
Mr. Manoj Gaur	Vice Chairman
Mr. Ravi Sreen	Managing Director
Mr. Shashank P. Warty	Whole-time Director
Ms. Manju Sharma	Whole-time Director
Mr. B. K. Taparia	Director
Mr. Gunjit Singh	Director
Mr. Harish Kumar Vaid	Director
Mr. K. Subramanian	Director
Mr. Pawan Kumar Jain	Director
Ms. Rita Dixit	Director
Mr. S. K. Bansal	Director
Mr. S. K. Chakrabarti	Director
Ms. Sunita Joshi	Director
Mr. R. N. Bhardwaj	Director

Financial Performance

The audited financial performance of JHL for the FY 2005, FY 2006 and FY 2007 is given as below:

Rs. in million (except per share data)

For the period ended	Year Ended March 31, 2007	Year Ended March 31, 2006	Year Ended March 31, 2005
Sales and other income	1,308.01	1,424.95	1,559.71
Profit/(Loss) after tax	136.78	269.41	167.38
Equity capital (par value Re. 10 per share)	554.90	554.90	554.90
Reserves and Surplus	820.19	800.93	656.08
Earnings per share (Rs.)	2.47	4.86	3.02
Book value per equity share (Rs.)	20.73	20.16	17.29

Share Quotation:

i. Highest and Lowest price of JHL on the NSE in the last six (6) months:

Month	High (Rs.)	Low (Rs.)
July 2007	76	61.15
August 2007	65.65	58
September 2007	105.95	62.55
October 2007	136.90	76.25
November 2007	236.85	131.90
December 2007	302.35	225.00

Closing share price on NSE as on January 7, 2008 was Rs. 243.45.

Market Capitalization on the NSE as on December 31, 2007 was Rs. 15,032.24 million.

Promise vis-à-vis performance.

The following are the details of the last public / right issue made by JHL.

Issue details	Issue size (Rs. in million)	Time of Issue
Issue of 27,000,000 equity shares of Rs.10 each at a premium of	675.00	April, 1993

Rs.15 per share to the existing Shareholders of the company (both Equity and Preference), and employees of the company and associate companies and also to the shareholders of Jaiprakash Industries Limited (now JAL) and Jaiprakash Enterprises Limited and associate companies		Issue Open Date: March 29, 1993 Issue Close Date: April 28, 1993

JHL made the issue with the object to finance the cost of constructing, equipping and furnishing of 5-Star deluxe hotel cum Convention Centre at Agra and for capital expenditure and long term working capital requirements. The said objects were achieved. The projections of sales and profitability were made as follows:

(Rs. in million)

Year ending	Projected Sales	Actual Sales	Variance	Projected Net Profit	Actual Net Profit	Variance	Remark
1993	250.00	266.81	6.72	47.50	49.33	3.85	
1994	380.00	338.84	(10.83)	145.00	87.73	(39.49)	**
1995	430.00	337.46	(21.52)	160.00	46.89	(70.69)	**

**

a. Construction division of JHL showed a decline in turnover as the construction industry related to river valley projects experienced an unfavourable phase primarily because of government financial constraints. Therefore, as the continuation of construction work was proving uneconomical, the board of directors decided to close the construction work, which resulted in reduction of construction turnover and its profit.

b. Major renovation work was undertaken in both the hotels, which resulted in reduced operating profit.

c. Higher incidence of income tax also reduced net profit after tax.

Mechanism for redressal of investor grievance:

All share related matters, namely transfer, transmission, transposition, dividend, change of name, address and signature of mandate and power of attorney, replacement, split, consolidation, demat and remat of shares, issue of duplicate certificates etc. are handled by JHPL's registrar and transfer agent being Karvy Computershare Private Limited (RTA).

Investors correspond with RTA and JHPL, on all share related matters. JHPL has an established mechanism for investor service and grievance handling, with RTA and the compliance officer appointed by JHPL.

The board of directors of JHPL has constituted a Shareholders / Investor Grievance Committee which, *inter alia*, approves transfer and transmission of shares, issue of duplicate certificates, rematerialisation of shares and oversees and reviews all matters connected with securities transfers and other processes. The said committee also looks into redressal of shareholders' complaints related to transfer of shares, non-receipt of declared dividend etc. The said committee oversees performance of RTA and recommends measures for overall improvement in the quality of investor services. The summary statement of investor related transactions and details are also considered by the board of directors of JHPL.

FY 2004-2005

During the year, JHL received total 52 references from the shareholders. All the references were resolved by the concerned board committee. There were no references pending as on March 31, 2005.

FY 2005-2006

During the year JHL received total 92 references from the shareholders. All the references were resolved by the concerned board committee. There were no references pending as on March 31, 2006.

FY 2006-2007

During the year, JHL received total 53 references from the shareholders. All the references were resolved by the concerned board committee. There were no references pending as on March 31, 2007.

From April 1, 2007 to December 31, 2007

During the period from April 1, 2007 to December 2007, JHL received 40 references from its shareholders. All 40 references were resolved by the concerned board committee. There were no references pending as on December 31, 2007.

II. Jaiprakash Hydro-Power Limited (JHPL)

JHPL was incorporated on December 21, 1994 as a public limited company under the Companies Act, 1956 as a 100% subsidiary of our Promoter JAL and was issued a certificate of Commencement of Business on January 09, 1995 from Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh.

As per the main objects clause of its memorandum of association , JHPL is authorised to set up power projects – Hydro electric or Thermal, and to carry on the business of general electric power supply and to construct, lay down, establish, fix and carry out all necessary power stations, cables and wires, lines, accumulators, lamps and works and to generate, accumulate, distribute and supply electricity and to light cities, towns, villages, streets, docks, markets, theatres, buildings, industry or industries and any other places, both public and private.

JHPL has developed the 300 MW Baspa-II Hydro-electric plant on BOO basis. The project is located on the river Baspa, a tributary of river Satluj in District Kinnaur, Himachal Pradesh, about 210 km from Shimla. The project is in operation since June 2003. The Project is designed to generate electrical energy of 1213 million units in a 90% dependable year. After 12% free power to the state government, the saleable energy works out to 1050 million units. The power generated by the power station is being supplied to HPSEB under a Power Purchase Agreement executed on 4th June, 1997.

Shareholding Pattern of JHPL as on September 30, 2007 as filed with the stock exchanges where JHPL's equity shares are listed

Sr. No.	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
(A)	**Shareholding of Promoter and Promoter Group**					
1	**Indian**					
(a)	Individuals/ Hindu Undivided Family	-	-	-	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-
(c)	Bodies Corporate	1	311,000,600	310,999,900	63.34	63.34
(d)	Financial Institutions/ Banks	-	-	-	-	-
(e)	Any Others(Specify)	-	-	-	-	-
	Sub Total(A)(1)	**1**	**311,000,600**	**310,999,900**	**63.34**	**63.34**
2	**Foreign**					
A	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-	-
B	Bodies Corporate	-	-	-	-	-
O	Institutions	-	-	-	-	-
D	Any others(Specify)	-	-	-	-	-
	Sub Total(A)(2)	**-**	**-**	**-**	**-**	**-**

Sr. No.	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**1**	**311,000,600**	**310,999,900**	**63.34**	**63.34**
(B)	**Public shareholding**					
1	**Institutions**					
(a)	Mutual Funds/ UTI	6	3,478,859	3,478,859	0.71	0.71
(b)	Financial Institutions / Banks	8	85,675	85,675	0.02	0.02
(c)	Central Government/ State Government(s)	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-
(e)	Insurance Companies	4	8,470,979	8,470,979	1.73	1.73
(f)	Foreign Institutional Investors	12	15,047,420	15,047,420	3.06	3.06
(g)	Foreign Venture Capital Investors	-	-	-	-	-
(h)	Any Other (specify)	-	-	-	-	-
	Sub-Total (B)(1)	**30**	**27,082,933**	**27,082,933**	**5.52**	**5.52**
B 2	**Non-institutions**					
(a)	Bodies Corporate	2340	56,767,882	56,767,882	11.56	11.56
(b)	Individuals					
	i. Individual shareholders holding nominal share capital up to Rs.1 lakh	154735	64,538,232	64,490,798	13.14	13.14
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	544	18,975,294	18,975,294	3.86	3.86
(c)	Any Other (specify)					
	i. Overseas Bodies Corporate	-	-	-	-	-
	ii. Non Residential Indians	520	798,850	798,850	0.16	0.16
	iii. Trusts	15	61,252	61,252	0.01	0.01
	iv. Clearing members	896	11,775,557	11,775,557	2.40	2.40
	Sub-Total (B)(2)	**159,050**	**152,917,067**	**152,869,633**	**31.14**	**31.14**
(B)	**Total Public Shareholding (B)= (B)(1) + (B)(2)**	**159,080**	**180,000,000**	**179,952,566**	**36.66**	**36.66**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**					**0.00**
	GRAND TOTAL (A)+(B)+(C)	**159,081**	**491,000,600**	**490,952,466**	**100**	**100**

JHPL had 159,081 shareholders as on September 30, 2007.

Board of Directors of JHPL as on December 15, 2007

Name of Directors	Designation
Mr. Jaiprakash Gaur	Director
Mr. Manoj Gaur	Chairman
Mr. Sunil Kumar Sharma	Vice Chairman
Mr. S. K. Jain	Director

Name of Directors	Designation
Mr. Gopi K. Arora	Director
Mr. D. N. Davar	Director
Mr. B. K. Taparia	Director
Mr. B. B. Tandon	Director
Dr. Ramesh C. Vaish	Director
Mr. Balkrishan Batra	(IDBI Nominee)
Mr. Bal Krishna Gupta	(LIC Nominee)
Dr. D. G. Kadkade	Director
Dr. R. L. Gupta	Director
Mr. Shyam Datt Nailwal	Director
Mr. Narendra Singh	Director
Mr. J. N. Gaur	Whole-time Director and CEO
Mr. R. K. Narang	Whole-time Director and CFO
Mr. G. P. Gaur	Director
Mr. Har Prasad	Director
Mr. Rajiv Bhardwaj	Director

Financial Performance

The audited financial performance of JHPL for the FY 2005, FY 2006 and FY 2007 is given as below:

Rs. in million (except per share data)

For the period ended	Year Ended March 31, 2007	Year Ended March 31, 2006	Year Ended March 31, 2005
Sales and other income	3,565.2	2,742.3	3,013.5
Profit/(Loss) after tax	1,995.4	1,456.8	511.0
Equity capital (par value Re. 10 per share)	4,910.0	4,910.0	4,910.0
Reserves and Surplus	4,122.4	2,127.0	670.20
Earnings per share (Rs.)	4.06	2.97	1.04
Book value per equity share (Rs.)	18.40	13.82	10.65

Share Quotation:

i. Highest and Lowest price of JHPL on the NSE in the last six (6) months:

Month	High (Rs.)	Low (Rs.)
July 2007	42.40	34.80
August 2007	51.45	38
September 2007	84.90	49.20
October 2007	88.35	61.05
November 2007	118.90	75.00
December 2007	139.90	106.25

Closing share price on NSE as on January 7, 2008 was Rs. 141.35.

Market Capitalization on the NSE as on December 31, 2007 was Rs. 67,414.30 million.

ii. Highest and Lowest price of JHPL on the BSE in the last six (6) months:

Month	High (Rs.)	Low (Rs.)
July 2007	42.45	34.85
August 2007	51.45	38.15
September 2007	84.90	49.20
October 2007	88.40	60.00
November 2007	118.80	74.50
December 2007	140.00	111.10

Closing share price o n BSE as on January 7, 2008 was Rs. 141.30.

Market Capitalization on the BSE as on December 31, 2007 was Rs. 68,057.51 million.

Promise vs. performance

Not applicable, as the issue made in 2005 was an offer for sale and the Prospectus did not contain any projections

Mechanism for redressal of investor grievance:

All share related matters, namely transfer, transmission, transposition, dividend, change of name, address and signature of mandate and power of attorney, replacement, split, consolidation, demat and remat of shares, issue of duplicate certificates etc. are handled by JHL's registrar and transfer agent being Karvy Computershare Private Limited (RTA).

Investors correspond with RTA and JHL, on all share related matters. JHL has an established mechanism for investor service and grievance handling, with RTA and the compliance officer appointed by JHL.

The board of directors of JHL has constituted a Shareholders / Investor Grievance Committee which, *inter alia*, approves transfer and transmission of shares, issue of duplicate certificates, rematerialisation of shares and oversees and reviews all matters connected with securities transfers and other processes. The said committee also looks into redressal of shareholders' complaints related to transfer of shares, non-receipt of declared dividend etc. The said committee oversees performance of RTA and recommends measures for overall improvement in the quality of investor services. The summary statement of investor related transactions and details are also considered by the board of directors of JHL.

FY 2005-2006

During the year JHPL had received 5799 investors' references out of which 5797 references were resolved till March 31, 2006 and the remaining 2 references were also resolved by April 5, 2006.

FY 2006-2007

As on April 01, 2006 there were 2 pending investors' references. During the year, JHPL had received 501 investor references and all the 503 investors' references were resolved till March 31, 2007. There were no pending references as on March 31, 2007.

From April 01, 2007 to December 31, 2007

During the period April 1, 2007 to December 31, 2007, JHPL had received 287 investors' references. All 287 references were resolved during the said period. There were no references pending as on December 31, 2007.

III. Jaypee Karcham Hydro Corporation Limited (JKHCL)

JKHCL was incorporated on April 29, 2002 as a public limited company under the Companies Act and received Certificate of Commencement of Business on July 4, 2002 from the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh.

As per the main objects of the memorandum of association of JKHCL, it is authorised to set up power projects and to carry on the business of general electric power supply in any or all of its branches and to construct, lay down, establish, fix and carry out all necessary power stations, cable and wires lines, accumulators, lamps and works and to generate, accumulate, distribute and supply electricity and to light cities, towns, villages, streets, docks, markets, theatres, buildings, industry or industries and any other places, both public and private.

JKHCL is currently implementing the Karcham-Wangtoo project. The initial Implementation Agreement (dated November 18, 1999) and the Addendum to the Implementation Agreement (dated May 28, 2001) in relation to the Karcham-Wangtoo project had been entered into by the Government of Himachal Pradesh with JAL. The Karcham-Wangtoo project was transferred to JKHCL vide Tripartite Agreement dated December 30, 2002 with Government of Himachal Pradesh, JAL and JKHCL.

JKHCL has received Techno-economic Clearance (TEC) for the Karcham-Wangtoo project from Central Electricity Authority vide its order no. No 2/HP/19/96-PAC/1409-1436 dated March 31, 2003, at an estimated completed cost of USD 117.44 million + Rs. 53,458.8 million including interest during construction & financing costs of Rs. 15,499.9 million at foreign exchange rate of 1 USD = Rs. 48.

The cost of the project, subsequent to the TEC, is estimated at Rs. 56,000 million, which is lower than the TEC cost, and the debt tie-up for this project has been made at the estimated cost of Rs. 56,000 million.

The Project is under implementation and is expected to be commissioned in the year 2011.

One of the objects of the Issue is to invest in the equity share capital of JKHCL towards part funding of the equity component of the Karcham-Wangtoo project. After the proposed investment, JKHCL will become our subsidiary.

Shareholding Pattern of JKHCL as on November 30, 2007

Names of the Shareholders	No. of Shares	Percentage of Total Capital
Jaiprakash Associates Limited	749,999,400	99.99
Mr. Jaiprakash Gaur and Jaiprakash Associates Limited*	100	0.00
Mr. S. K. Jain and Jaiprakash Associates Limited*	100	0.00
Mr. Manoj Gaur and Jaiprakash Associates Limited*	100	0.00
Mr. S. K. Sharma and Jaiprakash Associates Limited*	100	0.00
Mr. Shyam Datt Nailwal and Jaiprakash Associates Limited*	100	0.00
Mr. Harish K. Vaid and Jaiprakash Associates Limited*	100	0.00
Total	**750,000,000**	**100.00**

*Held in their capacity as nominee of JAL.

Board of Directors of JKHCL as on December 15, 2007.

Name of Directors	Designation
Mr. Sunil Kumar Sharma	Chairman
Mr. Manoj Gaur	Vice Chairman
Mr. Suren Jain	Director
Mr. Dharam Paul Goyal	Managing Director
Mr. Praveen Kumar Singh	Whole-time Director
Mr. Gopi K. Arora	Director
Mr. G.P. Singh	Director
Mr. Suresh Kumar	Director
Mr. Rakesh Sharma	Director
Mr. Arun Gupta	Director
Mr. Brij Mohan Agarwal	Director

Financial Performance

For details of financial performance of JKHCL please see the chapter titled "Auditor's Report on the restated financial statements of JKHCL" beginning on page 221 of the Draft Red Herring Prospectus.

IV. Jaypee Infratech Limited (Jaypee Infratech)

Jaypee Infratech was incorporated on April 05, 2007 as a public limited company under the Companies Act and received Certificate of Commencement of Business on April, 27, 2007 from the Registrar of Companies, Kanpur, Uttar Pradesh and Uttarakhand (formerly known as Uttaranchal).

As per the main objects clause of the memorandum of association of Jaypee Infratech, it is authorised to implement all the objects of the Concession Agreement dated February 07, 2003 between JIL and Taj Expressway Industrial Development Authority (TEA).

Jaypee Infratech has been promoted by JAL to implement all the objects of the Concession Agreement dated February 07, 2003 between Jaiprakash Industries Limited (now JAL) and Taj Expressway Industrial Development Authority (TEA) and to implement the Taj Expressway Project consisting of construction of 160 KM 6 lane access controlled expressway, between Noida and Agra on the left bank of river Yamuna along with development of 25 million square meter of land at five locations along the expressway.

Shareholding Pattern of Jaypee Infratech as on November 30, 2007

Name of the Shareholder	No. of Shares	Percentage of total capital
Jaiprakash Associates Limited	250,049,400	99.99
Jaiprakash Associates Limited and Mr. Jaiprakash Gaur*	100	0.00
Jaiprakash Associates Limited and Mr. Sarat Kumar Jain*	100	0.00
Jaiprakash Associates Limited and Mr. Manoj Gaur*	100	0.00
Jaiprakash Associates Limited and Mr. Sunil Kumar Sharma*	100	0.00
Jaiprakash Associates Limited and Mr. Samir Gaur*	100	0.00
Jaiprakash Associates Limited and Mr. Harish Kumar Vaid*	100	0.00
Total	**250,050,000**	**100.00**

*Held in their capacity as nominee of JAL.

Board of Directors of Jaypee Infratech as on December 15, 2007

Name of Directors	Designation
Mr. Jaiprakash Gaur	Chairman
Mr. Manoj Gaur	Vice Chairman
Mr. Samir Gaur	Director in charge (Whole-time)
Mr. Har Prasad	Whole-time director
Ms. Rita Dixit	Whole-time Director
Mr. Sachin Gaur	Whole-time Director
Mr. Sunil Kumar Sharma	Director
Mr. Suresh Kumar	Director
Mr. Gunjit Singh	Director

Financial Performance

The audited financial results for JIL are not available as it has been incorporated in the current FY.

V. Himalyan Expressway Limited (HEL)

HEL was incorporated on May 25, 2007 as a public limited company under the Companies Act and received Certificate of Commencement of Business on May 28, 2007 from the Registrar of Companies, NCT of Delhi and Haryana.

As per the main object clause of the memorandum of association of HEL, it is authorised to engage in designing, engineering, financing, construction, operation and maintenance of Zirakpur-Parwanoo section including Pinjore-Kalka-Parwanoo Bypass of NH-22 from km. 39.860 to km. 67.000 in the States of Punjab, Haryana and Himachal Pradesh on Build, Operate and Transfer (BOT) basis under NHDP Phase IIIA for twenty (20) years. The Concession Agreement was signed on August 31, 2007 with National Highways Authority of India. HEL is expected to achieve financial closure and commence implementation of the project shortly.

Shareholding Pattern of HEL as on November 30, 2007

Name of the Shareholders	No. of Shares	Percentage of total capital
Jaiprakash Associates Limited	49,400	98.80
Jaiprakash Associates Limited and Mr. Manoj Gaur*	100	0.20
Jaiprakash Associates Limited and Mr. Sunil Kumar Sharma*	100	0.20
Jaiprakash Associates Limited and Mr. Samir Gaur*	100	0.20

Name of the Shareholders	No. of Shares	Percentage of total capital
Jaiprakash Associates Limited and Mr. Har Prasad*	100	0.20
Jaiprakash Associates Limited and Mr. Harish Kumar Vaid*	100	0.20
Jaiprakash Associates Limited and Mr. Shailendra Gupta*	100	0.20
Total	**50,000**	**100.00**

*Held in their capacity as nominee of JAL.

Board of Directors of HEL as on December 15, 2007

Name of Directors	Designation
Mr. Manoj Gaur	Chairman
Mr. Sunil Kumar Sharma	Director
Mr. Samir Gaur	Director

Financial Performance

The audited financial results for HEL are not available as it has been incorporated in the current FY.

VI. Jaypee Cement Limited (JCL)

JCL was incorporated on October 19, 2004 as a public limited company under the Companies Act and received Certificate of Commencement of Business on July 28, 2005 from the Registrar of Companies, Kanpur, Uttar Pradesh and Uttarakhand (formerly known as Uttaranchal).

As per the main object clause of memorandum of association of JCL, it is authorised to produce, manufacture, treat, process, prepare, refine, import, export, purchase, sell and generally to deal in either as principals or as agents either solely or in partnership with others, all type and kinds of cement, ordinary, white, coloured, Portland, pozzolana, alumina, blast furnace, silica and all other varieties of cement, lime and limestone, clinker and / or by products thereof, as also cement products of any or all descriptions, such as pipes, poles, slabs, asbestos sheets, blocks, tiles, garden – wares, plaster of Paris lime pipes, building material and otherwise, and articles, things, compounds and preparations connected with the aforesaid products and in connection therewith to take on lease or otherwise acquire, erect, construct, establish, work, operate and maintain, factories, undertakings, quarries, mines and workshops.

JCL was incorporated to set up a cement plant. It has also acquired 98.88% of the equity share capital of Gujarat Anjan Cement Limited, a company which is in the process of setting up 2.4 MTPA Cement Plant at village Vayor, taluka Abdasa, district Kutch in Gujarat. The progress of the project is given under item "IX. Gujarat Anjan Cement Limited".

Shareholding Pattern of JCL as on November 30, 2007

Name of the Shareholders	No. of Shares	Percentage of total capital
Jaiprakash Associates Limited	45,050,000	99.99
Mr. Jaiprakash Gaur and Jaiprakash Associates Limited*	100	0.00
Mr. Sarat Kumar Jain and Jaiprakash Associates Limited*	100	0.00
Mr. Manoj Gaur and Jaiprakash Associates Limited*	100	0.00
Mr. Sunil Kumar Sharma and Jaiprakash Associates Limited*	100	0.00
Mr. Suresh Kumar and Jaiprakash Associates Limited*	100	0.00
Mr. Shyam Datt Nailwal and Jaiprakash Associates Limited*	100	0.00
Mr. Harish Kumar Vaid and Jaiprakash Associates Limited*	100	0.00
Total	**45,050,700**	**100.00**

*Held in their capacity as nominee of our Company.

Board of Directors of JCL as on December 15, 2007

Name of Directors	Designation
Mr. Manoj Gaur	Chairman

Name of Directors	Designation
Mr. Sunil Kumar Sharma	Vice Chairman
Mr. Sunny Gaur	Director
Mr. P. V. Vora	Director
Mr. Rakesh Sharma	Director
Mr. Harish Kumar Vaid	Director
Mr. Rahul Kumar	Director
Mr. Ranvijay Singh	Director
Mr. Sachin Gaur	Director
Mr. V. K. Jain	Director
Mr. R. B. Singh	Director
Mr. S. C. Bhargava	Director

Financial Performance

The audited financial figures of JCL for the FY 2006 and FY 2007 are given as below:

Rs. In million (except per share data)

For the period ended	Year Ended March 31, 2007	Year Ended March 31, 2006
Sales and other income	5.39	3.14
Profit/(Loss) after tax	2.74	1.97
Equity capital (par value Re. 10 per share)	450.51	0.51
Reserves and Surplus	4.71	1.97
Earnings per share (Rs.)	0.06	38.83
Book value per equity share (Rs.)	10.04	(2.76)

VII. Bhilai Jaypee Cement Limited (BJCL)

BJCL was incorporated on April 11, 2007 as a public limited company under the Companies Act and received Certificate of Commencement of Business on May 14, 2007 from the Registrar of Companies, Gwalior, Madhya Pradesh and Chattisgarh.

BJCL is a joint venture company promoted by JAL and Steel Authority of India Limited (SAIL).

As per the main objects clause of the memorandum of association of BJCL, it is authorised to produce, manufacture, treat, process, prepare, refine, import, export, purchase, sell, trade and generally to deal in either as principal or as agent, contractors, technical advisors, consultants, stockists, distributors and suppliers either solely or in partnership with others, all type and kinds of cement, including but not limited to, blast furnace slag, Portland pozzolana, ordinary, white, coloured, alumina, silica and all other varieties of cements, lime and limestone, clinker and / or by products thereof, as also cement products of any or all descriptions, such as pipes, poles, slabs, asbestos sheets, blocks, tiles, garden wares, plaster of paris, lime, bricks, stones, potteries-earthen or china and similar goods and any substitutes thereof or building materials of any kind and all things used by builders and contractors or otherwise any articles things, compounds and preparations connected with the aforesaid products, and in connection therewith to buy, procure, take on lease otherwise acquire, erect, construct, establish, work, operate and maintain factories, undertakings, quarries, mines and workshop at Bhilai, Satna or any other places.

Currently, BJCL is setting up 2.2 MTPA split –location slag based cement plant at Satna, Madhya Pradesh and at Bhilai, Chattisgarh , which is at the initial stages of construction.

Shareholding Pattern of BJCL as on November 30, 2007

Name of Shareholders	No. of shares	Percentage of total capital
Jaiprakash Associates Limited	13,987,835	73.99
Steel Authority of India Limited	4,914,685	25.99
Mr. Vijay Kumar Gulhati*	100	0.00
Mr. Sunny Gaur**	100	0.00

Name of Shareholders	No. of shares	Percentage of total capital
Mr. Rahul Kumar**	100	0.00
Mr. Sunil Joshi**	100	0.00
Mr. Ram Bahadur Singh**	100	0.00
TOTAL	**18,903,020**	**100.00**

* SAIL holds beneficial interest in the shares.
** JAL holds beneficial interest in the shares.

Board of Directors of BJCL as on December 15, 2007

Name of Directors	Designation
Mr. Raghavachary Ramaraju	Chairman
Mr. Manoj Gaur	Managing Director
Mr. Sunny Gaur	Director
Mr. Vijay Kumar Gulhati	Director
Mr. Rahul Kumar	Director
Mr. Sunil Joshi	Director
Mr. Ram Bahadur Singh	Director
Mr. Ashok Kumar Jain	Director
Mr. Vijay Kumar Jain	Director
Mr. Kumar Prasad Sharma	Director

Financial Performance

The Audited financial results for BJCL are not available as it has been incorporated in this FY.

VIII. Madhya Pradesh Jaypee Minerals Limited (MPJML)

MPJML was incorporated on February 21, 2006 as a public limited company under the Companies Act and received Certificate of Commencement of Business on May 02, 2006 from the Registrar of Companies, Gwalior, Madhya Pradesh and Chhattisgarh.

As per the main objects of the memorandum of association of MPJML, it is authorised to, undertake prospective work of coal mining and sale of coal, selecting suitable coal block / sub block for grant of prospective license and mining lease, development of coal block(s) including drilling, feasibility studies and assessment of mine blocks, mining, survey and preparation of coal mine plans, to raise, stock and dispatch coal, to mine coal either in open cast process or underground process.

MPJML is a joint venture company promoted by JAL and Madhya Pradesh State Mining Corporation Limited to develop and mine coal from Amelia (North) Coal Block, which has been allotted to them by Government of India, Ministry of Coal vide agreement dated January 27, 2006.

Shareholding Pattern of MPJML as on November 30, 2007

Name of Shareholders	No. of shares	Percentage of total capital
Jaiprakash Associates Limited	10,500,000	70.00
Madhya Pradesh State Mining Corporation Limited	4,500,000	30.00
Total	**15,000,000**	**100.00**

Board of Directors of MPJML as on December 15, 2007

Name of Directors	Designation
Mr. Sewa Ram	Chairman
Mr. Manoj Gaur	Vice-Chairman
Mr. Sunny Gaur	Managing Director
Mr. Sunil Kumar Sharma	Director
Mr. Rakesh Syal	Director

Name of Directors	Designation
Mr. S. K. Dube	Director
Mr. M. N. Jha	Director
Mr. Amit Sharma	Director
Mr. R. S. Kuchhal	Director

Financial Performance

The audited financial figures of MPJML for the FY 2007 are given as below:

Rs. In million (except share data)

For the period ended	Year Ended March 31, 2007
Sales and other income	-
Profit/(Loss) after tax	-
Equity capital (par value Re. 10 per share)	150.00
Reserves and Surplus	-
Earnings per share (Rs.)	-
Book value per equity share (Rs.)	9.55

IX. Gujarat Anjan Cement Limited (GACL)

GACL was incorporated on May 06, 1992 as "Anjan Cement Limited", a public limited company under the Companies Act and received Certificate of Commencement of Business on July 14, 1992 from the Registrar of Companies, Ahmedabad, Gujarat, Dadra and Nagar Haveli. Further Anjan Cement Limited was acquired by JCL on March 6, 2006. At present JCL holds 98.88% of the equity share capital of GACL. The name of the Anjan Cement Limited was changed to "Gujarat Anjan Cement Limited" on March 18, 1996. GACL is currently setting up a 2.4 MTPA Cement Plant at Kutch, Gujarat.

As per the main objects clause of the memorandum of association of GACL, it is authorised to produce, manufacture, trade, treat, process, refine, import, export, purchase, sell and to deal in and to act as brokers, agents, contractors, technical advisors, consultants, stockists, distributors and suppliers of all kind of cement whether ordinary, clinker, white, coloured, Portland pozzolona, blast, furnace, silica, mortar suitable for asbestos cement pipes or otherwise and cement products of any description, such as pipes, poles, slabs, asbestos sheets, blocks, tiles and gardenwares.

GACL is currently setting up a 1.2 MTPA cement plant with a 35 MW captive power plant in the Kutchh District in Gujarat and a 1.2 MTPA grinding unit in Wanakbori, Gujarat to establish presence of the Group in the western markets and tap the cement export market to Middle East. The project is scheduled to be commissioned in the Financial Year 2008-09.

Shareholding Pattern of GACL as on November 30, 2007

Name of the shareholders	No. of Shares	Percentage of total capital
Jaypee Cement Limited	36,562,070	98.88
Non Resident Indians	5,000	0.02
Individuals	408,000	1.10
Total	**36,975,070**	**100.00**

Board of Directors of GACL as on December 15, 2007

Name of Directors	Designation
Mr. Manoj Gaur	Chairman
Mr. Alok Gaur	Whole-time Director
Mr. Ranvijay Singh	Director
Mr. Samir Gaur	Director
Mr. P. V. Vora	Director
Mr. Harish Vaid	Director

Financial Performance

The audited financial figures of GACL for the FY 2005, FY 2006 and FY 2007 are given as below:

Rs. In million (except share data)

For the period ended	Year Ended March 31, 2007	Year Ended March 31, 2006	Year Ended March 31, 2005
Sales and other income	Nil	Nil	Nil
Profit/(Loss) after tax	Nil	Nil	Nil
Equity capital (par value Re. 10 per share)	369.75	154.75	154.75
Reserves and Surplus	0.58	0.58	0.58
Earnings per share (Rs.)	N.A.	N.A.	N.A.
Book value per equity share (Rs.)	N.A.	N.A.	N.A.

X. Jaypee Powergrid Limited (JPL)

JPL was incorporated on October 05, 2006 as a public limited company under the Companies Act and received Certificate of Commencement of Business on February 14, 2007 from the Registrar of Companies, Delhi and Haryana.

JPL is a subsidiary of JHPL which was incorporated with the object of implementing the transmission system to evacuate power to be generated by 1000 MW Karcham Wangtoo project in Kinnaur District in Himachal Pradesh. System will consist of a Transmission Line from the powerhouse at Wangtoo to the inter-connecting point with the northern grid at Abdullapur, Yamunanagar, Haryana.

As per the main objects clause of the memorandum of association of JPL, it is authorised to plan, promote and develop an integrated and efficient power transmission system network in all its aspect including design and engineer, prepare preliminary feasibility, definite project and appraisal report, establish, own, construct, operate and maintain transmission system and power system for generation, evacuation, transmission and distribution of power for supply to the State Electricity Boards, Vidyut Boards, Power Utilities, Generating Companies, Transmission Companies, Distribution Companies, State Government, Licensees, Statutory Bodies, other organizations (whether in private, public or joint sector undertaking) and bulk consumers of power in accordance with the policies and procedures, guidelines and objectives laid down by the Government of India, state governments, CERC and CEA or other statutory authority from time to time.

Shareholding Pattern of JPL as on November 30, 2007

Name of Shareholders	No. of shares	Percentage of total capital
Mr. Jaiprakash Gaur and Jaiprakash Hydro-Power Limited	100	0.00
Mr. Manoj Gaur and Jaiprakash Hydro-Power Limited	100	0.00
Mr. Sunil Kumar Sharma and Jaiprakash Hydro-Power Limited	100	0.00
Mr. Suresh Kumar and Jaiprakash Hydro-Power Limited	100	0.00
Mr. Suren Jain and Jaiprakash Hydro-Power Limited	100	0.00
Mr. Shyam Datt Nailwal and Jaiprakash Hydro-Power Limited	100	0.00
Jaiprakash Hydro-Power Limited	3,700,000	74.00
Power Grid Corporation of India Limited	1,300,000	26.00
Total	**5,000,600**	**100.00**

Board of Directors of JPL as on December 15, 2007

Name of Directors	Designation
Dr. R. P. Singh	Chairman
Mr. Manoj Gaur	Vice Chairman
Mr. Sunil Kumar Sharma	Director
Mr. Suren Jain	Director
Mr. R. B. Mishra	Director – Projects
Mr. Rajiv Ranjan Bharadwaj	Managing Director

Name of Directors	Designation
Mr. R. K. Narayan	Director
Mr. G. P. Singh	Director
Mr. Prabhakar Singh	Director

Financial Performance

The financial performance of JPL for the FY 2007 is given as below:

In Rs. million

For the period ended	Year Ended March 31, 2007
Sales and other income	Nil
Profit/(Loss) after tax	Nil
Equity capital (par value Rs. 10 per share)	0.63
Reserves and Surplus	Nil
Earnings per share (Rs.)	NA
Book value per equity share (Rs.)	NA

XI. Jaypee Ventures Private Limited (JVPL)

JVPL was incorporated as "International Design Engineering Associates Limited" on May 12, 1992, as a public limited company under the Companies Act, 1956 and received a Certificate of Commencement of Business dated June 11, 1992 from the Registrar of Companies, Delhi and Haryana. On an application made by the International Design Engineering Associates Limited, it was converted into a private limited company on April 22, 1998 under Section 31(1) of the Companies Act and thus, the name was changed to "International Design Engineering Associates Private Limited". Subsequently, on February 9, 2000, it became a public limited company. Thereafter, on January 1, 2001, the name of the company was changed to Jaypee Ventures Limited. Further, it became a private limited company on March 26, 2007 and the name was changed to Jaypee Ventures Private Limited.

JVPL is authorised by its memorandum of association to carry on the business of providing consultancy services including investigations, identification of projects, preparation of project profile, site location studies, market surveys, data acquisition, sectoral planning, physical planning, integrated development planning, master planning, financial planning, macro economic analysis, project evaluation, preliminary design, preliminary cost estimates, design, basic and detailed engineering, technical know how, construction drawings, erection and installation supervision, start-up assistance, quality assurance, operation and maintenance manuals, organization and management skill, financial management and other connected services required for various projects and industries including but not limited to projects related to generation, transmission and distribution of power, whether hydro, thermal, solar or nuclear based, water management, environment and pollution control projects, steep plants design and construction of hydro-electric, mining and minerals, transportation, hazardous waste, and other projects to any person, firm or body corporate, association or institution, whether in India or abroad.

As on date, JVPL is carrying on business of design engineering and providing technical and manpower services.

JVL has been assigned "CT 1" grade by ICRA Limited indicating very strong project engineering capacity with highest prospects of good technical design services.

Shareholding Pattern of JVPL as on November 30, 2007

Name of the shareholder	No. of Shares	Percentage of total capital
Jaiprakash Enterprises Limited	840,000 (Preference shares of face value of Rs.100 each)	100.00
Directors and relatives	5,854,140 (Equity Shares of face value of Rs.10 each)	79.94
Others	1,468,860 (Equity Shares of face value of Rs.10 each)	20.06

Board of Directors of JVPL as on December 15, 2007

Name of Directors	Designation
Mr. Jaiprakash Gaur	Executive Chairman
Mr. Sarat Kumar Jain	Whole-time Director
Mr. R.L. Gupta	Whole-time Director
Mr. Manoj Gaur	Director
Mr. Sunil Kumar Sharma	Director
Mr. Sunny Gaur	Director
Mr. Samir Gaur	Director
Mr. Rahul Kumar	Director
Mr. Sunil Joshi	Director
Mr. Suren Jain	Director
Mr. Pankaj Gaur	Director
Mr. Praveen Kumar Singh	Director

Financial Performance

The audited financial performance of JVPL for the FY 2005, FY 2006 and FY 2007 is given as below:

Rs. in million (except per share data)

For the period ended	Year Ended March 31, 2007	Year Ended March 31, 2006	Year Ended March 31, 2005
Sales and other income	1,007.43	769.83	466.26
Profit/(Loss) after tax	476.58	280.93	152.21
Equity capital (par value Re. 10 per share)	37.23	37.23	33.02
Reserves and Surplus	2,888.55	2,531.59	2,221.29
Earnings per share (Rs.)	128.01	75.46	46.10
Book value per equity share (Rs.)	785.8	689.8	682.39

XII. Jaiprakash Kashmir Energy Limited (JKEL)

JKEL was incorporated as "Jaiprakash Kashmir Energy Limited" on January 24, 2006 under the Companies Act 1956 and received its Certificate for Commencement of Business dated April 17, 2006 from the Registrar of Companies, Jammu, Jammu and Kashmir.

As per the main objects clause of memorandum of association of JKEL, it is authorised to set up power project-hydro electric or thermal, and to carry on the business of general electric power supply in any or all of its branches and to construct, lay down, establish, fix and carry out all necessary power stations, cables and wires, lines, accumulators, lamps and works and to generate, accumulate, distribute and supply electricity and to light cities, town, villages, streets, docks, markets, theatres, building, industry or industries and any other places, both public and private.

However, as on date, JKEL is yet to commence its business.

Shareholding Pattern of JKEL as on November 30, 2007

Name of the Shareholders	No. of Shares	Percentage of Total Capital
Mr. Jaiprakash Gaur	10,000	14.29
Jaiprakash Associates Limited (through Mr. Manoj Gaur, Executive Chairman)	10,000	14.29
Mr. Manoj Gaur	10,000	14.29
Mr. Samir Gaur	10,000	14.29
Mr. M. S. Srivastava	10,000	14.29
Mr. K. D. Singh	10,000	14.29
Ms. Rita Dixit	10,000	14.29
Total	**70,000**	**100.00**

Board of Directors of JKEL as on December 15, 2007

Name of Directors	Designation
Mr. Samir Gaur	Director
Mr. M. S. Srivastava	Director
Mr. K. D. Singh	Director
Mr. Mahesh Chand Maheshwari	Director

Financial Performance

The audited financial figures of JKEL for the FY 2007 are given as below:

Rs. in million (except per share data)

For the period ended	Year Ended March 31, 2007
Sales and other income	Nil
Profit/(Loss) after tax	Nil
Equity capital (par value Re. 10 per share)	0.7
Reserves and Surplus	Nil
Earnings per share (Rs.)	Nil
Book value per equity share (Rs.)	(17.93)

Details of our Promoter Group Companies whose names have been struck off from Registrar of Companies

None of our Promoter Group Companies have been struck off the record of Registrar of Companies as "defunct companies". Further except as mentioned hereinabove, none of our Promoter Group Companies have made losses in the preceding one (1) year.

Promoter Group Companies referred to BIFR/ under winding up/having negative net worth

None of our Promoter Group Companies have been referred to BIFR / are under winding up / have negative net worth.

Common Pursuits / Conflict of interest

Our Promoter, JAL and our Company both are currently engaged in the business of execution of thermal and hydro-electric projects. All our existing and proposed projects were initially awarded to JAL and subsequently transferred to our Company for execution, operation and maintenance.

JAL has a 63.34% subsidiary Jaiprakash Hydro Power Limited (JHPL), a listed company that operates the 300 MW Baspa II hydroelectric power plant. There is no non-compete agreement in place between other Jaypee Group companies and us. Other Jaypee Group companies may develop power generation projects in the future that may compete with us. There may be conflicts of interest between Jaypee Group companies, including JAL and JHPL, and our own power projects as regards bidding for new projects and selling power from projects that are operated by us and by other members of the Jaypee Group.

Related Party Transactions

For details on our related party transactions please refer to the paragraph titled "Related Party Transactions" in the chapter titled "Auditor's Report on the Restated Financial Statements" beginning on page 221 of this Draft Red Herring Prospectus.

Details of public issue / rights issue of capital in the last three (3) years

Except for JHPL which made a public offer of its equity shares in 2005, none of our Promoter Group Companies have made a public issue of capital in the last three (3) years.

AUDITOR'S REPORT ON THE RESTATED FINANCIAL STATEMENTS

A W A T A R & C O.
CHARTERED ACCOUNTANTS
New Delhi – Alwar - Bhilai

Head Office:
1203, Rohit House
3, Tolstoy Marg
New Delhi - 110 001
Ph.: 23315870
23320537
Fax: 23358544

AUDITORS REPORT

To
The Board of Directors
JAIPRAKASH POWER VENTURES LIMITED
New Delhi

1) We have examined the attached financial information of Jaiprakash Power Ventures Limited having their registered office at 113, Rajpur Road, Dehradun – 248001, Uttarakhand, as approved by the Board of Directors of the Company prepared in terms of the requirements of Paragraph B, Part II of Schedule II of the Companies Act, 1956 (" the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended to date (SEBI Guidelines) in connection with the proposed issued of Equity Shares of the Company.

2) These information have been extracted by the Management from the financial statements for the half year ended September 30, 2007 audited by us & financial years ended March 31, 2007, March 31, 2006, March 31, 2005, March 31, 2004, March 31, 2003, audited by auditor for those years, M/s L.C. Kailash & Associates and accordingly reliance has been placed on the financial information examined by them for the said years.

3) We have also audited the financial information of the Company for the Half year ending on September, 30, 2007 prepared and approved by the Board of Directors for the purpose of disclosure in the offer document of the Company.

   We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material mis-statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

4) In accordance with the requirements of Paragraph B of Part-II of Schedule-II of the Act, the SEBI Guidelines and terms of our engagement agreed with you, we report that :

   a) The Restated Summary Statement of Assets and Liabilities of the Company as at September 30, 2007, March 31, 2007, March 31, 2006, March 31, 2005, March 31, 2004, and March 31, 2003 as set out in **ANNEXURE – I** to this report are after making adjustments and regrouping as in our opinion were appropriate.

   b) The Restated Summary Statement of Profit and Loss Account of the Company for the Half year ended September 30, 2007, and years ended March 31, 2007, March 31, 2006, March 31, 2005, March 31, 2004, and March 31, 2003 as set out in **ANNEXURE – II** to this report are after making adjustments and regrouping as in our opinion were appropriate.

   c) The Restated Cash Flow Statements of the Company for the Half year ended September 30, 2007, and years ended March 31, 2007, March 31, 2006, March 31, 2005, March 31, 2004,

and March 31, 2003 as set out in **ANNEXURE – III** to this report are after making adjustments and regrouping as in our opinion were appropriate.

Significant Accounting Policies, and Significant Notes to the Accounts are stated in **ANNEXURE – IV** .

Based on the above, we are of the opinion that the restated financial information have been made in accordance with the provisions of paragraph 6.10.2.3 of the SEBI Guidelines, and after incorporating all the adjustments suggested in paragraph 6.10.2.7 of the SEBI Guidelines.

5) We have also examined the following other financial information setout in ANNEXURES prepared by the management and approved by the Board of Directors for the Half year ended 30th September, 2007 and years ended March 31, 2007, March 31, 2006, March 31, 2005, March 31, 2004, and March 31, 2003 :-

(i) Statement of Dividend paid / proposed - **ANNEXURE - V**
(ii) Statement of Accounting Ratios included- **ANNEXURE - VI**
(iii) Statement of Capitalisation as at September 30, 2007 – **ANNEXURE - VII**
(iv) Statement of Secured and Unsecured Loans – **ANNEXURE – VIII**
(v) Statement of Revenue from Operations, – **ANNEXURE IX**
(vi) Statement of Other Income – **ANNEXURE X**
(vii) Statement of Tax Shelter – **ANNEXURE XI**
(viii) Statement of Loan and Advances – **ANNEXURE XII**
(ix) Statement of Sundry Debtors – **ANNEXURE XIII**
(x) Statement of Related Party Transactions – **ANNEXURE XIV**
(xi) Statement of Contingent Liabilities – **ANNEXURE XV**

In our opinion the financial information contained in ANNEXURE V to XV of this report have been prepared after making adjustments and regrouping as considered appropriate in accordance with paragraph B of Part II of Schedule II of the Act and the SEBI Guidelines.

6) This report is intended solely for the use of the management and for inclusion in the offer documents in connection with the proposed issue of equity shares of the Company and should not be used, referred to or circulated for any other purpose without our prior written consent.

For AWATAR & CO.
CHARTERED ACCOUNTANTS

BRIJENDRA AGRAWAL
(PARTNER)
M. No. 087787

Place : New Delhi
Date : 04.01.2008

Annexure I: SUMMARY OF ASSETS & LIABILITIES, AS RESTATED

(Rs. in million)

	Description	For the Half Year ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
A.	**Fixed Assets**						
	Gross Block	16,810.44	16,712.11	125.22	161.83	160.31	177.75
	Less: Depreciation	596.88	370.36	6.87	5.50	4.12	2.73
	Net Block	**16,213.56**	**16,341.75**	**118.35**	**156.33**	**156.19**	**175.02**
	Capital Work-in-Progress	23.72	-	15,375.75	9,695.98	6,432.50	4,235.79
	NET BLOCK	**16,237.28**	**16,341.75**	**15,494.10**	**9,852.31**	**6,588.69**	**4,410.81**
B.	**Investments**	**-**	**-**	**-**	**-**	**-**	**-**
C.	**Current Assets ,Loans & Advances**						
	Inventories	5.63	17.12	-	255.24	203.59	86.38
	Sundry Debtors	421.35	565.28	-	-	-	-
	Cash and Bank balances	1,882.08	978.12	247.72	327.19	226.31	138.23
	Other Current Assets	17.72	7.70	0.63	1.53	0.21	0.07
	Loans and Advances	288.61	151.10	159.39	1,065.85	1,446.65	1,334.10
	Total current assets	**2,615.39**	**1,719.32**	**407.74**	**1,649.81**	**1,876.76**	**1,558.78**
	Total Assets	**18,852.67**	**18,061.07**	**15,901.84**	**11,502.12**	**8,465.45**	**5,969.59**
	Liabilities and Provisions						
D	**Loan Funds**						
	Secured Funds	11,205.65	11,608.25	10,177.67	6,544.38	4,699.70	2,763.73
	Unsecured Funds	250.00	250.00	250.00	250.00	250.00	-
E	**Current Liabilities & Provisions**						
	Current Liabilities	233.97	248.97	380.68	421.63	232.10	661.91
	Provisions	282.49	527.49	12.26	4.44	1.98	1.97
F.	**Deferred Tax Liability (Net)**	**-**	**-**	**-**	**-**	**-**	**-**
G.	**Advance Against Depreciation**	**127.53**	**-**	**-**	**-**	**-**	**-**
	Total Liabilities	**12,099.64**	**12,634.71**	**10,820.61**	**7,220.45**	**5,183.78**	**3,427.61**
	Net Worth(A+B+C-D-E-F-G)	**6,753.03**	**5,426.36**	**5,081.23**	**4,281.67**	**3,281.67**	**2,541.98**

	Description	For the Half Year ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
	Represented by:						
H.	Share Capital	5,090.00	5,090.00	4,290.00	4,290.00	3,290.00	2,550.00
	Share Application Money	-	-	800.00	-	-	-
	Reserves and Surplus	1,670.64	344.47	-	-	-	-
	LESS:-						
I	**Miscellaneous Expenditure**	**7.61**	**8.11**	**8.77**	**8.33**	**8.33**	**8.02**
	(to the extent not written off or adjusted)						
	Net Worth(H+I)	**6,753.03**	**5,426. 36**	**5,081.23**	**4,281.67**	**3,281.67**	**2,541.98**

The accompanying significant accounting policies and significant notes on accounts are an integral part of this statement.

Annexure II: SUMMARY STATEMENT OF PROFIT & LOSS ACCOUNT, AS RESTATED

(Rs. In million)

Description	For the Half Year ended September 30, 2007	For the year ended March 31, 2007
INCOME		
Revenue from Operations	2,279.08	2,141.58
Other Income	44.70	24.31
Foreign Currency Exchange Rate Difference	104.17	0.02
TOTAL	**2,427.95**	**2,165.91**
EXPENDITURE		
Operation Expenses	32.06	13.46
Employees' Remuneration & Benefits	35.43	26.86
General, Administrative and Other Expenses	46.72	47.49
Depreciation	225.86	363.16
Interest and Finance Charges	590.57	905.31
Deferred Revenue Expenditure written Off	0.49	0.98
TOTAL	**931.13**	**1,357.26**
Profit for the year before tax, Prior period Adjustments	**1,496.82**	**808.65**
Less: Prior Period Expenditure/(Income) (Net)	-	-
Profit Before Tax	**1,496.82**	**808.65**
Less: Provision for Taxation- - Current Year	169.59	90.73
- Earlier Years	-	-
Provisions for Fringe Benefit Tax- - Current Year	0.43	0.15
- Earlier Years	-	-
Profit after Current Tax	**1,326.80**	**717.77**
Less: Provision for Deferred Tax - Current Year	-	-
- Earlier Years	-	-
Profit after Tax as per audited statement of accounts (A)	**1,326.80**	**717.77**
Adjustment on account of		
Changes in accounting policies (Forex difference)	-	49.14
Impact of material adjustment	-	-
Depreciation	(0.67)	-
MAT & Deferred Tax Adjustments	0.08	(5.51)
Employees Benefits	(0.04)	(0.07)
Total Adjustments (B)	(0.63)	43.56
Adjusted Profit (A-B)	**1,326.17**	**761.33**
Add: Balance of Profit brought forward	54.47	-
Less: Debenture Redemption Reserve	-	290.00
Total Adjusted Profit Available for Appropriation	**1,380.64**	**471.33**
Appropriation		

Description	For the Half Year ended September 30, 2007	For the year ended March 31, 2007
Interim Dividend Paid	-	-
Dividend Tax Paid	-	-
Proposed Final Dividend	-	356.30
Provision for Dividend Tax	-	60.56
Adjusted Available surplus carried to Summary of Restated Assets and Liabilities	**1,380.64**	**54.47**

The accompanying significant accounting policies and significant notes on accounts are an integral part of this statement

Note: As the Company commenced commercial operations during Fiscal 2006-07, there was no profit and loss statement for the earlier years.

Annexure III: CASH FLOW STATEMENT FROM THE RESTATED FINANCIAL STATEMENTS

(Rs. In million)

Description	For the Half Year ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
A. CASH FLOW FROM / (USED IN)OPERATING ACTIVITIES						
Net profit before tax – as reported	**1,496.82**	**808.65**	-	-	-	-
Add /(Less): Total adjustments for restatement	(0.63)	43.56	-	-	-	-
Less : Tax adjustments	-	-	-	-	-	-
Net profit before tax – as restated	**1,496.19**	**852.21**	-	-	-	-
Adjustment for :						
Depreciation (including prior period)	226.53	363.16	-	-	-	-
Adjustment against General Reserve	-	-	-	-	-	-
Amortised Expenditure(DRE written off)	0.49	0.98	-	-	-	-
Provisions	-	-	-	-	-	-
Advance against Depreciation	127.53	-	-	-	-	-
Interest paid on loans	590.57	905.31	-	-	-	-
Interest earned on FDRs	(43.79)	(24.30)	-	-	-	-
Other Income	(105.08)	(0.03)	-	-	-	-
Foreign Currency Exchange Rate Difference (On account of Re-statement)	-	(49.14)	-	-	-	-
Operating profit before Working Capital Changes	**2,292.44**	**2,048.19**	-	-	-	-
Adjustment for :						
Trade and other Receivables	143.93	(565.28)	-	-	-	-
Inventories	11.49	(17.12)	255.24	(51.65)	(117.21)	(42.38)
Trade payables and other liabilities	(13.13)	(124.17)	(33.08)	191.96	(429.69)	333.01
Other current assets	-	-	-	-	-	-
Loans and Advances	(20.30)	78.74	907.37	379.48	(112.71)	252.90
Deferred Revenue Expenditure	-	-	-	-	-	-
Direct taxes paid (including FBT)	(127.27)	(78.03)	-	-	-	-
Net Cash from operating activities – A	**2,287.16**	**1,342.33**	**1,129.53**	**519.79**	**(659.61)**	**543.53**
B. CASH FLOW FROM INVESTING ACTIVITIES						
Fixed assets	(98.33)	(1,161.53)	37.97	(0.13)	18.83	(95.30)
Capital work in progress	(23.72)	-	(5,685.47)	(3,270.33)	(2,226.23)	(2,141.71)
Advance for Capital expenditure	-	-	-	-	-	-

Description	For the Half Year ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
Misc. Expenditure	-	-	(0.44)	-	(0.31)	-
Investments in Joint Ventures	-	-	-	-	-	-
Interest earned on FDRs	43.79	24.30	20.40	7.37	1.64	1.67
Other Income	105.08	0.03	(14.75)	(0.50)	27.79	-
Net cash used in investing activities - B	**26.82**	**(1,137.20)**	**(5,642.29)**	**(3,263.59)**	**(2,178.28)**	**(2,235.34)**
C. CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from issue of Share Capital/Share Application Mpney	-	-	800.00	1,000.00	740.00	-
Loans raised during the year		1,430.58	3,633.29	1,844.68	2,185.97	1,759.20
Loans repaid during the year	(402.60)	-	-	-	-	-
Interest Paid	(590.57)	(905.31)	-	-	-	-
Dividend paid	(356.30)	-	-	-	-	-
Dividend Tax paid	(60.55)	-	-	-	-	-
Net Cash from Financing Activities - C	**(1,410.02)**	**525.27**	**4,433.29**	**2,844.68**	**2,925.97**	**1,759.20**
D. Net change in Cash and Cash equivalents(A+B+C)	**903.96**	**730.40**	**(79.47)**	**100.88**	**88.08**	**67.39**
E. Cash and Cash equivalents(at the beginning of the year)	**978.12**	**247.72**	**327.19**	**226.31**	**138.23**	**70.84**
F. Cash and Cash equivalents(at the end of the year / period)	**1,882.08**	**978.12**	**247.72**	**327.19**	**226.31**	**138.23**

Annexure IV: SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT NOTES TO THE ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

(i) General:

(a) The accounts have been prepared on historical cost basis and on the principles of a going concern.

(b) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles and Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

(ii) Revenue Recognition :

Expenditure and Income are accounted for on accrual basis.

(iii) Fixed Assets :

Fixed Assets are stated at cost of acquisition inclusive of freight, duties, taxes and other incidental expenses related thereto.

(iv) Intangible Assets :

Intangible assets are stated at cost of acquisition less accumulated amortisation on straight line basis from the date the assets are put for commercial use.

(v) Borrowing Costs :

Borrowing costs incurred on the Project during construction/ operation are capitalised/ charged to revenue in accordance with the Accounting Standard-16 issued by the Institute of Chartered Accountants of India.

(vi) Incidental Expenditure during construction period :

Incidental Expenditure incurred on the Project during implementation is capitalised and apportioned to various assets on commissioning of the Project in proportion to the direct cost.

(VII) FOREIGN CURRENCY TRANSACTIONS :

(a) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transactions or at the exchange rates under related forward exchange contracts. Transactions not covered by forward exchange contracts and outstanding at the close of the year are converted at year end exchange rates and the profit/ loss so determined is credited/ debited in the profit and loss account.

(b) Gains/ loss on account of variation in exchange rates on foreign currency loans raised for acquisition of assets is credited / debited to profit and loss account as per Accounting Standard No. 11 (revised) issued by the Institute of Chartered Accountants of India.

(viii) Impairment of Assets:

If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flow.

(ix) Depreciation :

(a) Fixed Assets, except Plant & Machinery, mandatory spares to the extent capitalized and Hydraulic works, are depreciated on straight-line method at the rates prescribed in Schedule-XIV of the Companies Act, 1956. Depreciation on Plant & Machinery, mandatory spares to the extent capitalized and Hydraulic works is provided @ 2.71% p.a. on Straight Line Method based on useful life of 35 years as approved by the Ministry of Company Affairs, Govt. of India vide its letter No. 45/7/2006-CL-III dated 03.05.2007.

(b) Depreciation on Assets valued Rs. 5,000 or less and on Assets not owned by the Company but shown in Fixed Assets is provided at 100% irrespective of the actual period of use.

(c) Premium on Leasehold Land is amortized in equal instalments over the balance period of the Lease from the year in which Commercial Operation begins.

(d) Capital Expenditure on Assets not owned by the Company is written off over the appropriate period of utility or a period not exceeding five years, whichever is less.

(x) Taxes on Income :

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

(xi) Provisions, Contingent Liabilities and Contingent Assets :

The Company recognizes a provision when there is a present obligation that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Reimbursements expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received. A disclosure for a contingent liability is made when, as a result of obligating events, there is a possible obligation on a present obligation that may, but probably will not, require an outflow of resources. Contingent Assets are neither recognized nor disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

(xii) Miscellaneous Expenditure :

Preliminary and Share Issue expenses are amortized over a period of 10 years and Deferred Revenue Expenditure are amortised over a period of 5 years after the commencement of commercial operations.

(xiii) Retirement Benefits :

Retirement benefits are provided in the books in the following manner :

(a) Provident Fund and Family pension - on accrual basis.

(b) Gratuity - as per actuarial valuation.

(c) Leave Encashment - as per actuarial valuation.

(xiv) Proposed Dividend :

Dividend on Share Capital, if proposed by the Directors, is provided in the books.

SIGNIFICANT NOTES TO THE ACCOUNTS

(i) The Company has neither separate business segment nor Geographical segments and is engaged only in generation of electric Energy at one location only and therefore, no separate segment reporting is required.

(ii) As per information given by the Company there are no small scale industrial undertakings to whom the Company owe any money, which are outstanding for more than 30 days as on 30.09.2007.

(iii) The statement of share capital is as under :

(Rs. in million)

Description	For the Half Year ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
Equity Share Capital	5,090.00	5,090.00	4,290.00	4,290.00	3,290.00	2,550.00
Total Share Capital	5,090.00	5,090.00	4,290.00	4,290.00	3,290.00	2,550.00
Face value (Rs)	10	10	10	10	10	10
Nos.	509,000,000	509,000,000	429,000,000	429,000,000	329,000,000	255,000,000

(iv) The statement of O&M expenditure is as under :

(Rs. in million)

Particulars	For the Half Year ended September 30, 2007	For the year ended March 31, 2007
Machinery Repair & Maintenance	22.84	4.77
Stores & Spares Consumed	9.22	8.69
Total	32.06	13.46

Note: As the Company commenced commercial operations during Fiscal 2006-07, there was no profit and loss statement for the earlier years.

(v) Accounting Standard (Revised AS) 11, applicable for the financial years starting on or after 07.12.2006, requires the amount of foreign exchange fluctuation on outstanding Foreign currency liabilities, incurred for fixed assets, to be recognised as Income or as Expenses in the period in which they arise. However, prior to above mentioned change, the said Accounting Standard required the amount of such foreign exchange fluctuations to be added to, or, as the case may be deducted from the cost of the assets The impact of the aforesaid change in the Revised AS 11 has been made with retrospective effect in the restated financial statements for the relevant periods so that the profits or losses of respective periods can be reflected on the basis of the Revised AS 11. Accordingly, exchange fluctuations on foreign currency liabilities incurred for fixed assets in those earlier years have been recognised as Income, or, as expenses, , as the case may be.

The Company has changed the method of computing provision for gratuity and leave encashment from the method prescribed under AS 15 (Employee Benefit) to AS 15 (Employee Benefit) (revised) applicable for the financial years starting on or after 07.12.2006 The impact of the aforesaid change in the accounting policy has however, been made for the years, which have been reported in the re-stated financial statements so that the profits or losses of respective periods can be reflected on the basis of the changed accounting policy.

(vi) Necessary reclassification to the following amounts as reported in the audited cash flow for the year ended March 31, 2007 have been made in the Re-stated cash flow statement as per the details given below:-

1. Interest & Financial charges paid Rs. 905.31 million reclassified to Financing activities from Operating activities.

2. Payment and Provision of Dividend and dividend tax of Rs.416.85 million has not been considered in the restated cash flow statement since the same has been paid during the financial year 2007-08.

Annexure V: STATEMENT OF DIVIDENDS

(Rs. in million)

Description	For the Half Year ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
Equity Share Capital	5,090.00	5,090.00	4,290.000	4,290.00	3,290.00	2,550.00
Total Share Capital	5,090.00	5,090.00	4,290.000	4,290.00	3,290.00	2,550.00
Face value (Rs)	10.00	10.00	10.00	10.00	10.00	10.00
Nos.	509,000,000	509,000,000	429,000,000	429,000,000	329,000,000	255,000,000
Rate of Dividend (%)						
Interim	12%	-	-	-	-	-
Final	-	7%	-	-	-	-
Amount of Dividend						
Interim	610.80	-	-	-	-	-
Final	-	356.30	-		-	-
Corporate Dividend Tax						
Interim	103.81	-	-	-	-	-
Final	-	60.55	-	-	-	-

Annexure VI: STATEMENT OF ACCOUNTING RATIOS

Description	For the Half Year ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
Basic EPS (Rs.)	2.60	1.51	0	0	0	0
Diluted EPS (Rs.)	2.60	1.51	0	0	0	0
Net Assets Value per share (Rs.)	13.27	10.66	9.98	9.98	9.97	9.97
Return on Net Worth (%)	19.64%	14.03%	-	-	-	-
Adjusted Profit After Tax (Rs. in million)	1326.17	761.33	-	-	-	-
Weighted Average No. of Shares for Basic EPS	509,000,000	504,397,260	429,000,000	341,778,082	274,484,932	255,000,000
Weighted Average No. of Shares for Diluted EPS	509,000,000	504,397,260	429,000,000	341,778,082	274,484,932	255,000,000
No. of Shares at the end of year	509,000,000	509,000,000	429,000,000	429,000,000	329,000,000	255,000,000
Net Worth (Rs. in million)	6,753.03	5,426. 36	5,081.23	4,281.67	3,281.67	2,541.98

Notes:

1. The ratios have been computed as below

Basic Earnings per Share	Adjusted profit after tax / Weighted average number of equity shares for Basic EPS
Diluted Earnings per Share	Adjusted profit after tax / Weighted average number of equity shares for Diluted EPS
Net Asset value per share	Networth as at the end of the year / Total number of equity shares as at the end of the year
Return on Networth (%)	Adjusted profit after tax / Networth

2. The earning per share is calculated in accordance with the Accounting Standard 20 "Earnings per share" issued by the Institute of Chartered Accountants of India.

3. Networth means Equity Share Capital+ Free Reserves and Surplus excluding revaluation reserves-Miscellaneous Expenditure not Written off.

4 As the Company commenced commercial operations during Fiscal 2006-07, there was no profit and loss statement for the earlier years and hence Basic and Diluted EPS, Return on Net Worth and Adjusted Profit After Tax have not been calculated for those years.

5. Net asset value per share for the year ended March 31, 2006 has been worked out after excluding share application money of Rs.800 million from net worth since, the corresponding equity shares were allotted during the year 2006-07.

Annexure-VII: STATEMENT OF CAPITALISATION AS AT SEPTEMBER 30, 2007

(Rs. in million)

Sr. No.	Description	Pre-Issue as on September 30, 2007	Post Issue*
A	Debt		
	a) Short-Term Debt		
	b) Long -Term Debt	11,455.65	[ ]
	Total Debt	**11,455.65**	[ ]
B	Shareholders Funds		
	a) Equity Share capital	5,090.00	[ ]
	b) Reserves and Surplus	1,670.64	[ ]
	c) Less: Miscellaneous Expenditure to the extent not written off	7.61	[ ]
	Total Shareholders Funds (Net Worth)	**6,753.03**	[ ]
C	**Debt/ Equity Ratio**	**1.70:1**	[ ]
D	**Long Term Debt/ Equity Ratio**	**1.70:1**	[ ]

** will be calculated after finalization of the Issue Price*

Annexure – VIII: STATEMENT OF SECURED AND UNSECURED LOANS

(Rs. in million)

SECURED LOANS						
	For the Half Year ended September 30, 2007	**For the year ended March 31, 2007**	**For the year ended March 31, 2006**	**For the year ended March 31, 2005**	**For the year ended March 31, 2004**	**For the year ended March 31, 2003**
TERM LOANS						
From Banks						
Punjab National Bank	360.75	370.00	370.00	200.00	200.00	200.00
Interest Accrued and due	-	-	-	-	0.15	8.26
ICICI Bank Ltd.	3,306.46	3,391.25	2,991.25	1,007.32	182.58	0
Industrial Development Bank of India	2,262.00	2,320.00	2,320.00	1,165.00	590.00	-
From Financial Institutions						
Power Finance Corporation Ltd.	1,830.76	1,877.70	1,405.70	1,405.70	1,253.70	653.70
Rural Electrification Corporation Ltd.	1,111.50	1,140.00	1,140.00	622.00	510.00	-
Foreign Currency Loan						
Power Finance Corporation Ltd.	1,203.18	1,349.30	790.72	454.26	413.24	351.77
Interest Accrued and due	-	-	-	-	0.03	-
Debentures						
Secured Redeemable Non-convertible Debentures of Rs. 100/- each fully paid up in cash issued to ICICI Bank Ltd.	-	-	-	1,105.10	1,050.00	1,050.00
Secured Redeemable Non-convertible Debentures of Rs. 100/- each fully paid up in cash issued to Life Insurance Corporation of India	1,131.00	1,160.00	1,160.00	585.00	500.00	500.00
Total Secured Loans	**11,205.65**	**11,608.25**	**10,177.67**	**6,544.38**	**4,699.70**	**2,763.73**

Security for Term Loans and Non Convertible Debentures: The financial assistance sanctioned and disbursed by financial institutions and Banks viz. ICICI Bank Ltd. (ICICI), Industrial Development Bank of India Ltd. (IDBI), Life Insurance Corporation of India (LIC), Power Finance Corporation Ltd. (PFC), Punjab National Bank (PNB) and Rural Electrification Corporation Ltd. (REC), (Senior Lenders) by way of Rupee Term Loans, Non Convertible Redeemable Debentures and Foreign Currency Loans from PFC together with all interests, liquidated damages, Front-End Fees, Management fees and any other amount due and payable to the above lenders, premia on prepayment, costs, charges, expenses and other monies, any increase as a result of revaluation/ devaluation/ fluctuations in the rate of exchange under the Common Loan Agreement, respective Facility Agreements and all amounts payable to the Senior Lenders, Facility Agent, Debenture and Security Trustees under the Financing Documents is secured by Mortgage and charge over all the immoveable and moveable assets both present and future, all intangible assets, undertaking and uncalled

capital, charge on all revenues and receivables of the Company from Projects or otherwise, Company's rights under each of the Project documents duly acknowledged and consented by the relevant counter parties, charge on all licenses, permits, approvals, assignments, concessions and consents in connection with the Project, charge on all the Company's accounts, except Distribution Account on which there shall be a floating charge which shall get converted into a fixed charge in case of any default, charge on all the construction and operating period Insurance Policies of the Project, on a pari-pasu basis with the security created or to be created in favour of Senior Lenders and further secured by way of pledge of Company's 429,000,000 Equity shares of Rs. 10 each fully paid up (Previous Year 429,000,000) held by Jaiprakash Associates Limited (JAL) (erstwhile Jaiprakash Industries Limited) - Holding Company. Financial assistance sanctioned by PFC and PNB is further secured by Corporate Guarantee(s) given by Jaiprakash Associates Limited.

(In Rs.Million)

UNSECURED LOANS						
Particulars	**For the Half Year ended September 30, 2007**	**For the year ended March 31, 2007**	**For the year ended March 31, 2006**	**For the year ended March 31, 2005**	**For the year ended March 31, 2004**	**For the year ended March 31, 2003**
State Government Uttar Pradesh / Uttarakhand	250.00	250.00	250.00	250.00	250.00	0
Total Unsecured Loans	250.00	250.00	250.00	250.00	250.00	0

Annexure VIII (A): INTEREST & REPAYMENT SCHEDULE OF DOMESTIC LOANS

S.N	Description	Loan Outstanding as on September 30, 2007	Date of Repayment of Principal amount	Interest Rate Type	Interest Rate Basis	Effective Interest Rate
1	IDBI	**1,243.13**	15th April,15th July, 15th Oct, 15th Jan	Fixed	11.25%	11.25%
		1,018.87	15th April,15th July, 15th Oct, 15th Jan	Fixed	9.00%	9.00%
	Total	**2,262.00**				
2	REC	**555.75**	15th April,15th July, 15th Oct, 15th Jan	Floating	I Bar + Term Premium +.0.55%	11.00%
		50.70	15th April,15th July, 15th Oct, 15th Jan	Floating	I Bar + Term Premium - 0.60%	12.05%
		505.05	15th April,15th July, 15th Oct, 15th Jan	Fixed	9.00%	9.00%
	Total	**1,111.50**				
3	PFC	**956.76**	15th April,15th July, 15th Oct, 15th Jan	Floating	ICICI LTPLR + Margin - Rebate	15.75%
		250.00	15th April,15th July, 15th Oct, 15th Jan	Floating	As per PFC Policy	10.25%
		152.00	15th April,15th July, 15th Oct, 15th Jan	Floating	As per PFC Policy	8.75%*
		472.00	15th April,15th July, 15th Oct, 15th Jan	Floating	As per PFC Policy	10.50%*
	Total	**1,830.76**				
	*Increased to 12.75% p.a w.e.f. 15.10.2007					
4	ICICI Bank Ltd.	**2,916.46**	15th April,15th July, 15th Oct, 15th Jan	Fixed	9.00%	9.00%
		390.00	15th April,15th July, 15th Oct, 15th Jan	Fixed	10.50%	10.50%
	Total	**3,306.46**				
5	PNB	**199.88**	15th April,15th July, 15th Oct, 15th Jan	Floating	BPLR + Term Premium	13.50%
		160.87	15th April,15th July, 15th Oct, 15th Jan	Floating	BPLR + Term Premium	11.75%
	Total	**360.75**				
6	LIC (Non convertible Debentures)	**617.17**	15th April,15th July, 15th Oct, 15th Jan	Floating	LIC PLR+Margin 1%	11.25%
		513.83	15th April,15th July, 15th Oct, 15th Jan	Fixed	9.00%	9.00%
	Total	**1,131.00**				
	TOTAL (1 to 6)	**10,002.47**				
7	**Unsecured Loan from Govt of UP / GOUA**	**250.00**	14th Oct, Each year till 14th Oct 2012	Nil	N.A.	N.A

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Annexure VIII (B) : INTEREST & REPAYMENT SCHEDULE OF FOREIGN CURRENCY LOANS

Sr.No	DESCRIPTION	LOAN OUTSTANDING AS ON September 30, 2007	DATE OF REPAYMENT OF PRINCIPAL AMOUNTS	INTEREST RATE TYPE	INTEREST RATE BASIS	Effective Interest Rate at present
		(Rs. in million)				
1	2	3	4	5	6	7
1	PFC	1,203.18 (USD 30.05m)	15th April, 15th July, 15th Oct, 15th Jan	Floating	3Months Libor+margin 3.50%	8.60%

Annexure IX: STATEMENT OF REVENUE FROM OPERATIONS

(In Rs.Million)

Particulars	For the Half Year ended September 30, 2007	For the year ended March 31, 2007
Revenue from Sale of Electricity	2,266.83	2,141.58
Less :Advance Against Depreciation	127.52	-
Net Sale	2,139.31	2,141.58
Sale of VERs	139.77	-
Total	2,279.08	2,141.58

Note: As the Company commenced commercial operations during Fiscal 2006-07, there was no profit and loss statement for the earlier years.

Annexure X: STATEMENT OF OTHER INCOME

(in Rs. Million)

Description	For the Half Year ended September 30, 2007	For the year ended March 31, 2007
Interest Income - Banks	43.79	29.12
Others / Misc. Income	0.91	0.01
Less : amount capitalised	-	4.82
Total	44.70	24.31

Note: As the Company commenced commercial operations during Fiscal 2006-07, there was no profit and loss statement for the earlier years.

Annexure XI: STATEMENT OF TAX SHELTER

(Rs. in million)

DESCRIPTION	For the Half Year ended September 30, 2007	For the year ended March 31, 2007
Income Tax Rate	33.99%	33.66%
MAT Rate	11.33%	11.22%
Profit before Tax but before Extraordinary items (As per Audited Accounts) (A)	1,496.82	808.65
Permanent differences		
Deductions U/S 80IA	1,496.82	808.65
Total Permanent differences(B)	1,496.82	808.65
Timing Differences		
Difference between Tax Dep And Book Dep. – As unabsorbed depreciation loss is not being carried forward	-	-
Gratuity Unpaid During the year – Business loss is not being carried forward	-	-
Leave Encashment Unpaid – Business loss is not being carried forward	-	-
Total Timing Differences (C)		
Net adjustment (B+C)	1,496.82	808.65
Tax Saving Thereon	508.77	272.19
Profit As per I.Tax Return (D) =(A-B+C)	-	-
Brought forward Losses (E)	-	-
Taxable Income (D+E)	-	-
Loss Carried Forward	-	-
Taxable Income as Per MAT	1,496.82	808.65
Tax As Per Income Tax Returned - MAT	169.59	90.73
Total Tax as per Return	169.59	90.73

Note: The Company commenced commercial operations during Fiscal 2006-07.

Annexure-XII: STATEMENT OF LOANS & ADVANCES

(Rs. in million)

Description	For the Half Year ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
LOANS AND ADVANCES						
a) Advances recoverable in cash or in kind or for value to be received and/or to be adjusted						
Advances to Contractors/Suppliers	34.31	30.53	109.89*	1,010.71*	1,396.49*	1,299.86
Advances to Consultants and Others	0.77	0.07	1.40	14.74	17.66	17.89
Claims & Refund receivable	3.35	9.36	2.54	-	-	-
Prepaid Expenses	26.78	17.11	30.43	33.69	31.75	15.82
Staff advances	0.58	0.09	0.08	0.12	0.18	0.25
b) Advance Income tax and TDS	214.21	86.98	9.61	1.50	0.54	0.25
c) Security Deposit						
With Govt. Deptt.	8.58	6.93	5.41	5.06	-	-
With Others	0.03	0.03	0.03	0.03	0.03	0.03
TOTAL	**288.61**	**151.10**	**159.39**	**1,065.85**	**1,446.65**	**1,334.10**

* *Advance to Contractors includes amount of Rs. 68.49 million, Rs. 493.45 million and Rs. 836.40 million recoverable from our Promoter, JAL for the years ending March 31, 2006, 2005 and 2004 respectively.*

Annexure-XIII: STATEMENT OF SUNDRY DEBTORS

(Rs. in million)

Description	For the Half Year ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
Debts Outstanding exceeding Six Months						
Considered Good	-	-	-	-	-	-
Unsecured Considered Doubtful	-	-	-	-	-	-
Others						
Considered Good	421.35	565.28	-	-	-	-
Unsecured Considered Doubtful	-	-	-	-	-	-
Less: Provision for bad & doubtful debts	-	-	-	-	-	-
Total	**421.35**	**565.28**	-	-	-	-

Note : There is no Outstanding for a period exceeding six months.

Annexure XIV: RELATED PARTY TRANSACTIONS

(Rs. in million)

		For the Half Year ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
A	**Holding Company**						
	Jaiprakash Assciates Ltd.						-
	Contract Expenses	-	469.32	2,390.45	1,395.11	1,360.73	-
	Rent Expenses	1.30	2.40	2.40	2.40	2.40	2.40
	Value of Fixed Asset given	-	-	-	-	9.68	-
	Amount Payable	1.50	-	31.52	218.84	122.72	-
	Advances recoverable	-	-	68.49	493.45	836.40	-
	Dividend Paid	-	356.30	-	-	-	-
B	**Fellow Subsidiaries**						
	Jaypee Hotels Limited						
	Stay bills, Lunch Expenses	0.14	0.28	0.20	0.09	0.17	-
C	**Associates**						
	Jaypee Ventures Ltd.						
	Consultancy Services	-	2.81	8.27	8.22	8.10	-
	Amount Payable	-	-	1.60	1.60	1.56	-
	Advances recoverable	-	-	0.50	2.00	3.50	-
D	**Remuneration for Key Management Personnel**						
	Mr. Suresh Kumar	3.95	4.22	3.35	3.08	2.82	2.65
	Mr. Viren Jain	-	1.75	1.28	0.86	-	-
	Mr. M.C.Maheshwari	1.32	1.93	1.75	1.61	1.52	1.40
E	**Directors Sitting Fee**	0.50	0.50	0.18	0.23	0.15	0.14

Annexure XV : STATEMENT OF CONTINGENT LIABILITIES

(Rs.in Million)

Particulars	For the Half Year ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
Claims not acknowledged as Debts	Nil	Nil	Nil	8.46	Nil	Nil
Outstanding Bank Guarantees	37.39	37.39	37.39	37.39	0.50	0.50
Outstanding amount of Letter of Credits	72.48	340.07	443.62	1,075.10	-	-
Value of Capital Contracts remaining to be executed (Net of Advance)	75.31	165.10	-	-	-	-
Total	**185.18**	**542.56**	**481.01**	**1,120.95**	**0.50**	**0.50**

AUDITOR'S REPORT ON RESTATED FINANCIAL STATEMENTS OF JKHCL

AUDITOR'S REPORT

To
The Board of Directors
JAYPEE KARCHAM HYDRO-CORPORATION LIMITED
New Delhi

1) We have examined the attached financial information of Jaypee Karcham Hydro-Corporation Limited ("JKHCL") having their registered office at JUIT Complex, Waknaghat, P.O.Dumehar Bani, Kandaghat-173215, District Solan, Himachal Pradesh, as approved by the Board of Directors of the Company prepared in terms of the requirements of Paragraph B, Part II of Schedule II of the Companies Act, 1956 (" the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended to date (SEBI Guidelines) in connection with the proposed issued of Equity Shares of Jaiprakash Power Ventures Limited("the Company").

2) These information have been extracted by the Management from the financial statements for the half year ended September 30th, 2007 & financial years ended March 31st, 2007, March 31st, 2006, March 31st, 2005, March 31st, 2004 & June 30th, 2003 audited by us.

3) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material mis-statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

4) In accordance with the requirements of Paragraph B of Part-II of Schedule-II of the Act, the SEBI Guidelines and terms of our engagement agreed with you, we report that :

a) The Restated Summary Statement of Assets and Liabilities of the Company as at September 30, 2007, March 31, 2007, March 31, 2006, March 31, 2005, for the period ended March 31, 2004 & 30th June 2003 as set out in **ANNEXURE – I** to this report are after making adjustments and regrouping as in our opinion were appropriate.

b) The Restated Summary Statement of Incidental Expenditure Pending allocation of the Company for the Half year ended September 30, 2007, and years ended March 31, 2007, March 31, 2006, March 31, 2005, for the period ended March 31, 2004 & 30th June 2003 as set out in **ANNEXURE – II** to this report are after making adjustments and regrouping as in our opinion were appropriate.

c) The Restated Cash Flow Statements of the Company for the Half year ended September 30, 2007, and years ended March 31, 2007, March 31, 2006, March 31, 2005, for the period ended March 31, 2004 & 30th June 2003 as set out in **ANNEXURE – III** to this report are after making adjustments and regrouping as in our opinion were appropriate.

Significant Accounting Policies, and Notes to the Accounts as at 30th September, 2007 are stated in **ANNEXURE – IV** & **ANNEXURE – V** respectively.

Based on the above, we are of the opinion that the restated financial information have been made in accordance with the provisions of paragraph 6.10.2.3 of the SEBI Guidelines, and after incorporating all the adjustments suggested in paragraph 6.10.2.7 of the SEBI Guidelines.

5) (i) There have been no qualifications in the auditors' reports in the last Five years.

ii) There are no extra-ordinary items that need to be disclosed in the accounts.

6) We have also examined the following other financial information setout in ANNEXURES prepared by the management and approved by the Board of Directors for the Half year ended 30th September, 2007 and years ended March 31, 2007, March 31, 2006, March 31, 2005, for the period ended March 31, 2004 & 30th June 2003 :-

(i) Statement of Dividend paid / proposed - The company has not yet commenced commercial operations therefore the statement is Not Applicable.
(ii) Statement of Accounting Ratios included- **ANNEXURE - VI**
(iii) Statement of Capitalisation as at September 30, 2007 – **ANNEXURE - VII**
(iv) Statement of Secured and Unsecured Loans – **ANNEXURE – VIII**
(v) Statement of Other Income – The company has not yet commenced commercial operations therefore the statement is Not Applicable.
(vi) Statement of Tax Shelter – The company has not yet commenced commercial operations therefore the statement is Not Applicable.
(vii) Statement of Loan and Advances – **ANNEXURE IX**
(viii) Statement of Share Capital - **ANNEXURE X**
(ix) Statement of Related Party Transactions – **ANNEXURE XI**
(x) Statement of Current Liabilities and Provisions – **ANNEXURE XII**

For M.P.Singh & Associates.
CHARTERED ACCOUNTANTS

R.Nagpal
(PARTNER)
M.No.81594

Place : New Delhi
Date : December 31, 2007

Annexure I

SUMMARY OF ASSETS & LIABILITIES, AS RESTATED

(Rs. in million)

	Description	Half Year ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the period ended March 31, 2004	For the period ended June 30, 2003
A.	**Fixed Assets**						
	Gross Block	35.29	35.23	32.56	-	-	-
	Less:Depreciation	0.53	0.36	0.06	-	-	-
	Net Block	**34.76**	**34.87**	**32.50**	**-**	**-**	**-**
	Capital Work-in-Progress	2482.13	1099.24	194.76	129.39	129.39	-
	Add: Expenditure during Construction Period	1301.48	1109.46	230.55	15.40	7.44	0.05
	Total	**3818.37**	**2243.57**	**457.81**	**144.79**	**136.83**	**0.05**
B.	**Investments**	**-**	**-**	**-**	**-**	**-**	**-**
C.	**Current Assets ,Loans & Advances**						
	Inventories	-	-	-	-	-	-
	Sundry Debtors	-	-	-	-	-	-
	Cash and Bank balances	2608.45	1865.07	861.48	1.50	0.35	0.47
	Other Current Assets	13.10	18.63	8.15	-	-	-
	Loans and Advances	5885.97	5961.40	4705.02	860.64	0.43	-
	Total current assets	**8507.52**	**7845.10**	**5574.65**	**862.14**	**0.78**	**0.47**
	Total Assets	**12325.89**	**10088.67**	**6032.46**	**1006.93**	**137.61**	**0.52**
	Liabilities and Provisions						
D	**Loan Funds**						
	Secured Funds	4359.20	2483.80	-	-	-	-
	Unsecured Funds	-	-	-	-	-	-
E	**Current Liabilities & Provisions**						
	Current Liabilities	400.16	60.99	34.59	12.09	139.81	2.72
	Provisions	86.62	63.97	17.96	0.04	-	-

	Description	Half Year ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the period ended March 31, 2004	For the period ended June 30, 2003
	Total Liabilities	**4845.98**	**2608.76**	**52.25**	**12.13**	**139.81**	**2.72**
	Net Worth						
	Represented by:						
F.	Share Capital	7500.00	7500.00	6000.00	0.50	0.50	0.50
	Reserves and Surplus	-	-	-	-	-	-
	LESS:-						
G	**Miscellaneous Expenditure**	**20.09**	**20.09**	**20.09**	**5.20**	**2.70**	**2.70**
	(to the extent not written off or adjusted)						
	Net Worth	**7479.91**	**7479.91**	**5979.91**	**(4.70)**	**(2.20)**	**(2.20)**

The accompanying accounting policies and notes on accounts are an integral part of this statement.

Annexure II

SUMMARY OF STATEMENT OF INCIDENTAL EXPENDITURE DURING CONSTRUCTION PENDING ALLOCATION, AS RESTATED

(Rs. in million)

Description	Half Year ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the period ended March 31, 2004	For the period ended June 30, 2003
OPENING BALANCE	1109.46	230.55	15.40	7.44	0.05	-
Salary, Wages and Bonus and other benefit	15.85	18.09	5.67	0.71	-	-
Gratuity	0.27	0.22	0.10	0.02	-	-
Provident Fund/Remuneration in lieu of PF	1.00	1.28	0.38	-	-	-
Staff Welfare Expenses	0.84	1.70	0.21	0.25	-	-
Rent	-	-	0.23	0.18	-	-
Lease Rent	0.48	11.52	-	-	-	-
Rates & Taxes	-	0.68	1.18	0.00	0.61	0.01
Advertisement Expenses	-	-	-	-	0.10	-
Books and Periodicals	-	-	-	0.00	0.00	-
Printing and Stationary	-	-	-	0.07	0.00	0.01
Legal & Professional Expenses	0.14	6.06	0.65	0.08	2.49	-
Network Expense	0.00	-	0.00	-	-	-
Insurance	-	80.48	0.00	-	-	-
Consultancy Charges	4.50	14.49	3.36	-	-	-
Filing Fee	.00	0.01	0.08	-	-	-
Travelling Expenses	3.56	3.76	0.4	0.12	0.05	--
Telephone Expenses	0.27	0.26	0.04	0.02	-	-
Entry Tax paid	0.00	-	-	-	-	-
Bank Charges & Guarantee Commission	0.05	0.19	0.58	0.60	2.57	-
Interest on Term Loan	131.26	147.55	-	-	-	-
Finance charges	5.66	304.94	1.65	5.92	-	-
Syndication Fee	-	202.03	-	-	-	-
Compensatory Afforestation	-	3.85	25.45	-	1.53	-
Survey Investigation and Infrastructure Works	-	-	13.46	-	-	-
Catchment Area Treatment Plan	16.00	57.08	169.34	-	-	-
Damages for Trees	0.04	-	-	-	-	-
Compensation for Trees and Buildings	2.7	42.12	23.79	-	-	-
Compensation for Land	6.92	8.28	-	-	-	-
Compensation on Damages	0.00	-	-	-	-	-
Environmental Management Plan Monitoring Cost	20.44	9.52	2.5	-	-	-
Local Area Development	22.95	58.06	-	-	-	-

Description	Half Year ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the period ended March 31, 2004	For the period ended June 30, 2003
Rehabilitation and Resettlement	-	4.33	-	-	-	-
Depreciation	0.17	0.29	0.06	-	-	-
Miscellaneous Expenses	0.45	4.11	0.13	0.00	0.01	0.02
Directors' Sitting Fee	0.20	0.02	-	-	-	-
Auditor's Remuneration -Audit Fee	-	0.11	0.03	0.03	0.03	0.01
Interest Earned on Deposits	(63.78)	(134.26)	(51.85)	(0.04)	-	-
Less: Provision for Taxation	21.70	45.24	17.62	0.01	-	-
: Provision for Fringe Benefit Tax	0.35	0.36	0.10	-	-	-
Less: Recovered from EPC Contractor	-	(13.46)	-	-	-	-
AMOUNT CARRIED FORWARD	1301.48	1109.46	230.55	15.40	7.44	0.05

Annexure – III

CASH FLOW STATEMENT FROM THE RESTATED FINANCIAL STATEMENTS

(Rs. in million)

Description	Half Year ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the period ended March 31, 2004	For the period ended June 30, 2003
A. CASH FLOW FROM OPERATING ACTIVITIES						
Operating profit before Working Capital Changes	**-**	**-**	**-**	**-**	**-**	**-**
Adjustment for :						
Trade and other Receivables	5.53	(10.48)	(8.15)	-	-	-
Inventories	-	-	-	-	-	-
Trade payables and other liabilities	339.17	26.40	22.51	(127.73)	137.09	2.72
Provisions	22.65	46.01	17.92	0.04	-	-
Other current assets	-	-	-	-	-	-
Loans and Advances	75.43	(1256.38)	(3844.38)	(860.21)	(0.43)	-
Net Cash from operating activities - 3	**442.78**	**(1194.45)**	**(3812.10)**	**(987.90)**	**136.66**	**2.72**
B. CASH FLOW FROM INVESTING ACTIVITIES						
Fixed assets	0.12	2.37	32.50	-	-	-
Capital work in progress	1574.68	1783.39	280.52	7.95	136.78	0.05
Miscellaneous Expenditure	-	-	14.90	2.50	-	2.70
Net cash used in investing activities - B	**1574.80**	**1785.76**	**327.92**	**10.45**	**136.78**	**2.75**
C. CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from issue of Share Capital	-	1500.00	5000.00	-	-	0.50
Proceeds from Share Application Money	-	-	-	999.50	-	-
Loans raised during the year	1875.40	2483.80	-	-	-	-

Description	Half Year ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the period ended March 31, 2004	For the period ended June 30, 2003
Net Cash from Financing Activities - C	**1875.40**	**3983.80**	**5000.00**	**999.50**	**-**	**0.50**
D. Net change in Cash and Cash equivalents(A+B+C)	**743.38**	**1003.59**	**859.98**	**1.15**	**(0.12)**	**0.47**
E. Cash and Cash equivalents(Opening balance)	1865.07	861.48	1.50	0.35	0.47	-
F. Cash and Cash equivalents(Closing balance)	2608.45	1865.07	861.48	1.50	0.35	0.47
(*)Cash and Cash equivalents at the end of the year includes balance in PD accounts.						

Annexure – IV

SIGNIFICANT ACCOUNTING POLICIES

A.1 ACCOUNTING POLICIES

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(A) SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of Financial Statements:

(i) The accounts are prepared on historical cost basis and on the principles of a going concern.

(ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

Revenue Recognition:

Expenditure and Income are accounted for on accrual basis.

Fixed Assets:

Fixed Assets are stated at cost of acquisition inclusive of freight, duties, taxes and other incidental expenses related thereto.

Incidental Expenditure during construction period:

Incidental Expenditure incurred on the Project during implementation will be capitalised and apportioned to various assets on commissioning of the Project.

Preliminary Expenses:

Preliminary expenses shall be written off after the commencement of commercial operations.

Taxes on Income:

Deferred Tax Assets and Deferred Tax Liability will be calculated by applying rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Foreign Currency Transaction

(i) Transactions in Foreign Currency are recorded in the Books of Account at the rate of exchange prevailing on the date of transaction.

(ii) All loans and deferred credits repayable in Foreign Currency and outstanding at the close of the period are expressed in Indian Currency at the rate of exchange prevailing on the date of the Balance Sheet.

(iii) Foreign Exchange gain/loss will be adjusted against the cost of assets as per the requirement of Schedule VI to the Companies Act, 1956.

Employee Benefits- As per Revised AS-15
Retirement Benefits are provided for in the books in the following manner:-
Gratuity and Leave Encashment on

Retirement - as per acturial valuation
Provident Fund and Family Pension - on accrual basis

Borrowing Costs

Borrowing Costs attributable to the acquisition/construction of fixed assets will be capitalized as part of the cost of the respective assets upto the date of commissioning.

Annexure – V

B.1 NOTES TO ACCOUNTS

(1) Contingent liabilities

a) Outstanding amount of Bank Guarantee: Nil (Previous year - Nil)

(2) Estimated amount of Contracts remaining to be executed on Capital account (net of advances) is Rs. 2,290.92 crore plus US $ 117.44 million and Canadian Dollars 636120.

(3) Profit and Loss Account has not been prepared, as the Company has not yet started operation. However, the necessary details as per part-II of Schedule- VI to the Company Act, 1956 have been disclosed in the " Statement of Incidental Expenditure during Construction, pending Allocation."

(4) In the opinion of the Board of Directors, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business, at least equal to the amount at which these are stated in the Balance Sheet.

(5) There is no Deferred Tax Liability/Assets as on September 30, 2007.

(6) Additional information pursuant to provisions of paragraphs 3 and 4 of part-II of Schedule-VI to the Companies Act, 1956

(a) Capacity & Production

Licensed Capacity	1000 MW (As per MoU)
Installed Capacity	Project under implementation
Actual Production	NIL

(b) Managerial remuneration paid to Directors.

	Current Yr	Previous Yr
Basic Pay	Rs. 21,25,000/-	Rs. 37,00,000/-
House Rent Allowance	Rs. 12,75,000/-	Rs. 22,20,000/-
PF/In lieu of Provident Fund	Rs. Nil	Rs. 4,44,000/-
Perquisites	Rs. 2,26,175/-	Rs. 4,14,858/-

(c) Expenditure in foreign Currency:
(Foreign Exchange Outgo)

Technical Consultancy	Rs. 19,85,642/-	Rs.1,13,44,191/-
Foreign Travel	Rs 17,60,465/-	Rs. 11,13,452/-
Total	Rs. 37,46,107/-	Rs.1,24,57,643/-

The remaining information pursuant to the paragraphs 3 and 4 of part-II of Schedule- VI to the Companies Act 1956 are either Nil or not applicable.

(7) Related Party disclosures, as required in terms of "Accounting Standard [AS] 18" are given below:

(1) Relationships (Related party relationships are as identified by the Company and relied upon by the Auditors)

(a) Holding Company: Jaiprakash Associates Limited

(b) Fellow subsidiaries:

(i) Jaypee Hotels Limited
(ii) Jaiprakash Power Ventures Limited
(iii) Jaiprakash Hydro-Power Limited
(iv) Jaypee Cement Limited
(v) Gujarat Anjan Cement Limited (subsidiary of Jaypee Cement Limited)
(vi) Jaypee Powergrid Limited (subsidiary of Jaiprakash Hydro-Power Limited)
(vii) Madhya Pradesh Jaypee Minerals Limited
(viii) Jaypee Infratech Limited
(ix) Bhilai Jaypee Cement Limited
(x) Himalayan Expressway Limited

(c) Associates:

(i) Jaypee Ventures Pvt. Limited
(ii) Indesign Enterprises Pvt. Limited
(iii) JIL Information Technology Limited
(iv) Gaur & Nagi Limited
(v) Jaiprakash Kashmir Energy Limited

(d) Key Management Personnel:

(i) Shri D. P. Goyal — Managing Director
(ii) Shri Suren Jain — Whole Time Director

(2) Transactions carried out with related parties referred to above:

(Amount in Rs)

Nature of Transactions	Referred In 1 (a) Above	Referred In 1(b, c)	Referred In 1 (d)
Expenditure			
Capital Work in Progress	138,28,87,069/-		
Previous Year	(90,44,85,076)		
Salary	-	-	34,00,000
Previous Year	-	-	(67,78,858/-)
OUTSTANDING			
Advance given	5,61,37,74,072		
Previous Year	(5,89,03,54,485/-)		
Salary Payable	-	-	3,65,000/-
Previous Year			(2,34,000/-)

(8) As per management there are no Small Scale Industrial Undertakings to whom the Company owes more than Rs. 1 lakh outstanding for more than 30 days as on September 30, 2007

Annexure VI

Statement of Accounting Ratios

Description	Half Year ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the period ended March 31, 2004	For the period ended June 30, 2003
Basic EPS (Rs.) *	-	-	-	-	-	-
Diluted EPS (Rs.) *	-	-	-	-	-	-
Net Assets Value per share (Rs.)	9.97	9.97	9.97	(94)	(43.99)	(43.99)
Return on Net Worth (%) *	-	-	-	-	-	-
Profit After Tax (Rs. in million) *	-	-	-	-	-	-
Weighted Average No. of Shares for Basic EPS *	-	-	-	-	-	-
Weighted Average No. of Shares for Diluted EPS *	-	-	-	-	-	-
No. of Shares at the end of year (excluding Share Capital Deposit)	75,00,00,000 OF Rs. 10 Each	75,00,00,000 OF Rs. 10 Each	60,00,00,000 OF Rs. 10 Each	50,000 of Rs. 10 Each	50,000 of Rs. 10 Each	50,000 of Rs. 10 Each
Net Worth (Rs. in million)	7479.91	7479.91	5979.91	(4.70)	(2.20)	(2.20)

'*'- Ratio's Not Applicable as company has not yet commenced commercial operations.

Notes:

1. The ratios have been computed as below

Basic Earnings per Share $\frac{\text{Adjusted profit after tax}}{\text{Weighted average no of equity shares for Basic EPS}}$

Diluted Earnings per Share $\frac{\text{Adjusted profit after tax}}{\text{Weighted average no of equity shares for Diluted EPS}}$

Net Asset value per share $\frac{\text{Networth excluding Development Surcharge Reserve (Fiscal 2004) and Grant in Aid}}{\text{Total number of equity shares as at the end of the year}}$

Return on Networth (%) $\frac{\text{Adjusted profit after tax}}{\text{Networth excluding Development Surcharge Reserve (Fiscal 2004) and Grant in Aid}}$

2. The earning per share is calculated in accordance with the Accounting Standard 20 "Earnings per share" issued by the Institute of Chartered Accountants of India.

3. Networth means Equity Share Capital+ Free Reserves and Surplus excluding revaluation reserves-Misc. Expenditure not Written off.

Annexure-VII

STATEMENT OF CAPITALISATION AS AT SEPTEMBER 30 , 2007

(Rs. in million)

Sl.No	Description	Pre-Issue as September 30, 2007	Post-Issue (*)
A	Debt		
	a) Short-Term Debt	-	
	b) Long -Term Debt	4359.20	
	Total Debt	**4359.20**	
B	a) Equity Share capital	7500.00	
	b) Reserves and Surplus	00	
	c)Less:Misc.Exp.to the extent not written off	20.09	
	Total Equity (Net Worth)	**7479.91**	
C	**Debt/ Equity Ratio**	**0.58**	
D	**Long Term Debt/ Equity Ratio**	**0.58**	

Notes :

(*) Will be finalized after finalization of the issue price.

Annexure – VIII

STATEMENT OF SECURED AND UNSECURED LOANS

(Rs. in million)

ANNEXURE V		
SECURED LOANS		
	Half Year ended September 30, 2007	**For the year ended March 31, 2007**
TERM LOANS		
From Banks	3275.00	1806.20
From Financial Insitutions	1084.20	677.60
Total Secured Loans	4359.20	2483.80

DETAILS OF SECURED LOANS OUTSTANDING AS ON September 30, 2007

(Rs.in Million)

Particulars	Institution / Bank	Sanctioned Amount	Amount Outstanding	Rate of Interest p.a (%)	Repayment Terms	Securities offered
1	Allahabad Bank	4000.00	258.00	9.75%	6 Months Moratorium From COD which is expected to be December 2011.The repayment will be 1.333% of the loan amount in the month of June to October commencing from June 2012 to Oct 2026	All Movable and Immovable Properties of the company Present and Future. Pledge of 225,000,000 Shares Held by Jaiprakash Associates Ltd - The Holding Company
			250.60	11.75%	6 Months Moratorium From COD which is expected to be December 2011.The repayment will be 1.333% of the loan amount in the month of June to October commencing from June 2012 to Oct 2026	All Movable and Immovable Properties of the company Present and Future. Pledge of 225,000,000 Shares Held by Jaiprakash Associates Ltd - The Holding Company

Particulars	Institution / Bank	Sanctioned Amount	Amount Outstanding	Rate of Interest p.a (%)	Repayment Terms	Securities offered
2	Bank of India	2000.00	64.50	9.50%	-6 Months Moratorium From COD which is expected to be December 2011.The repayment will be 1.333% of the loan amount in the month of June to October commencing from June 2012 to Oct 2026	All Movable and Immovable Properties of the company Present and Future. Pledge of 225,000,000 Shares Held by Jaiprakash Associates Ltd - The Holding Company
			189.80	11.50%	6 Months Moratorium From COD which is expected to be December 2011.The repayment will be 1.333% of the loan amount in the month of June to October commencing from June 2012 to Oct 2026	All Movable and Immovable Properties of the company Present and Future. Pledge of 225,000,000 Shares Held by Jaiprakash Associates Ltd - The Holding Company
3	Central Bank of India	2700.00	129..00	9.50%	6 Months Moratorium From COD which is expected to be December 2011.The repayment will be 1.333% of the loan amount in the month of June to October commencing from June 2012 to Oct 2026	All Movable and Immovable Properties of the company Present and Future. Pledge of 225,000,000 Shares Held by Jaiprakash Associates Ltd - The Holding Company
			214.30	11.00%	6 Months Moratorium From COD which is expected to be December 2011.The repayment will be 1.333% of the loan amount in the month of June to October commencing from June 2012 to Oct 2026	All Movable and Immovable Properties of the company Present and Future. Pledge of 225,000,000 Shares Held by Jaiprakash Associates Ltd - The Holding Company
4	ICICI Bank	7000.00	516.10	10.00%	6 Months Moratorium From COD which is expected to be December 2011.The repayment will be 1.333% of the loan amount in the month of June to October commencing from June 2012 to Oct 2026	All Movable and Immovable Properties of the company Present and Future. Pledge of 225,000,000 Shares Held by Jaiprakash Associates Ltd - The Holding Company
5	Indian Bank	4000.00	258.00	10.00%	6 Months Moratorium From COD which is expected to be December 2011.The repayment will be	All Movable and Immovable Properties of the company Present and Future. Pledge

Particulars	Institution / Bank	Sanctioned Amount	Amount Outstanding	Rate of Interest p.a (%)	Repayment Terms	Securities offered
					1.333% of the loan amount in the month of June to October commencing from June 2012 to Oct 2026	of 225,000,000 Shares Held by Jaiprakash Associates Ltd - The Holding Company
			250.60	11.00%	6 Months Moratorium From COD which is expected to be December 2011.The repayment will be 1.333% of the loan amount in the month of June to October commencing from June 2012 to Oct 2026	All Movable and Immovable Properties of the company Present and Future. Pledge of 225,000,000 Shares Held by Jaiprakash Associates Ltd - The Holding Company
6	Punjab National Bank	7000.00	451.60	9.50%	6 Months Moratorium From COD which is expected to be December 2011.The repayment will be 1.333% of the loan amount in the month of June to October commencing from June 2012 to Oct 2026	All Movable and Immovable Properties of the company Present and Future. Pledge of 225,000,000 Shares Held by Jaiprakash Associates Ltd - The Holding Company
			438.40	11.25%	6 Months Moratorium From COD which is expected to be December 2011. The repayment will be 1.333% of the loan amount in the month of June to October commencing from June 2012 to Oct 2026	All Movable and Immovable Properties of the company Present and Future. Pledge of 225,000,000 Shares Held by Jaiprakash Associates Ltd - The Holding Company
7	Jammu & Kashmir Bank	1000.00	64.50	10.50%	6 Months Moratorium From COD which is expected to be December 2011.The repayment will be 1.333% of the loan amount in the month of June to October commencing from June 2012 to Oct 2026	All Movable and Immovable Properties of the company Present and Future. Pledge of 225,000,000 Shares Held by Jaiprakash Associates Ltd - The Holding Company
			62.55	11.50%	6 Months Moratorium From COD which is expected to be December 2011.The repayment will be 1.333% of the loan amount in the month of June to October commencing from June 2012 to Oct 2026	All Movable and Immovable Properties of the company Present and Future. Pledge of 225,000,000 Shares Held by Jaiprakash Associates Ltd - The Holding Company
8	Union Bank	1000.00	64.50	9.50%	6 Months Moratorium	All Movable and

Particulars	Institution / Bank	Sanctioned Amount	Amount Outstanding	Rate of Interest p.a (%)	Repayment Terms	Securities offered
	of India				From COD which is expected to be December 2011.The repayment will be 1.333% of the loan amount in the month of June to October commencing from June 2012 to Oct 2026	Immovable Properties of the company Present and Future. Pledge of 225,000,000 Shares Held by Jaiprakash Associates Ltd - The Holding Company
			62.55	11.50%	6 Months Moratorium From COD which is expected to be December 2011.The repayment will be 1.333% of the loan amount in the month of June to October commencing from June 2012 to Oct 2026	All Movable and Immovable Properties of the company Present and Future. Pledge of 225,000,000 Shares Held by Jaiprakash Associates Ltd - The Holding Company
9	IDBI	1500.00	96.90	9.50%	6 Months Moratorium From COD which is expected to be December 2011.The repayment will be 1.333% of the loan amount in the month of June to October commencing from June 2012 to Oct 2026	All Movable and Immovable Properties of the company Present and Future. Pledge of 225,000,000 Shares Held by Jaiprakash Associates Ltd - The Holding Company
10	REC	7500.00	483.80	11.00%	6 Months Moratorium From COD which is expected to be December 2011.The repayment will be 1.333% of the loan amount in the month of June to October commencing from June 2012 to Oct 2026	All Movable and Immovable Properties of the company Present and Future. Pledge of 225,000,000 Shares Held by Jaiprakash Associates Ltd - The Holding Company
			406.60	11.50%	6 Months Monotarium From COD which is expected to be December 2011.The repayment will be 1.333% of the loan amount in the month of June to October commencing from June 2012 to Oct 2026	All Movable and Immovable Properties of the company Present and Future. Pledge of 225,000,000 Shares Held by Jaiprakash Associates Ltd - The Holding Company

Particulars	Institution / Bank	Sanctioned Amount	Amount Outstanding	Rate of Interest p.a (%)	Repayment Terms	Securities offered
11	**SIDBI**	**1500.00**	**96.90**	**9.50%**	**6 Months Moratorium From COD which is expected to be December 2011.The repayment will be 1.333% of the loan amount in the month of June to October commencing from June 2012 to Oct 2026**	**All Movable and Immovable Properties of the company Present and Future. Pledge of 225,000,000 Shares Held by Jaiprakash Associates Ltd - The Holding Company**

Annexure-IX

STATEMENT OF LOANS & ADVANCES

(Rs. in million)

Description	For the Half Year ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the period ended March 31, 2004	For the period ended June 30, 2003
a) Loans to						
Employees	0.05	0.21	0.12	0.20	-	-
Long Term Advances(Under securitisation scheme)	-	-	-	-	-	-
Others	-	-	-	-	-	-
Sub-total	**0.05**	**0.21**	**0.12**	**0.20**	**-**	**-**
b) Advances						
Contractor-JAL (Holding Co.)	5796.40	5890.35	4690.44	860.00	-	-
Contractors & Suppliers-Others	1.28	0.96	0.28	-	-	-
Others	0.32	0.57	0.00	0.43	0.43	-
Sub-total	**5798.00**	**5891.88**	**4690.72**	**860.43**	**0.43**	**-**
Advance Tax & TDS	87.91	69.31	14.17	0.00	-	-
Sub-total	**87.91**	**69.31**	**14.17**	**0.00**	**-**	**-**
TOTAL	**5885.96**	**5961.40**	**4705.01**	**860.63**	**0.43**	**-**

Annexure - X

STATEMENT OF SHARE CAPITAL

(Rs. in million)

Description	For the Half Year ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the period ended March 31, 2004	For the period ended June 30, 2003
Equity Share Capital	7500.00	7500.00	6000.00	0.50	0.50	0.50
Share Capital Deposit	-	-	-	999.50	-	-
Total Share Capital	**7500.00**	**7500.00**	**6000.00**	**1000.00**	**0.50**	**0.50**
Face value (Rs)	10	10	10	10	10	10
Nos.	75,00,00,000	75,00,00,000	60,00,00,000	50,000	50,000	50,000

Annexure-XI

RELATED PARTY TRANSACTIONS

(Rs. In million)

		For the Half Year ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006
1)	**Joint Ventures:**	-	-	-
2)	**Holding Company:**			
	Jaiprakash Assocaites Limited	1382.88	904.48	65.36

Remuneration to whole time Directors including Chairman & Managing Director excluding arrears paid to ex-directors are as follows:

(Rs. in million)

		For the Half Year ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the period ended March 31, 2004	For the period ended June 30, 2003
A	Salaries and Allowances	3.40	5.92	0.87	-	-	-
B	Advances due from whole time Directors including Chairman and Managing Director	-	-	-	-	-	-
C	**Presence of non-official part time Directors & Payment of sitting fee**						
	Presence of non-official part time Directors	-	-	-	-	-	-
	Payment of sitting fee	0.20	0.02	-	-	-	-

Annexure-XII

STATEMENT OF CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES & PROVISIONS

(Rs.in Million)

	For the Half Year ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004
CURRENT LIABILITIES					
Advances received from contractee clients	-	-	-	-	-
Sundry Creditors	0.13	0.15	0.06	-	-
Leave encashment					
Dues to Holding Company	306.56	-	27.97	11.93	139.81
Advances received from purchasers of Flats / Villas					
Retention Money to Holding Co.	57.74	48.51	3.26	-	-
Other Laibilities	12.80	6.87	3.30	0.15	-
Advance for Share Application Money					
Interest Accrued but not due on loans	22.93	5.47	-	-	-
PROVISIONS					
Provision for Income Tax	84.58	62.88	17.64	0.01	-
Provision for Fringe Benefit Tax	0.81	0.46	0.10	-	-
Provision for Employee Benefits	1.23	0.62	0.22	0.03	-
TOTAL AS PER AUDITED STATEMENT	486.78	124.96	52.55	12.12	139.81
Add : Prior Period Adjustment	-	-	-	-	-
ADJUSTED CURRENT LIABILITIES & PROVISIONS	**486.78**	**124.96**	**52.55**	**12.12**	**139.81**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our audited restated financial statements as at and for the year ended March 31, 2007 and our audited restated financial statements as at and for the six month period ended September 30, 2007, in each case prepared as per Indian GAAP, including the schedules, annexure and notes thereto, as described in the Auditors' Report beginning on page 221 of the Draft Red Herring Prospectus. Indian GAAP and U.S. GAAP differ in certain material respects. You should also read the chapter titled "Risk Factors" beginning on page xii of this Draft Red Herring Prospectus, which discusses a number of factors and contingencies that could affect our financial condition and results of operations.

In this chapter, any reference to "we", "us", "our" refers to Jaiprakash Power Ventures Limited or JKHCL or the special purpose vehicles proposed to be incorporated for the Arunachal projects and the Meghalaya projects, either on a standalone basis or on a consolidated basis, as the context may require.

Overview

We are an Indian power company that is part of the Jaypee Group and is dedicated to the planning, development, implementation and operation of hydroelectric and thermal power projects in India. Together with the Jaypee Group we have the capability to manage multiple aspects of the development of power projects, from front-end engineering design to completion and operation and maintenance.

We presently have one operating hydroelectric power plant with 400 MW of capacity (the Vishnuprayag plant) and one coal-fired thermal power project under development with a planned capacity of 1,000 MW (the Nigrie Thermal project). We propose to apply a portion of the net proceeds of the Issue to subscribe to 55.36% of the equity capital in Jaypee Karcham Hydro Corporation Limited (JKHCL), which is developing a 1,000 MW hydroelectric power project (the Karcham-Wangtoo project), and 23% of the equity capital in Jaypee Powergrid Limited (JPL), which is developing a 230 km long power transmission project to evacuate power from the Karcham-Wangtoo project (the Transmission project).

We plan to implement a 2,025 MW hydroelectric project (the Lower Siang project) and a 500 MW hydroelectric project (the Hirong project) in the state of Arunachal Pradesh (collectively the Arunachal projects). These projects were initially awarded to Jaiprakash Associates Limited (JAL) and were transferred to us through a tripartite agreement dated December 13, 2007 executed between Government of Arunachal Pradesh, JAL and our Company. The memoranda of agreement for these projects provide for the Government of Arunachal Pradesh to own 11% of the equity capital in the special purpose vehicle(s) to be incorporated to implement each of these projects. We also plan to implement a 450 MW hydroelectric project (the Kynshi II project) and a 270 MW hydroelectric project (the Umngot project) in the state of Meghalaya (collectively the Meghalaya projects), for which we have entered into two memoranda of agreement dated December 11, 2007 with the Government of Meghalaya. The memoranda of agreement provide for the Government of Meghalaya to own 26% of the equity capital in the special purpose vehicle(s) to be incorporated to implement each of the Meghalaya projects. We do not intend to specifically finance the Arunachal projects and the Meghalaya projects out of the proceeds of this Issue, except that, as a part of the general corporate purposes for which an amount of Rs. [●] million has been set aside, we intend to re-imburse JAL Rs. 1,063.91 million, being the expenses incurred by JAL in relation to the Lower Siang and the Hirong projects, and the balance amount, if any, after re-imbursement to JAL, would be utilized towards general corporate purposes, as may be determined by the Board from time to time, and may include meeting equity contribution or other expenses for our new projects (including our Arunachal projects and Meghalaya projects). For details, please refer to the chapter titled "Objects of the Issue" beginning on page 77 of the Draft Red Herring Prospectus.

We are a subsidiary of JAL and are a part of the Jaypee Group. JAL, which was founded in 1972, has substantial experience in undertaking engineering-procurement-construction and turnkey contracts in India's hydroelectric sector as a leading construction company or member of consortia and joint ventures. The Jaypee Group is a diversified infrastructural industrial group based in India that has significant interests in the areas of civil engineering and construction, cement manufacturing, power, real estate, expressways, hospitality, golf courses and education on a not-for-profit basis. For further details, please refer to the chapters titled "Our Promoter" and "Our Promoter Group Companies" beginning on pages 194 and 203, respectively, of the Draft Red Herring Prospectus.

As per the restated accounts, our profit after tax in the six months ended September 30, 2007 and the year ended March 31, 2007 were Rs. 1,326.17 million and Rs. 761.33 million, respectively, on total income from operations of Rs. 2,279.08 million and Rs. 2,141.58 million, respectively. Income from our Vishnuprayag plant accounted for substantially all of our income from operations during the six months ended September 30, 2007 and the year ended March 31, 2007. Our Vishnuprayag plant was commissioned between June 2006 and October 2006. Accordingly, our results of operations for the year ended March 31, 2007 include revenues generated by our Vishnuprayag plant for part of the year only. Prior to June 2006, when the first of four 100 MW units at our Vishnuprayag plant was commissioned, we did not generate any income from operations.

Expanding Asset Base with Diversified Revenue Streams

One of our key strategies is to expand our installed power generation capacity in order to capitalize on the growth of the Indian power generation sector. We seek to diversify our revenue streams while maintaining our focus on our core expertise within the power sector. We aim to achieve this by developing new power generation projects in different locations using both thermal and hydroelectric technologies. We also seek to leverage our relationship with JAL and the Jaypee Group. We believe the Jaypee Group's expertise in design and engineering, project operation and maintenance, hydro-mechanical works and mining will enhance our ability to execute projects efficiently and cost-effectively.

We have taken, and are continuing to take, steps to expand and diversify our revenue streams through new projects and initiatives. These steps include the following:

- The development of our 1,000 MW Nigrie Thermal project, a coal-fired thermal project in the state of Madhya Pradesh, expected to commence operations in 2012.

- The proposed subscription of equity shares representing 55.36% of JKHCL's equity capital, which is developing the Karcham-Wangtoo project, expected to commence operations in 2011. The Karcham-Wangtoo project was awarded to JAL through an implementation agreement dated November 18, 1999. By a tripartite agreement dated December 30, 2002 between the Government of Himachal Pradesh, JAL and JKHCL, the entire obligations of JAL under the implementation agreement dated November 18, 1999 were assigned to JKHCL.

- The proposed subscription of equity shares representing 23% of JPL's equity capital, which is developing the Transmission project, expected to commence operations in 2010, to evacuate power from the Karcham-Wangtoo project.

- The proposed subscription of an equity interest in the special purpose vehicle(s) which are to be incorporated to develop the Lower Siang project, expected to be commissioned in 2014, and the Hirong project, expected to be commissioned in 2015.

- The proposed subscription of an equity interest in the special purpose vehicle(s) which are to be incorporated to develop the Kynshi II project, and the Umngot project, each expected to be commissioned in 2016.

- The sale of Verified Emission Reduction credits (VERs) from our Vishnuprayag plant and the possible sale of any Certified Emissions Reduction credits (CERs) from the Karcham-Wangtoo project and our Nigrie Thermal project.

Principal Factors Affecting Our Performance

Our business, results of operations and financial condition are affected by a number of factors, including:

Tariffs pursuant to PPAs. We have entered into a PPA with UPPCL with respect to power from our Vishnuprayag plant, JKHCL has entered into a PPA with PTCIL with respect to power from the Karcham-Wangtoo project and we expect to enter into PPAs with respect to power from our Nigrie Thermal project, our Arunachal projects and our Meghalaya projects. Such PPAs to be entered into are expected to be based on tariff guidelines and a change in those regulations could affect our performance.

Pursuant to our PPA with UPPCL and JKHCL's PPA with PTCIL, respectively, the tariffs that UPPCL is required to pay us and that PTCIL is required to pay JKHCL following commissioning of the Karcham-Wangtoo project each consist of an annual Capacity Charge, an Energy Charge, a payment for Secondary Energy and an incentive for Plant Availability. Although the payment of UPPCL's obligations to us are secured by a multi-tier payment security mechanism, our performance could be adversely affected if UPPCL or PTCIL is unwilling or unable to pay us or JKHCL, respectively, the foregoing amounts in full in a timely manner. Similarly, our performance would be adversely affected if any of our customers under our expected PPAs with respect to other projects is ever unwilling or unable to pay us in a timely manner.

In addition, the following factors may impact the amounts due to us under our PPA with UPPCL and due to JKHCL under its PPA with PTCIL (following the commissioning of the Karcham-Wangtoo project). Similar factors would likely impact the amounts due to us under other PPAs that we expect to enter into with respect to other projects:

(a) *Availability of Water Flow.* For a hydroelectric power project, the energy generated by the power station is dependent on the availability of water flows. Payments for energy charges are based on the Design Energy of the power plant, which in turn has been calculated based on the quantum of water flow in a 90% Dependable Year (water flow which is 90% probable). This figure is always lower than the water availability figure which has a probability of around 50%. As this dependability is determined on a long term basis, there may be some years or several years in succession, when the planned generation may not be fully realized, while on the other hand there could be certain years, again in succession, where the planned generation estimates are surpassed.

The water flow from the rivers on which our Vishnuprayag plant and our planned hydroelectric projects are located, increases during the months of May to September each year due to melting snow and monsoons. As a result, approximately 65% of our generation in a year is during this period. This trend is likely to continue in the future. As our business is seasonal in nature, the profitability and revenues will vary quarter to quarter for each financial year.

Further, the payment for Secondary Energy under each PPA is due for energy produced in excess of the Design Energy of the plant based on a 90% Dependable Year, at a rate equal to the Energy Charge for Primary Energy under the applicable PPA

(b) *Plant Availability.* The Capacity Charge under each PPA is recoverable in full by us if the Vishnuprayag plant achieves Plant Availability above 90% and by JKHCL if the Karcham-Wangtoo project achieves Plant Availability above 85%. However, in each case the Capacity Charge is subject to pro-rata reduction for Plant Availability below these threshold amounts. If Plant Availability is below 90% in the case of the Vishnuprayag plant or below 85% in the case of the Karcham-Wangtoo project following commissioning, our revenues could be adversely affected. The incentive for Plant Availability for the Vishnuprayag plant is payable if Plant Availability exceeds 90% (which is an amount that can range from zero to 6.6% of the approved equity invested in the plant, depending on actual Plant Availability) and the incentive for Plant Availability for the Karcham-Wangtoo project is due if Plant Availability exceeds 85% (which is an amount that can range from zero to 9.75% of the annual fixed charge for the plant, depending on actual Plant Availability). If Plant Availability exceeds 90%, in the case of the Vishnuprayag plant, or 85% in the case of the Karcham-Wangtoo project following commissioning, our financial condition and results of operations could improve.

(c) *Operation and maintenance expenses*. The Energy Charge under each PPA includes annual operation and maintenance expenses of 1.5% of the capitalized cost of the applicable plant in the first year of operation. In subsequent years this amount is indexed to inflation in the case of the Vishnuprayag plant and escalates at the rate of 4% annually in the case of the Karcham-Wangtoo project. We maintain and operate the Vishnuprayag plant in-house rather than outsourcing these services. If the costs for operating and maintaining the Vishnuprayag plant or our planned projects are below the amounts to which we are entitled for this component of the Energy Charge, our financial condition and earnings could improve. However, if our costs

for operating and maintaining the Vishnuprayag plant or our planned projects are greater than the amounts to which we are entitled for this component of the Energy Charge, our financial condition and earnings could be adversely affected.

(d) *Inflation.* The operation and maintenance expenses component of the Energy Charge under our PPA is indexed to inflation based on changes in India's Wholesale Price Index (WPI) and Consumer Price Index (CPI). Because we operate and maintain the Vishnuprayag plant in-house, this component of the energy expense accrues to us rather than reimbursing us for payments to contractors. If India's WPI and CPI rise more than expected, our financial condition and earnings could improve in nominal terms. If India's WPI and CPI rise less than expected or do not rise, our financial condition and earnings could be adversely affected in nominal terms.

(e) *Interest rates*. The Capacity Charge under each PPA includes reimbursement for interest payments, such that we and JKHCL are not exposed to interest rate risk with respect to payments on our loans. In case of JKHCL, reimbursements for interest payments shall be in proportion of the contracted power (704 MW) to the total capacity as adjusted for free power. The Energy Charge under each agreement includes interest on our working capital in connection with the Vishnuprayag plant and JKHCL's working capital in connection with the Karcham-Wangtoo project following commissioning. If interest rates rise, our financial condition and earnings could improve. However, if interest rates fall, our financial condition and earnings could be adversely affected.

(f) *Income tax liability.* The tariff payment under each of our and JKHCL's current PPAs includes reimbursement for our, and JKHCL's, actual income tax liability from our Vishnuprayag plant and the Karcham-Wangtoo project, respectively. In relation to the Karcham-Wangtoo project, the reimbursements in relation to JKHCL's actual income tax liability will be in proportion to PTCIL's annual revenue contribution as a ratio to the total annual revenue of the company. Under the Indian Income Tax Act, we are entitled to a 10-year tax holiday period for our Vishnuprayag plant, during which time we are only subject to Indian income tax at the minimum alternate tax rate (currently 11.33%) rather than the normal income tax rate (currently 33.99%). These tax benefits are only available to Indian companies whose infrastructure projects achieve commercial operation prior to the end of fiscal 2010. If these tax benefits are not extended beyond this period, JKHCL could face income tax liability in excess of the minimum alternative tax rate. However, because the tariff payment under each PPA includes reimbursement for income tax liability, our actual income tax liability would be offset by the payments that UPPCL would be required to pay us and JKHCL's actual income tax liability would be offset to the extent of the payments that PTCIL is required to pay JKHCL.

Project development, acquisition and management. We plan to make significant investments over the next several years, including investing portions of the net proceeds of the Issue in our Nigrie Thermal project under development, our proposed subscription to 55.36% of the equity capital of JKHCL and our proposed subscription to 23% of the equity capital of JPL. We also propose to subscribe to equity in the special purpose vehicles expected to be incorporated for implementing the Lower Siang, Hirong, Kynshi II and Umngot projects. If we are unable to complete these transactions, our business and results of operations could be adversely affected. If the development of these projects costs substantially less than their budgeted cost or if we are able to complete these projects ahead of schedule, our financial condition and earnings could improve. However, if these projects are not completed in accordance with their budgeted cost due to cost inflation or for any other reason, or if these projects do not operate profitably following their respective commissioning dates, our financial condition and earnings could be adversely affected.

Growth of the power sector and macroeconomic factors in India. India's GDP has grown at an annual average of 6.1% per year over the past ten years on a constant price basis. Power is a critical sector in India's future economic development. It is estimated that India's electricity- GDP elasticity for the period fiscal 1991 to fiscal 2000 was 1.21, that is, for the economy to grow at a rate of 10%, the power sector had to grow at a rate of 12.1%. Our operating plant and projects are located in India. As the revenues from a PPA is pre-determined by formulae set forth in the PPA, we believe that macroeconomic factors, including the growth of the Indian economy, interest rates, foreign exchange rates and the political, economic and

regulatory environments have a limited impact on our business, results of operations and financial condition, particularly in the overall context of India's rapidly growing demand for energy. We are currently developing, and expect to continue to develop, projects with expected revenues that are dependent on the growth of the Indian economy. In particular, we expect to retain a portion of the capacity of the Nigrie Thermal project, the Karcham-Wangtoo project, the Lower Siang project, the Hirong project, the Kynshi II project and the Umngot project for sale in the open market. With respect to our planned sales of power in the open market, if the price of electricity rises, our financial condition and earnings could improve. However, if the price of electricity falls, our financial condition and earnings could be adversely affected. However, to the extent the power produced by our current and proposed projects is sold pursuant to long-term PPAs, macroeconomic factors can be expected to have a lesser impact on our financial condition and results of operations.

Availability and cost of funding. Power projects, by their nature, are typically capital-intensive and may require high levels of debt financing. We have in the past been able to raise debt financing on terms acceptable to us. However, if for any reason we are unable in the future to obtain adequate financing in a timely manner and on acceptable terms, or at all, our financial condition and earnings could be adversely affected. Pursuant to our Company's and JKHCL's PPAs, interest expense is passed-through to UPPCL and PTCIL, respectively, though this may not be the case with PPAs that we expect to enter into with respect to other projects. In addition, for power sold in the open market, customers would not be responsible for reimbursing our interest expense. To the extent our customers are not required to reimburse interest expense, if interest rates fall, our financial condition and results of operations could improve but if interest rates rise, our financial condition and results of operations could be adversely affected.

Overview of Our Results of Operations

The following table sets forth certain information with respect to our revenues, expenditures and profits, for the periods indicated.

Particulars	**For the six months ended September 30, 2007**		**For the year ended March 31, 2007**	
	Amount in Rs. million	**% of Total Income**	**Amount in Rs. million**	**% of Total Income**
Revenue from Operations	2,279.08	93.87%	2,141.58	98.88%
Other Income	148.87	6.13%	24.33	1.12%
Total Income	**2,427.95**	**100%**	**2,165.91**	**100%**
Operation Expenses	32.06	1.32%	13.46	0.62%
Employees' Remuneration & Benefits	35.43	1.46%	26.86	1.24%
General, Administrative and Other Expenses	46.72	1.93%	47.49	2.19%
Depreciation	225.86	9.30%	363.16	16.77%
Interest and Finance Charges	590.57	24.32%	905.31	41.80%
Deferred Revenue Expenditure Written off	0.49	0.02%	0.98	0.05%
Total Expenditure	**931.13**	**38.35%**	**1,357.26**	**62.67%**
Profit for the year before tax and prior period adjustments	**1,496.82**	**61.65%**	**808.65**	**37.33%**

Particulars	For the six months ended September 30, 2007		For the year ended March 31, 2007	
Tax expense	170.02	7.00%	90.88	4.20%
Profit after tax as per audited statement of accounts	**1,326.80**	**54.65%**	**717.77**	**33.13%**
Adjustment on account of:				
Changes in accounting policies (Forex difference)	-	-	49.14	2.27%
Depreciation	(0.67)	(0.03)%	-	-
MAT & Deferred Tax Adjustments	0.08	0.00%	(5.51)	(0.25)%
Employees Benefits	(0.04)	0.00%	(0.07)	0.00%
Total Adjustments	**(0.63)**	**(0.03)%**	**43.56**	**2.02%**
Adjusted Profit	**1,326.17**	**54.62%**	**761.33**	**35.15%**

Revenue from Operations

Our income from operations consists primarily of income from the sale of electricity produced by our Vishnuprayag plant pursuant to our PPA with UPPCL (subject to rebates of 2.5% for invoices paid within seven days, rebates of 1% for invoices paid within 30 days and penalty interest for invoices paid after 30 days). The income from the sale of electricity consists of a Capacity Charge, an Energy Charge, a payment for Secondary Energy and an incentive for Plant Availability. Income from operations also includes income from the sale of VERs in connection with our Vishnuprayag plant. Our Vishnuprayag plant was commissioned between June 2006 and October 2006, with the first of the four 100 MW units having been commissioned in June 2006. Accordingly, our income from operations for the year ended March 31, 2007 reflects only a partial year of the operation of the Vishnuprayag plant.

Other Income

Other income is derived from income from investments of surplus funds by way of short term fixed deposit with banks, gains on account of foreign exchange rate fluctuation, liabilities and provisions no longer required and written back in, claims received and other miscellaneous income.

Operation Expenses

Our operation expenses include machinery repair and maintenance and stores and spares consumed.

Employees' Remuneration & Benefits

Our employees' remuneration & benefits includes salaries, wages and bonuses, contributions to Provident and other funds, gratuity, employee welfare expenses and other benefits.

General, Administrative and Other Expenses

Our general, administrative and other expenses include expenses for rent, taxes, professional charges including legal, audit and trusteeship fees, various administration and office services, advertising and promotion, travelling and conveyance, utilities, vehicle maintenance, electricity charges, directors' sitting fees, insurance and other miscellaneous expenses.

Depreciation

Our depreciation expenses include depreciation of the capitalized cost of the Vishnuprayag plant and depreciation on other assets owned by us.

Interest and Finance Charges

Our interest expense includes interest on loans from banks and financial institutions and debentures, and interest to others and other finance charges.

Six months ended September 30, 2007

Revenue from Operations. For the six months ended September 30, 2007, our revenue from operations was Rs. 2,279.08 million, including sale of electricity after rebate (consisting of Capacity Charges, Energy Charges and Secondary Energy Charges) of Rs. 2,139.31 million and revenue from sale of VERs of Rs. 139.77 million. For the period ended September 30, 2007, a total of 1,475.21 MU was generated by the Vishnuprayag plant, of which 177.03 MU was supplied to the Government of Uttarakhand free of charge. Plant Availability during this period was 98.67%.

Other Income. For the six months ended September 30, 2007, our other income was Rs. 148.87 million, primarily representing income from investments and gains on account of foreign exchange rate fluctuation.

Operation Expenses. For the six months ended September 30, 2007, our operation expenses were Rs. 32.06 million, representing 1.32% of our total income.

Employees' Remuneration & Benefits. For the six months ended September 30, 2007, our employees' remuneration & benefits expense was Rs. 35.43 million, representing 1.46% of our total income.

General, Administrative and Other Expenses. For the six months ended September 30, 2007, our general, administrative and other expenses were Rs. 46.72 million, representing 1.93% of our total income.

Depreciation. For the six months ended September 30, 2007, our depreciation expense was Rs. 225.86 million, representing 9.30% of our total income.

Interest and Finance Charges. For the six months ended September 30, 2007, our interest charges were Rs. 590.57 million, representing 24.32% of our total income.

Profit for the year before tax and prior period adjustments. For the six months ended September 30, 2007, our profit for the year before tax and prior period adjustments was Rs. 1,496.82 million, representing 61.65% of our total income, which primarily is derived from total income of Rs. 2,427.95 million subject to reduction for total expenditure of Rs. 931.13 million.

Profit after tax as per audited statement of accounts. For the six months ended September 30, 2007, our profit after tax as per our audited statement of accounts was Rs. 1,326.80 million, which reflects profit for the year before tax and prior period adjustments of Rs. 1,496.82 million subject to reduction for tax expense of Rs. 170.02 million.

***Adjusted Profit*:** For the six months ended September 30, 2007, our adjusted profit was Rs. 1,326.17 million, which reflects our profit after tax as per our audited statement of accounts of Rs. 1,326.80 million subject to reduction by Rs. 0.63 million for adjustments on account of depreciation, MAT and deferred tax and employee benefits.

Year ended March 31, 2007

Revenue from Operations. For the year ended March 31, 2007, our revenue from operations was Rs. 2,141.58 million, from sale of electricity after rebate (consisting of capacity charges, energy charges, secondary energy charges and incentive for plant availability). Our results of operations for the year ended March 31, 2007 include revenues generated by our Vishnuprayag plant following its commissioning between June 2006 and October 2006 with the first of the four 100 MW units having been commissioned in June 2006. Prior to June 2006, we did not generate any revenue. For the year ended March 31, 2007, a total of 951.55 MU was generated by the Vishnuprayag plant, of which 114.17 MU was supplied to the Government of Uttarakhand free of charge. Plant Availability for this period was 98.5%.

Other Income. For the year ended March 31, 2007, our other income was Rs. 24.33 million, primarily representing income from investments and gains on account of foreign exchange rate fluctuation.

Operation Expenses. For the year ended March 31, 2007, our operation expenses were Rs. 13.46 million, representing 0.62% of our total income.

Employees' Remuneration & Benefits. For the year ended March 31, 2007, our employees' remuneration & benefits expense was Rs. 26.86 million, representing 1.24% of our total income.

General, Administrative and Other Expenses. For the year ended March 31, 2007, our general, administrative and other expenses were Rs. 47.49 million, representing 2.19% of our total income.

Depreciation. For the year ended March 31, 2007, our depreciation expense was Rs. 363.16 million, representing 16.77% of our total income.

Interest and Finance Charges. For the year ended March 31, 2007, our interest charges were Rs. 905.31 million, representing 41.80% of our total income.

Profit for the year before tax and prior period adjustments. For the year ended March 31, 2007, our profit for the year before tax and prior period adjustments was Rs. 808.65 million, representing 37.33% of our total income, which primarily reflects total income of Rs. 2,165.91 million subject to reduction for total expenditure of Rs. 1,357.26 million.

Profit after tax as per audited statement of accounts. For the year ended March 31, 2007, our profit after tax as per audited statement of accounts was Rs. 717.77 million, which reflects profit for the year before tax and prior period adjustments of Rs. 808.65 million subject to reduction for tax expense of Rs. 90.88 million.

***Adjusted Profit*:** For the year ended March 31, 2007, our adjusted profit was Rs. 761.33 million, which reflects our profit after tax as per our audited statement of accounts of Rs. 717.77 million increased by Rs. 43.56 million for adjustments on account of changes in accounting policies in respect of foreign exchange differences, MAT and deferred tax and employee benefits.

Year ended March 31, 2006

We did not earn income from operations in the year ended March 31, 2006 as our Vishnuprayag plant was under construction.

Year ended March 31, 2005

We did not earn income from operations in the year ended March 31, 2005 as our Vishnuprayag plant was under construction.

Liquidity and Capital Resources

We operate in a highly capital-intensive industry and our expansion plans will require a substantial amount of capital. We have financed the development of the Vishnuprayag plant through a combination of equity and borrowings at a debt to equity ratio of 70:30. Our liquidity requirements relate to servicing our debt, funding investments in new projects, funding our working capital requirements and maintaining cash reserves against fluctuations in operating cash flows. In connection with our Vishnuprayag plant, we are obligated to pay to either the state of Uttar Pradesh or state of Uttarakhand (as determined by those states) an aggregate of Rs. 250.0 million in five equal instalments commencing one year after the full commissioning of the Vishnuprayag plant. We intend to fund this obligation principally through revenues received in connection with the operation of our Vishnuprayag plant. Our funding and treasury activities are conducted within corporate policies designed to enhance investment returns while maintaining appropriate liquidity for our requirements. We currently hold our cash and cash equivalents in Indian Rupees and US Dollars.

Our short-term liquidity requirements relate to servicing our debt and funding working capital requirements. Sources of short-term liquidity include cash balances and receipts from our operations.

Our long-term liquidity requirements include partial funding of our investments in new projects, funding our equity investments in our proposed joint venture companies, including JKHCL and JPL, and repayment of long-term debt under our credit facilities. Sources of funding for our long-term liquidity requirements include revenue from operations, new loans, equity or debt issues.

As of September 30, 2007, we had cash and cash equivalents of Rs. 1,882.08 million in addition to other current assets of Rs. 17.72 million, sundry debtors of Rs. 421.35 million and loans and advances of Rs. 288.61 million. We believe that the cash flows we are entitled to receive pursuant to our PPA with UPPCL are sufficient to fund our scheduled debt service requirements for the foreseeable future. To date we have funded our growth principally from equity funding, bank borrowings and internal cash flows. Our principal uses of cash have been, and are expected to continue to be, construction and development costs of our existing and proposed projects under development. The following table presents our cash flow data for the six months ended September 30, 2007 and for the year ended March 31, 2007:

Cash Flow Data

	For the period ended September 30, 2007	**For the year ended March 31, 2007**
	(Rs. millions)	**(Rs. millions)**
Net Cash from Operating Activities	2,287.16	1,342.33
Net Cash used in Investing Activities	26.82	(1,137.20)
Net Cash used in Financing Activities	(1,410.02)	525.27
Net increase/(decrease) in Cash and Cash Equivalents	**903.96**	**730.40**

Net Cash from Operating Activities

Six months ended September 30, 2007. Our net cash from operating activities was Rs. 2,287.16 million for the six months ended September 30, 2007, which was primarily due to operating profit before working capital changes of Rs. 2,292.44 million, cash inflow from an increase in working capital of Rs. 121.99 million and cash outflow towards payment of income tax of Rs. 127.27 million.

Year ended March 31, 2007. Our net cash from operating activities was Rs. 1,342.33 million for the year ended March 31, 2007, which was primarily due to cash generated from operations before working capital charges of Rs. 2,048.19 million, cash outflow to fund a decrease in working capital of Rs. 627.83 million, cash and cash outflow towards payment of income tax of Rs. 78.03 million. Prior to the commissioning of the Vishnuprayag plant we had no cash flows from operations.

Net Cash from/used in Investing Activities

Six months ended September 30, 2007. Our net cash from investing activities was Rs. 26.82 million for the six months ended September 30, 2007, which was primarily due to cash outflow for the purchase of fixed assets of Rs. 98.33 million, cash outflow for capital work in progress of Rs. 23.72 million, cash inflow from interest received of Rs. 43.79 million and other income of Rs. 105.08 million.

Year ended March 31, 2007. Our net cash used in investing activities was Rs. 1,137.20 million for the year ended March 31, 2007, which was primarily due to cash outflow for the purchase of fixed assets related to the development of our Vishnuprayag plant of Rs. 1,161.53 million and cash inflow from interest received of Rs. 24.30 million and other income of Rs. 0.03 million.

Net Cash Flow from/used in Financing Activities

Six months ended September 30, 2007. Our net cash used in financing activities was Rs. 1,410.02 million for the six months ended September 30, 2007, which was due to cash outflow for the repayment of borrowings of Rs. 402.60 million, cash outflow for the payment of dividends of Rs. 356.30 million and cash outflow for the

payment of dividend tax of Rs. 60.55 million and cash outflow for payment of interest and finance charges of Rs. 590.57 million.

Year ended March 31, 2007. Our net cash from financing activities was Rs. 525.27 million for the year ended March 31, 2007, which was due to cash inflow from borrowings related to the development of our Vishnuprayag plant of Rs. 1430.58 million and cash outflow for payment of interest and finance charges of Rs. 905.31 million.

Historical and Anticipated Capital Commitments

Our principal capital expenditure requirements involve the development and construction of our projects. We plan to invest in technologies that are expected to maximize our operational efficiency and margins, such as investing in supercritical technology for our Nigrie Thermal project. These investments require significant capital expenditure. Our capital expenditure for the period upto September 30, 2007 totalled approximately Rs. 16,834.16 million, consisting primarily of costs related to the cost of the Vishnuprayag plant and other fixed assets including capital work in progress of Rs. 23.72 million. Our capital expenditure for the period upto March 31, 2007 totalled approximately Rs. 16,712.11 million, consisting primarily of costs related to the construction of our Vishnuprayag plant. Through November 30, 2007, JKHCL had incurred capital expenditure of Rs. 10,805.6 million for the Karcham-Wangtoo project.

We currently estimate that we will be required to incur capital expenditure of approximately Rs. 50,000.0 million in order to complete our Nigrie Thermal project. Further, we are required to make an equity investment of Rs. 9,300.0 million towards the Karcham-Wangtoo project and an equity investment of Rs. 690.0 million towards the Transmission project. We anticipate that our capital commitments will increase significantly in the near to medium term towards the completion of the Arunachal projects and the Meghalaya projects. Please refer to the chapters titled "Business" and "Objects of the Issue" beginning on pages 114 and 77, respectively, of the Draft Red Herring Prospectus for a description of these projects under development.

The completion targets for our power projects are subject to risks, including, among other things, unforeseen engineering problems, delays in obtaining property rights and government approvals, force majeure events, unanticipated cost increases and contractor performance shortfalls, any of which could give rise to delays, cost overruns or the termination of a project's development. The failure to complete development as planned, or in accordance with agreed specifications, could result in higher costs, penalties or liquidated damages, lower returns on capital or reduced future earnings. We could also be required to draw funds from external sources. In addition, if we are unable to complete our power project facilities, we may not be able to recover our investments from these projects.

Anticipated Sources of Funds

As of September 30, 2007, our cash and cash equivalents totalled Rs. 1,882.08 million against Rs. 978.12 million as of March 31, 2007, denominated in Rupees and in US$.

We have in the past relied principally on equity funding, borrowings from banks and cash flow from operations as our main sources of funds. We expect that, going forward, we will finance the development of new projects and our working capital requirements with a combination of the net proceeds from this Issue and future equity offerings, borrowings from commercial banks and financial institutions and operating cash flows.

We expect to fund our budgeted capital expenditures principally through the net proceeds of this offering and cash from operations, as well as from borrowings. We expect to use portions of the net proceeds of this Issue to fund capital expenditures of approximately Rs. 15,000.0 million in connection with our Nigrie Thermal project, subscriptions to equity capital of approximately Rs. 9,300.0 million in connection with the Karcham-Wangtoo project and approximately Rs. 690.0 million in connection with the Transmission project.

Indebtedness, Contractual Obligations, Commitments and Off Balance Sheet Arrangements

We have obtained short-term, long-term bank facilities and other loans. As of September 30, 2007, the aggregate amount of these facilities drawn and outstanding was Rs. 11,455.65 million, of which Rs. 250.0 million was unsecured.

The following table summarizes our contractual obligations and commitments to make future payments as of September 30, 2007, and the effect that such obligations and commitments are expected to have on liquidity and cash flow in future periods:

	As of September 30, 2007				
	Payment Due by Period				
	(Rs. in millions)				
	Total	**Within 1 year**	**Second Year**	**Third to Fifth Year**	**After Five Years**
Long-term loans	11,455.65[1]	1,198.12	1,198.12	3,594.36	5,465.05
Short-term loans	-	-	-	-	-
Operating lease arrangements	-	-	-	-	-
Other capital commitments	147.79	147.79	-	-	-
Total contractual obligations	**11,603.44**	**1,345.91**	**1,198.12**	**3,594.36**	**5,465.05**

(1) Includes a foreign currency loan of US$30.05 million

Apart from the foregoing, from 2013 we also will be required to commence repayment of Rs. 35,000 million in respect of debt incurred by our Nigrie Thermal project in 40 equal quarterly instalments. We have no other commitments towards debt repayment as on date of the Draft Red Herring Prospectus.

Our contingent liabilities consist of our outstanding bank guarantees, letters of credit and amounts of contracts remaining to be executed, which are not generally required to be recognized as liabilities in our balance sheet. These obligations may, however, result in future cash outflows. For further details, please refer to the chapter titled "Financial Statements" beginning on page 221 of the Draft Red Herring Prospectus.

Except as disclosed above and under the paragraph titled "Related Party Transactions" in the chapter titled "Financial Statements" beginning on page 221 of the Draft Red Herring Prospectus, there are no other off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

Quantitative and Qualitative Disclosure about Market Risk

Market risk is the risk of loss related to adverse changes in market prices, including interest rate and foreign exchange rates of financial instruments. We are exposed to various types of market risks in the normal course of business. For instance, we are exposed to market interest rates and exchange rate movements on foreign currency denominated borrowings and operating expenses. The following discussion and analysis, which constitute "forward-looking statements" that involve risk and uncertainties, summarize our exposure to different market risks.

Credit Risk

We currently generate all of our income from operations from our PPA with UPPCL and JKHCL expects to generate the majority of its income from operations from its PPA with PTCIL. UPPCL's payments under the PPA are secured by a multi-tier payment security mechanism. UPPCL is required to maintain an irrevocable letter of credit in our favor. Additionally, we have a first lien on all revenues of UPPCL, including those from bulk consumers, in designated distribution circles, which are required to be deposited in an escrow account. Additionally, in the event of a default by UPPCL, we will have recourse to an unconditional guarantee provided by the Government of Uttar Pradesh. It is possible that we will enter into long-term PPAs with respect to our other proposed projects that may not benefit from similar credit protections. In addition, because we expect to retain a portion of our total planned capacity for sale on the open market, we expect that we will have some exposure to credit risk from customers that purchase power from us on the open market.

Interest Rate Risk

We are subject to market risks due to fluctuations in interest rates and refinancing of short-term debt. Pursuant to our PPA with UPPCL and JKHCL's PPA with PTCIL, respectively, all interest payments made by us under loan agreements relating to the Vishnuprayag plant and all interest payments made by JKHCL under loan agreements relating to the Karcham-Wangtoo project following commissioning are to be reimbursed by UPPCL or PTCIL, as the case may be. However, because the Energy Charge that UPPCL and PTCIL are required to pay us and JKHCL under our respective PPAs includes interest on our working capital requirement calculated based on the SBI prime rate, we are exposed to some interest rate risk.

Our net profit is affected by changes in interest rates due to the impact such changes have on the amounts UPPCL is required to pay us, and PTCIL is required to pay JKHCL, under the respective PPAs, in addition to our interest income and interest expense from short-term deposits and other interest-bearing financial assets and liabilities. Furthermore, an increase in interest rates may adversely affect our ability to service long-term debt and to finance development of new projects, all of which in turn may adversely affect our results of operations.

Foreign Currency Exchange Rate Risk

We conduct our business primarily in Indian Rupees and have minimal direct exposure to foreign exchange fluctuations. A depreciation of the Indian Rupee would, however, result in an increase in the price of imported goods and professional services that we purchase from our suppliers and foreign companies.

Under our and JKHCL's PPAs, respectively, UPPCL is required to reimburse us and PTCIL is required to reimburse JKHCL, for any foreign exchange fluctuations in connection with our interest payments on our foreign currency loans. However, because we expect to retain a portion of our total planned capacity for sale on the open market, we expect that some of our expected foreign currency loan obligations will not benefit from reimbursement pursuant to long-term PPAs. With respect to such obligations we will be exposed to foreign currency exchange risk.

Commodities Risk

We are not presently exposed to fuel price fluctuations because our operating power plant is a run-of-the-river hydroelectric power plant that does not require fuel. Our only thermal power project is the Nigrie Thermal project, which is not expected to be completed until 2012. The CSA for the Nigrie Thermal project provides for fuel price payments that fluctuate with the market price of coal, which exposes us to market risk. In addition, with respect to the projects that we propose to develop, if the price of building materials increases significantly, we may be required to pay more for such materials.

Inflation

Inflation and deflation in India has not had a material impact on our results of operations in the past three years. According to the Ministry of Finance, the annual inflation rate in India was 3.01% and 5.58%, respectively, as of the weeks ended November 24, 2007 and December 30, 2006, respectively. Under our PPA the operation and maintenance expense component of the energy charge is indexed to inflation. Because we operate and maintain the Vishnuprayag plant in-house, rather than outsourcing these services, this component of the energy expense accrues to us rather than reimbursing us for payments to contractors. If India's WPI and CPI rise more than expected, our financial condition and earnings could improve in nominal terms based on this component of the energy charge. With respect to the projects that we are developing or propose to develop, we are exposed to inflation. If the price of transportation, wages, raw materials or any of our other operation and maintenance expenses decrease, our financial condition and earnings could improve due to reduced development costs for projects that we have not yet completed. If any of these costs increase, our financial condition and earnings could be adversely affected due to increased development costs for the projects that we have not yet completed.

Critical Accounting Policies

Our audited restated financial statements have been prepared in accordance with Indian GAAP. Our significant accounting policies are set forth in Annexure IV to our audited restated financial statements included in the Auditors' report on page 221 of the Draft Red Herring Prospectus. Indian GAAP requires that we adopt accounting policies and make estimates that our directors believe are most appropriate in the circumstances for the purposes of giving a true and fair view of our results of operations and the understanding of our financial

condition and results of operations. The impact and any associated risks related to these policies on our business operations are discussed throughout the "Management's Discussion and Analysis of Financial Condition and Results of Operations" where such policies affect our reported financial results. The preparation of our financial statements requires us to make difficult, complex and subjective judgments in selecting the appropriate estimates and assumptions that affect the amounts reported in our financial statements. By their nature, these judgments are subject to an inherent degree of uncertainty. These judgments are based on our historical experience, terms of existing contracts, our observance of trends in the industry, information provided by our customers and information available from other outside sources, as appropriate. There can be no assurance that our judgments will prove correct or that actual results reported in future periods will not differ from our expectations reflected in our accounting treatment of certain items.

While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results, we believe that the following critical accounting policies warrant additional attention:

General. The accounts are prepared on a historical cost basis and on the principles of a going concern. Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles and accountings standards issued by the Institute of Chartered Accountants of India (ICAI).

Revenue Recognition. Expenditure and income are accounted for on an accrual basis.

Fixed Assets. Fixed assets are stated at cost of acquisition inclusive of freight, duties, taxes and other incidental expenses related thereto.

Intangible Assets. Intangible assets are stated at their cost of acquisition less accumulated amortization on a straight line basis from the date the assets are put to commercial use.

Borrowing Costs. Borrowing costs incurred on a project during construction/operation are capitalised/charged to revenue in accordance with the Accounting Standard No. 16 issued by the ICAI

Incidental Expenditure During Construction Period. Incidental expenditure incurred on a project during implementation is capitalised and apportioned to various assets on commissioning of the project in proportion to the direct cost.

Foreign Currency Transactions. Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transactions or at the exchange rates under related forward exchange contracts. Transactions not covered by forward exchange contracts and outstanding at the close of the year are converted at year end exchange rates and the profit/loss so determined is credited/debited in the profit and loss account and/ or to incidental expenditure during construction, pending allocation. Gains/losses on account of variation in exchange rates on foreign currency loans raised for acquisition of assets is credited/debited to the Profit and Loss Account as per Accounting Standard No. 11 (Revised) issued by the ICAI.

Impairment of Assets. If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value-in-use is determined by the present value of estimated future cash flow.

Depreciation. Fixed assets, except plant and machinery, mandatory spares to the extent capitalized and hydraulic works, are depreciated on a straight-line method at the rates prescribed in Schedule-XIV of the Companies Act. Depreciation on plant and machinery, mandatory spares to the extent capitalized and hydraulic works is provided at 2.71% annually on a straight line method based on useful life of 35 years as approved by the Ministry of Company Affairs. Depreciation on assets valued Rs. 5,000 or less is provided at 100% regardless of the actual period of use. Premium on leasehold land is amortized in equal instalments over the balance period of the lease from the year in which commercial operation begins. Capital expenditure on assets not owned by the Company is written off over the appropriate period of utility or a period not exceeding five years, whichever is less.

Taxes on Income. Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on

timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Provisions, Contingent Liabilities and Contingent Assets. The Company recognizes a provision when there is a present obligation that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Reimbursements expected in respect of expenditure required to settle a provision are recognized only when it is virtually certain that the reimbursement will be received. A disclosure for a contingent liability is made when, as a result of obligating events, there is a possible obligation on a present obligation that may, but probably will not, require an outflow of resources. Contingent assets are neither recognized nor disclosed. Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

Miscellaneous Expenditure. Preliminary and share issue expenses are amortized over a period of 10 years and deferred revenue expenditure is amortized over a period of five years after the commencement of commercial operations.

Retirement Benefits. Retirement benefits are provided in the books as follows: provident fund and family pension is recorded on an accrual basis. Gratuity is recorded as per actuarial valuation. Leave encashment is recorded as per actuarial valuation.

Proposed Dividend. Dividend on share capital, if proposed by the Directors, is provided in the books.

Information required as per Clause 6.10.5.5 of the SEBI Guidelines

Unusual or Infrequent Events or Transactions

The Vishnuprayag plant was under forced shutdown from November 16, 2007 through December 15, 2007 for the inspection, investigation and repair of its water conductor system due to signs of seepage flow and ground instability around the switchyard. This resulted in loss of generation during this period, however, the overall impact on generation of energy for the year was not significant because this forced shutdown took place during a period when energy generation is not typically at its highest. Our management estimates the total loss on account of this shutdown to be Rs.75 million and it intends to file an insurance claim in respect of this shutdown.

Except as described in the Draft Red Herring Prospectus, to our knowledge there have been no events or transactions over the course of the preceding year which may be described as “unusual” or “infrequent”.

Known trends or uncertainties

Other than as described in the chapters “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in the Draft Red Herring Prospectus, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income from continuing operations.

Future relationship between costs and income

Other than as described in the chapters “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in the Draft Red Herring Prospectus, to our knowledge there are no known factors which will have a material adverse impact on our operation and finances.

Competitive conditions

For details, please refer to the discussions of our competition in the chapters “Risk Factors” and “Our Business” beginning on pages xii and 114, respectively, in the Draft Red Herring Prospectus.

Significant developments after September 30, 2007 that may affect our future results of operations

Except as stated elsewhere in the Draft Red Herring Prospectus, to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in the Draft Red Herring Prospectus which materially

and adversely affects or is likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next twelve months.

Except as disclosed in the Draft Red Herring Prospectus, there is no subsequent development after the date of the Auditor's Report which we believe is expected to have a material impact on our reserves, profits, EPS and book value.

FINANCIAL INDEBTEDNESS

Facilities in relation to the Vishnuprayag plant

Secured Loans

Amounts availed and outstanding:

We have entered into agreements for rupee term loans and a domestic foreign currency loan from various banks and financial institutions (Lenders) and have also issued redeemable non-convertible debentures for part-financing the Vishnuprayag plant. The facilities drawn down by us in relation the Vishnuprayag plant are as below:

Name of Bank/ Financial Institution	Rupee Term Loan (Rs. in million)	Domestic Foreign Currency Loan (US$ in million)	Redeemable Non-Convertible Debentures (Rs. in million)	Total	
				Rupee Component (Rs. in million)	Foreign Currency Component (US$ in million)
Industrial Development Bank of India Limited	2,320.00	-	-	2,320.00	-
Punjab National Bank	370.00	-	-	370.00	-
ICICI Bank Limited	3,391.25	-	-	3,391.25	-
Power Finance Corporation Limited	1,877.70	30.82	-	1,877.70	30.82
Rural Electrification Corporation Limited	1,140.00	-	-	1,140.00	-
Life Insurance Corporation of India	-	-	1,160.00	1,160.00	-
Total	**9,098.95**	**30.82**	**1,160.00**	**10,258.95**	**30.82**

As on November 30, 2007 our outstanding amounts on the rupee term loans aggregated Rs.8,644.00 million, and domestic foreign currency loans aggregated US$ 29.28 million (Rs. 1,166.77 million assuming an exchange rate of Rs. 39.85 = US$ 1.00). In addition, 11,020,000 redeemable non-convertible debentures aggregating to Rs. 1,102.00 million were outstanding as on November 30, 2007.

The secured redeemable non-convertible debentures are redeemable as below:

(i) 6,330,000 non-convertible debentures of face value of Rs. 100 each, held by Life Insurance Corporation are redeemable in 40 equal quarterly instalments commencing from July 15, 2007 and ending on April 15, 2017. The interest rate is payable at 11.25% on quarterly rests.

(ii) 5,270,000 non-convertible debentures of face value of Rs. 100 each, held by Life Insurance Corporation are redeemable in 40 equal quarterly instalments commencing from July 15, 2007 and ending on April 15, 2017. The interest is payable at 9% on monthly rests.

For further details, please refer to the chapter titled "Financial Statements" beginning on page 221 of the Draft Red Herring Prospectus.

Financing Documents

Our Company has entered into various agreements in relation to the above facilities. The agreements impose several affirmative and negative covenants on our Company. The agreements require our Company to report its activities, operations and their results to the Lenders till the final satisfaction of the facilities. Further, our Company is to obtain approvals prior to undertaking various activities. For more details on such restrictive covenants, please refer to the paragraph in this chapter titled "Restrictive Covenants" beginning on page 289 of the Draft Red Herring Prospectus.

Under the Security Trustee Agreement and the Debenture Trustee Agreement entered into by our Lenders, IDBI Trusteeship Services Limited and our Company, IDBI Trusteeship Services Limited has been designated the "Security Trustee" and the "Debenture Trustee". It has been assigned various rights and duties under these agreements and under the various other loan agreements in relation to the above facilities.

Our Company has entered into a Trust and Retention Account Agreement (TRAA) that regulates our cash flow. The TRAA contemplates setting up of the Trust and Retention Account and of sub-accounts being the rupee

construction account, the dollar construction account, the revenue account, the operations and maintenance account, the insurance accrual account, operations and maintenance reserve account, major maintenance reserve account, tax reserve account, dollar debt payment account, rupee debt payment account, rupee debt service reserve account, dollar debt service reserve account, rupee compensation account, the dollar compensation account, the disputes reserve account, the enforcement proceeds account, the distribution holdings account and the distribution account with the Account Bank (being ICICI Bank Limited).

All the revenue received by our Company including interest from our investments is to be deposited in the Revenue Account. Our Company is then to issue instructions to the Account Bank to transfer money into other accounts such as the operations and maintenance account, the insurance accrual account, tax reserve account as may be required to make various payments required to made by our Company. The Account Bank is to transfer the amounts as instructed by our Company, in the order of priority as laid down in the agreement, till the occurrence of a default under any of the loan agreements. After the all monthly payments have been made, the balance in the revenue account may be transferred to the distribution holding account. Upon satisfaction of certain conditions including maintaining a required debt service coverage ratio, balance in the distribution holding account may be transferred to the distribution account.

Security details

Our Company has furnished various securities for the repayment of the above facilities along with interest and other charges by executing various documents (Security Documents).

Primary Security

Security, on a pari passu basis, for the repayment of the above facilities together with interest and other monies payable:

i) First priority continuing security on all rights, title, interests and benefits, in all and singular, in respect to land measuring 600 square yards or 501.60 square meters situated at village Devghar, taluka Mawal, district Pune, State of Maharashtra;

ii) First priority continuing security on all rights, title, interests and benefits in all and singular, with respect to our Company's plant and machinery, whether immovable or moveable, and all tangible and intangible moveable assets, including properties both present and future (other than the general assets);

iii) First priority continuing security on all rights, title, interests, benefits, claims and demands, whatsoever, of our Company, with respect to the project documents and the clearances to the extent capable of assignment;

iv) First priority continuing security on all rights, title, interests, benefits, claims and demands whatsoever of our Company with respect to the insurance contracts, both present and future, and all rights, claims and benefits to all monies receivable thereunder and all other claims thereunder in respect of all properties of the above description both, present and future;

v) First priority continuing security on all rights, title, interests, benefits, claims and demands, whatsoever of our Company with respect to the accounts (other than the Distribution Account, as defined in the Trust and Retention Account Agreement and retention of all sums thereunder together with investments permitted under the financing documents;

vi) First priority continuing security on all amounts owed to, and received by, our Company and all rights, title, interests, benefits, claims and demands, whatsoever of our Company with respect to all amounts owed to, and received by, our Company, both present and future, including but not limited to our Company's uncalled capital excluding the Distribution Account;

vii) First priority continuing security on all rights, title, interests, claims and benefits in all the other assets of our Company located in the State of Maharashtra, both present and future, including our Company's cash in hand, all its investments, the distribution accounts and all funds maintained and monies, securities, instruments, investments and properties which are currently owned by our Company or will be acquired in future (referred to as general assets);

viii) Mortgage and charge over title deeds relating to the immovable properties on land measuring 21.119 hectares leased by our Company, which is owned by the Government of Uttarakhand (formerly known as Uttaranchal) situated at various villages of district Chamoli, Uttarakhand.

Collateral Security:

In addition to the above primary security, 247,200,000 Equity Shares held by our Promoter, Jaiprakash Associates Limited, are currently pledged as collateral security for the above facilities. The material terms of the said pledge of shares are as below:

Particulars	
Agreements	Pledge Agreements dated June 24, 2005, March 25, 2003 and May 16, 2002.
Parties to the Agreements	Jaiprakash Associates Limited and IDBI Trusteeship Services Limited and Jaiprakash Power Ventures Limited.
Security Provided	Pledge of 429,000,000 Equity Shares of which 181,800,000 Equity Shares have been subsequently de-pleged.
Definition of the term "Collateral"	**'Collateral'** has been defined as: (i) The pledged shares; (ii) The pledgor's depository accounts; and (iii) All instruments, records, forms, confirmations, consents, approvals, agreements, writings, power of attorney, deeds and documents in connection with the pledgor's depository accounts, at any time, together with all rights in connection therewith or accruing thereto and proceeds arising therefrom from time to time including (but not limited to) any distributions received / to be received and moneys, including but not limited to: (a) Dividends paid or payable other than in cash in respect of, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for any pledged shares; (b) Dividends and other distributions paid or payable in cash in respect of or in connection with any liquidation or dissolution or in connection with a reduction of capital; and (c) Cash paid, payable or otherwise distributed in respect of buy-back of, or in exchange for, any pledged shares at any time held by the Security Trustee and the Debenture Trustee in accordance with the pledge agreement.
Restrictive covenants and other clauses	Our Promoter is under to the following obligations: 1. Not to create or attempt to create or permit to arise or exist any lien or charge of any kind whatsoever over all or any part of the Collateral or any Security Interest therein or otherwise assign, transfer, deal with or dispose of all or any part of the Collateral. 2. Not to grant in favour of any other person any interest in or option or other rights in respect of any of the pledged shares and procure that our Company shall not issue or resolve or agree to issue or grant any option or other right to acquire any pledged shares to any person. 3. To remain the sole legal and beneficial owner at all times of the pledged shares except on a sale by the Security Trustee and the Debenture Trustee of the pledged shares. 4. Take all actions necessary to ensure that our Company does not amend or vary its authorised or issued share capital except as permitted by the

Particulars	
	financing documents. 5. Cause our Company not to issue any stock or other securities of any class, series or preference in substitution or replacement for the pledged shares. 6. To deliver to the Security Trustee and the Debenture Trustee any payments or accretions in respect of or relating to the pledged shares Our Company is under the following obligations: 1. Not to register a transfer of Equity Shares held by our Promoter unless the proposed transferee executes a novation deed. 2. Not to register a transfer of pledged shares. 3. Not to agree to amend or vary its authorised or issued share capital nor make any amendment, waiver, supplement, cancellation or termination of any shareholders agreement or its Memorandum or Articles of Association or similar constitutional documents or waive any default or breach thereof. 4. Not to issue physical share certificates or any shares or other securities of any class, series or preference in substitution and/or in respect of the pledged shares except with the prior written consent of the Security Trustee and the Debenture Trustee.

Guarantee:

1. Corporate Guarantee of Jaiprakash Associates Limited (formerly Jaiprakash Industries Limited) dated May 16, 2002, in favour of Punjab National Bank

2. Corporate Guarantee of Jaiprakash Associates Limited (formerly Jaiprakash Industries Limited) dated May 16, 2002, in favour of Power Finance Corporation

Restrictive Covenants

The various loan agreements executed by our Company for availing the above facilities contain certain covenants requiring our Company to take prior approval of our lenders and restricting us from taking certain actions. Such covenants in our loan agreements are summarised below:

1) Our Company shall not contract, create, incur, assume or suffer to exist any indebtedness except as permitted under Financing Documents;

2) Our Company shall not make payments that are restricted under the Financing Documents;

3) Our Company shall not carry on any business or activity other than in connection with the completion or operation of the Vishnuprayag plant, set up any subsidiaries, issue any guarantee or revalue the assets and properties;

4) Our Company shall not undertake any new project or expansion;

5) Our Company shall not wind up, liquidate or dissolve its affairs, enter into any transactions of merger, consolidation, amalgamation or re-organization, convey, sell, lease, let or otherwise dispose of all or any part of the property, purchase or acquire any part of the property or assets;

6) Our Company shall not enter into any additional contracts or enter into any partnership, profit sharing, or royalty agreement or other similar arrangement whereby our Company's income or profits are or will be shared with any other person or whereby its business or operations are managed by any other person;

7) Our Company will not modify or amend its Memorandum and Articles of Association or change its fiscal year;

8) Our Company shall not and shall not agree to incur, create, assume or suffer to exist any interest or encumbrance upon or with respect to any property, revenues or assets of our Company;

9) Our Company will not enter into any agreement or arrangement to acquire or make available by lease the use of property or equipment of any kind;

10) Our Company shall not lend money or credit or make deposits with or advances to any person or purchase or acquire any stock, share obligations or securities or acquire any assets or any capital contribution;

11) Our Company shall not enter into any transactions with any person other than as contemplated in the Transaction Documents or establish any sole and exclusive purchasing or sales agency or enter into any transaction whereby our Company might receive less than the full commercial price for electricity, or pay more than the commercial price for products which belong to third parities;

12) Our Company shall not be paid any commission on the occurrence of an event that constitutes a default or a potential default under the Financing Documents;

13) Our Company shall not issue any shares other than fully paid up shares;

14) Our Company shall not operate and maintain the Vishnuprayag plant in any manner that would pose a hazard to the environment, health or safety or would breach its obligations under any document relating to the Vishnuprayag plant;

15) Our Company shall not give its approval to the identity of the issuer of the letter of credit under the Final Power Purchase Agreement without prior written consent of the Facility Agent;

16) Our Company will not, without the prior written approval of the lenders, defer or postpone the performance in any operating year of any major maintenance contemplated to be performed in such operating year;

17) Our Company shall not agree, authorize or otherwise consent to any proposed settlement, resolution or compromise of any litigation, arbitration or other dispute with any person without the prior written authorization of the Lenders if such proposed settlement, resolution or compromise could reasonably be expected to constitute a material adverse effect;

18) Our Company shall not issue equity or preference capital, any securities convertible into or exchangeable for its equity or preference capital and any rights to subscriber for to purchase or any option for the purchase of, or any arrangements, agreements or understandings providing for the issuance of, or any calls, commitments or claims of any characters relating to its equity or preference capital;

19) Our Company shall not pay commission to affiliated shareholders, Directors, managers or other affiliates in connection with any such person furnishing any guarantee, counter guarantee or indemnity on behalf of our Company or for any liability relating to or for purposes of the Vishnuprayag plant.

20) Our Company shall not use, maintain, operate, occupy or grant any rights in respect of the use, maintenance, operation or occupancy of any portion of the Vishnuprayag plant.

21) Our Company shall not make or agree to amend or make any amendment of, or grant any waiver in respect of, modify any provision or grant any waiver of the transaction documents, terminate or assign or dispose of any of the interests under the documents relating to the Vishuprayag plant and the Financing Documents;

22) Our Company shall during the availability period, if required by ICICI Bank Limited, hedge the foreign exchange risk to the satisfaction of ICICI Bank Limited;

23) Our Company has covenanted with the Debenture Trustee that during the continuance of the debentures, without the prior written approval of the Debenture Trustee, our Company shall not pull down or remove any building or structure (except any temporary structure) on the lands that are subject to a security interest under the Security Documents or the fixed plant or machinery or any fixtures or fittings annexed to the same or any of them except in the ordinary course of repair and maintenance or improvement or replacement or otherwise in the course of and for the purposes of carrying on the business of our Company and our Company will in such case forthwith restore or procure to be restored such building, structure, plant, machinery, fixtures or fittings as the case may be, or replace the same or procure the same to be replaced by others of a similar nature and of at least equal value.

24) Our Company shall not terminate any project document or replace or consent to the replacement of any material project participant where any material project participant has failed to perform its obligations under any project document and our Company is then entitled to terminate such project document.

Each time we undertake or propose to undertake such restricted activities, we will be required to obtain specific consents of our Lenders for such activity. We have obtained approvals/NOCs from our Lenders for the Issue, as under:

Sr. No.	Name of Lender/ Financial Institutions	Date of Approval/ NOC
1.	ICICI Bank Limited	December 20, 2007
2.	Industrial Development Bank of India Limited	December 24, 2007
3.	Power Finance Corporation Limited	January 1, 2008
4.	Rural Electrification Corporation Limited	December 19, 2007
5.	Life Insurance Corporation of India	December 28, 2007
6.	Punjab National Bank	December 27, 2007

The said approvals/NOCs are subject to certain conditions as under:

Industrial Development Bank of India (IDBI)

a) The cash flows of our Company currently earmarked for servicing of debt are not to be altered either for taking up the proposed investment or for servicing any other debt obligations.

b) Our Company is to seek approval for undertaking various projects.

c) The entire shareholding of JAL in our Company is to be pledged other than the part required to be kept unencumbered as per SEBI Guidelines.

d) JAL/our Company would execute an undertaking that shares which are to be kept unencumbered would not be disposed off without prior approval of lenders and would be re-pledged after the lock-in is lifted, depending upon the value of the security at the time of lifting of the lock-in.

e) JAL/our Company would execute an undertaking that in the event of a fall in the value of security post the Issue, JAL/our Company shall top-up the security to the satisfaction of IDBI.

f) Conditions imposed by the other lenders shall also be applicable to the approval granted by IDBI.

Rural Electrification Corporation Limited

a) JAL is required to give an undertaking for non-disposal of shares under lock-in as per the SEBI Guidelines during the currency of the loan.

b) JPVL is required to execute necessary documentation regarding securitization.

c) The entire revenue from the Vishnuprayag plant is to continue to be credited in the Trust and Retention Account and surplus cash available for payment of dividend may be utilised for implementing other projects.

d) JAL is required to give an undertaking that the value of 247.2 million shares of our Company held by JAL shall not be less than Rs. 4,290 million.

Life Insurance Corporation of India (LIC)

a) The cash flows of our Company currently earmarked for servicing of debt are not to be altered either for taking up the proposed investment or for servicing any other debt obligations.

b) Our Company is to seek approval for undertaking various projects.

c) JAL is required to give an undertaking for non-disposal of shares under lock-in as per the SEBI Guidelines during the currency of debentures held by LIC.

d) JAL/our Company would execute an undertaking that in the event of a fall in the value of security post the Issue, JAL/our Company shall top-up the security to the satisfaction of LIC.

e) Conditions imposed by the other lenders shall also be applicable to the approval granted by LIC.

Punjab National Bank

a) Subject to similar approvals from other lenders.

b) JAL is required to give a non-disposal undertaking for 20% of the post Issue capital after the lock-in is lifted.

Power Finance Corporation Limited

a) Subject to similar approvals from other lenders.

b) JAL is required to give a non-disposal undertaking for 20% of the post Issue capital after the lock-in is lifted without the prior approval of the project lenders.

Unsecured Loans

The Amended Implementation Agreement dated March 22, 2003 for the implementation of the Vishnuprayag plant provides that our Company is required to pay the Government of Uttar Pradesh or Government of Uttarakhand (formerly known as Uttaranchal), as may be mutually decided between them, Rs. 250 million for costs incurred by the Government of Uttar Pradesh towards the Vishnuprayag plant. This amount is to be repaid in five equal instalments of Rs. 50 million each. The first instalment was due after one (1) year of commissioning of the Vishnuprayag plant. As the Vishnuprayag plant commissioned on October 13, 2006, the initial amount of Rs. 50 million was due on October 14, 2007. Our Company pursuant to its letter dated July 18, 2007 requested the Government of Uttar Pradesh and the Government of Uttarakhand to decide the entity to which the amount is to be paid and communicate such decision to our Company. The Secretary (Energy Division), Uttar Pradesh by a letter dated October 11, 2007 has stated that our Company would be informed once the decision is reached in this regard.

Facilities in relation to our Nigrie Thermal project

We have received the letter of intent from ICICI Bank Limited dated December 26, 2007 for an amout of Rs. 35,000 million by way of a rupee term loan. We have accepted the same vide a resolution of our Finance Committee dated December 27, 2007. ICICI Bank vide letter dated January 3, 2008 has communicated that the financial assistance has become effective. Under the terms of the letter of intent, we are required to enter into an agreement within 45 days of the same. We have not yet entered into the said agreement.

Security

The security to be furnished for the above facility, as per the letter of intent dated December 26, 2007 is as under:

i) First mortgage/hypothecation and charge on all the immovable and movable properties relating to our Nigrie Thermal Project, both present and future.

ii) Security interest by way of first mortgage/hypothecation/assignment of all rights, titles, permits, approvals, interest and agreements of our Company in relation to our Nigrie Thermal project.

iii) Security interest by way of first mortgage/hypothecation/assignment of all contractor guarantees, performance bonds and any letter of credit in relation to the project which any party may provide.

iv) First priority continuing security on all insurance policies taken by our Company in respect of the project related assets.

v) First priority continuing security on all the bank accounts in relation to the project, which shall include but not be limited to the Trust and Retention Account (s).

The aforesaid Security will rank pari-passu with all security created or to be created in favor of the lenders and working capital lenders to the extent permitted by ICICI Bank.

Special Conditions

The following conditions are to be satisfied prior for the assistance to be effective:

i) Agree to amend the Memorandum and Articles of Association of our Company for increasing the share capital, borrowing power and incorporate any other change, as may be deemed necessary.

ii) Transfer all approvals, clearances, consents in relation to our Nigrie Thermal project received by any other party, if any, to our Company.

Prior to the first disbursement, our Company is to satisfy, *inter alia*, the following conditions:

i) Ensure that at least 25% of the equity shall be brought in upfront.

ii) Raise the entire equity required in relation to the Nigrie Thermal project and earmark the same towards the Nigrie Thermal project equity in a form and manner satisfactory to the ICICI Bank.

iii) Provide a non-disposal arrangement over 30% of its total issued share capital, which shall rank *pari passu* with other existing lenders of our Company.

iv) The debt to equity ratio shall not exceed 70:30 for our Nigrie Thermal project.

v) Our Company is to tie up of at least 50% of the energy generation by way of long-term arrangement by December 31, 2008.

vi) Ensure that after completion of our Nigrie Thermal project, the debt service coverage ratio computed in respect of the total debt shall be maintained above 1.20 times.

vii) Our Company shall agree that all interest under the facility and all other monies accruing due to ICICI Bank in respect of the facility shall, in case the same is not paid on the respective due dates, carry further interest at the maximum lending rate or at the applicable rate in respect of the facility, whichever is higher.

We have accepted the same vide a resolution of our Finance Committee dated December 27, 2007, and ICICI Bank Limited vide its letter dated January 3, 2008, has agreed that the said financial assistance has become effective.

Facilities in relation to the Karcham-Wangtoo project

Secured Loans

JKHCL has entered into agreements for rupee term loans from various banks and financial institutions for part-financing the Karcham-Wangtoo project as given below:

Name of the Bank	Rupee Term Loan (Rs. in millions)
ICICI Bank Limited	7,000
Rural Electrification Corporation Limited	7,500
Punjab National Bank	7,000
Indian Bank	4,000
Allahabad Bank	4,000
Central Bank of India	2,700
Industrial Development Bank of India Limited	1,500
Small Industries Development Bank of India	1,500
Union Bank of India	1,000
Bank of India	2,000
Jammu and Kashmir Bank Limited	1,000
Total	**39,200**

As on November 30, 2007, JKHCL's outstanding rupee term loan was Rs. 4,826.9 million. The various securities, on a *pari passu* basis, for the repayment of the rupee term loans, together with interest and other monies payable are:

i) First priority continuing security on all the rights, title, interest and benefits of JKHCL in respect of the property situated and lying at Vadgaon, taluka Mawal, district Pune, Maharashtra.

ii) First priority continuing security on all rights, title, interest and benefits of JKHCL in all the plant and machinery, whether immovable or movable, as also all tangible and intangible moveable assets (both present and future) and all estate, right, title, interest, property, claims and demands whatsoever of JKHCL and shall include all properties whether presently in existence constructed or acquired hereafter.

iii) First priority continuing security on all rights, title, interest, benefits, claims and demands whatsoever of JKHCL, in, to, under and/or in respect of the Karcham-Wangtoo project documents, the Share Retention and Financial Support Agreement and the clearances to the extent capable of assignment hereto, whether presently in existence or acquired hereafter.

iv) First priority continuing security on all the rights, title, interest, benefits, claims and demands whatsoever of JKHCL in, to, under and/or in respect of the insurance contracts both present and future and all rights, claims and benefits to all monies receivable thereunder and all other claims which shall include all properties of the whether presently in existence or acquired hereafter.

v) First priority continuing security on all rights, title, interest, benefits, claims and demands whatsoever of JKHCL in, to, under and in respect of the accounts other than the distribution account as defined in the Trust and Retention Account Agreement together with investments permitted under the various loan documents, including cash flows and receivables from the Karcham-Wangtoo project, whether presently in existence or acquired hereafter.

vi) First priority continuing security on all amounts owing to, and received by, JKHCL and all rights, title, interest, benefits, claims and demands whatsoever of JKHCL in, to or in respect of all amounts owing to and received by JKHCL, both present and future, including but not limited to JKHCL's uncalled capital and excluding the distribution account, all properties whether in existence or acquired hereafter.

vii) First priority continuing security on all rights, title, interest, benefits, claims and demands of JKHCL whatsoever in all JKHCL's present and future stock in trade, book debts, outstandings, monies receivable, claims, bills, contracts, engagements, securities which are now due and owing

or which may at any time hereafter become due and owing or which may at any time hereafter, become due and owing to JKHCL in the course of its business from any person.

viii) First priority continuing security on all rights, title, interest, claims and benefits in all the other assets of JKHCL, both present and future, including the cash in hand, all investments of JKHCL and also including but without limitation, JKHCL's right, title and interest in the undertakings of JKHCL and the distribution account, securities, instruments, investments and other property deposited in, credited to, or required to be deposited or to be credited thereto, collectively known as "General Assets". The charge created over the General Assets shall rank as a floating charge and shall not hinder JKHCL from selling, leasing or otherwise disposing of the same or any part thereof in ordinary course of our business and in each case subject to and only expressly permitted by the financing documents.

Further to the above securities, 225,000,000 equity shares of JKHCL held by JAL have been pledged as collateral security for the above facilities.

Share Retention and Financial Support Agreement

By the Share Retention and Financial Support Agreement entered into by our Promoter JAL, ICICI Bank Limited and JKHCL, in respect of loans availed by JKHCL for the Karcham-Wangtoo project, it has undertaken an equity commitment of Rs. 16,800 million. JAL has already subscribed to Rs. 7,500 million as equity in JKHCL. The balance amount of Rs. 9,300 million is proposed to be subscribed by our Company as one of the Objects of the Issue. The financing documents relating to the loans availed by JKHCL for the Karcham-Wangtoo project currently refer to JAL as the "Sponsor", and the process of amendment of the definition of "Sponsor" to include our Company is under progress. Under the financing agreements the "Sponsor" has sole management control of the Board and shareholding of JKHCL, including the right to appoint the majority of the directors and determine the terms of such appointment, manage day to day operations of JKHCL and propose and accept the annual budgets of JKHCL. The lenders of JKHCL, at a meeting held on December 12, 2007 have agreed to this change in the financing documents of JKHCL. However, pending formal amendments to the financing documents of JKHCL, JKHCL's lenders have issued approvals for the same as under:

Name of the Bank	Date of Approval
ICICI Bank Limited	December 12, 2007
Rural Electrification Corporation Limited	December 26, 2007
Punjab National Bank	December 19, 2007
Indian Bank	December 19, 2007
Allahabad Bank	December 17, 2007
Central Bank of India	December 18, 2007
Industrial Development Bank of India Limited	December 18, 2007
Small Industries Development Bank of India	December 19, 2007
Union Bank of India	January 7, 2008
Bank of India	December 27, 2007
Jammu and Kashmir Bank Limited	December 20, 2007

The equity held by JAL, and the equity proposed to be subscribed for by our Company (our Company and JAL together referred to as "Sponsors") are subject to certain restrictions under the said Share Retention and Financial Support Agreement. The restrictions are:

(i) Until the expiry of two (2) years from the date of final completion (the date on which the Karcham-Wangtoo project becomes operational and other formalities mentioned in the agreement are completed), the Sponsors shall solely hold, maintain, own (legally and beneficially) and control shares of JKHCL constituting a minimum of 76% of the total issued and paid up equity share capital of JKHCL.

(ii) Until the final settlement date (date on which all the loans are satisfied), the Sponsors shall not transfer any shares held by it to any affiliate of JKHCL or the Sponsors except with the prior consent of the lenders.

(iii) During the period commencing from the end of two (2) years after final completion and ending on the final settlement date (date on which all the loans are satisfied), the Sponsors shall solely hold, maintain, own (legally and beneficially) and control, shares of JKHCL constituting a minimum of 51% of the total issued and paid up share capital of JKHCL.

Restrictive Covenants

The various loan agreements executed by JKHCL for availing the above facilities contain certain covenants requiring JKHCL to take prior approval of its lenders and restricting it from taking certain actions. Certain covenants in JKHCL's loan agreements are summarised below:

1) JKHCL shall not contract, create, incur, assume or suffer to exist any indebtedness except as permitted under Financing Documents;

2) JKHCL shall not make payments that are restricted under the Financing Documents;

3) JKHCL shall not undertake any new project or expansion;

4) JKHCL shall not wind up, liquidate or dissolve its affairs, enter into any transactions of merger, consolidation, amalgamation or re-organization, convey, sell, lease, let or otherwise dispose of all or any part of the property, purchase or acquire any part of the property or assets;

5) JKHCL will not modify or amend its Memorandum and Articles of Association or change its fiscal year;

6) JKHCL shall not and shall not agree to incur, create, assume or suffer to exist any interest or encumbrance upon or with respect to its property, revenues or assets;

7) JKHCL will not enter into any agreement or arrangement to acquire or make available by lease the use of property or equipment of any kind;

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial position. Our Company has no stated dividend policy.

The dividend declared by our Company since commencement of commercial operations is as provided herein:

	Fiscal 2007	Fiscal 2008 (Interim)
Face Value Per share	10	10
Dividend (Rs. Million)	35.63	61.08
Dividend per equity share (Rs.)	0.7	1.20
Dividend rate (% to paid up capital)	7%	12%

Dividends paid in the past are not necessarily indicative of the dividends, if any, which may be paid in the future.

SECTION VII - LEGAL AND REGULATORY INFORMATION

OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

Except as stated below, there are no outstanding litigations, suits, civil or criminal prosecutions, proceedings before any judicial, quasi-judicial, arbitral or administrative tribunals, including pending proceedings for violation of statutory regulations or alleging criminal or economic offences or tax liabilities against our Company, our Promoter, our Directors, our Promoter Group Companies that would have a material adverse effect on our business and there are no defaults, non-payments or overdue of statutory dues, institutional / bank dues and dues payable to holders of debentures or fixed deposits and arrears of cumulative preference shares that would have a material adverse effect on our business.

Further, except as stated below, our Company, our Directors, our Promoter and Promoter Group Companies have not been declared as willful defaulters by the Reserve Bank of India, have not been debarred from dealing in securities and/or accessing capital markets by SEBI and no disciplinary action has been taken against them by SEBI or any stock exchanges.

Litigation involving our Company and our Directors have been stated individually hereunder, as also the litigations against JKHCL, which is proposed to become our subsidiary after the Issue, through equity investment from the Issue proceeds. However, the details of outstanding litigations, etc., against our Promoter, JAL and our Promoter Group Companies (other than JKHCL) have been aggregated in certain instances. All matters involving adverse financial implication of Rs. 10 million and above have been stated individually in each case.

Contingent Liabilities

Sr. No.	Particulars	For the half year ended September 30, 2007	For the year ended March 31, 2007
		Amount (Rs. in million)	Amount (Rs. in million)
1.	Claims not acknowledged as debts	Nil	Nil
2.	Outstanding Bank Guarantees	37.39	37.39
3.	Outstanding amount of Letter of Credits	72.48	340.07
4.	Value of Capital Contracts remaining to be executed (Net of Advance)	75.31	165.10
	Total	**185.18**	**542.56**

Outstanding litigation of our Company

Cases filed by the Company

Civil Cases

There is one appeal being appeal No. 9/2006 pending before the District Judge, Gopeshwar filed jointly by our Company and JAL. The appeal has been filed for challenging the decision of the Civil Judge Senior Division of District Chamoli in suit no. 32/2002 filed by Mr. Bhrighuvanshcharya Chela Prapanna against our Company and JAL wherein the Civil Judge Senior Division had declared the sale of plot nos. 797 and 798 in village Chai, District Chamoli, valued at Rs. 0.09 million, in favour of our Company and JAL to be null and void.

PART 2 – LITIGATIONS AGAINST OUR DIRECTORS

There is no litigation pending against any Director of our Company, except the following.

1. Litigations pending against Mr. Sunil Kumar Sharma

   There is one appeal being criminal appeal no. 349/2002 pending before the High Court of Himachal Pradesh at Shimla filed by the State of Himachal Pradesh against Mr. Gurmit Singh and others *inter alia* challenging the acquittal of nine accused persons including Mr. Sunil Kumar Sharma under

sections 407, 420, 120B, 34 of the Indian Penal Code (IPC). The said appeal is pending for arguments. The next date is not yet fixed.

2. Litigations pending against Mr. Jaiprakash Gaur

- A shareholder had alleged that one corporate shareholder of Jaiprakash Industries Limited (since merged with Jaypee Cement Limited to form JAL) acting in concert with Mr. Jaiprakash Gaur, had between the period of August, 1999 and September, 1999, purchased shares of JIL without complying with the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. On the basis of the said allegation, SEBI sought information from Mr. Jaiprakash Gaur and JIL which was furnished to SEBI. The show cause notices bearing nos. TO/AS/12763/02 dated July 11, 2002 and TO/AS/12481/03 dated June 27, 2003, addressed by SEBI to Mr. Jaiprakash Gaur were duly replied to by him. A personal hearing was also held by SEBI in February, 2004, where Mr. Jaiprakash Gaur submitted that he had not acted in concert with any corporate shareholder of JIL, as alleged. Since the said hearing, neither Mr. Jaiprakash Gaur nor JIL have heard anything from SEBI.

- A suit being suit no. CS/623/06 by JIL (now JAL) against Twenty First Century Securities Limited and others, relating to fake shares of JIL (now JAL) pledged with Twenty First Century Securities Limited, was originally filed before the High Court at Delhi, and the High Court at Delhi had granted interim injunction sought for by JIL (now JAL) for restraining Twenty First Century Securities Limited from further dealing with the said fake shares. Subsequently, this case was transferred to the Tis Hazari Court. Thereafter, another case being case no. 543/1999 connected with the fake shares of formerly known as JIL (now JAL) has been filed before the Court of Chief Metropolitan Magistrate at Kolkata by Twenty First Century Securities Limited, making, inter alia, Mr. Jaiprakash Gaur, as a party. In an Appeal No. CRR/12/2000 filed by Mr. Jaiprakash Gaur before the High Court at Kolkata, vide its order dated January 5, 2000 the proceedings against Mr. Jaiprakash Gaur were stayed. The said cases are pending.

- There is one case being case no. 149/05/WCA pending before the Commissioner for Workmen's Compensation, Labour Court, Rewa by Mr. Santosh Kumar against Mr. Jaiprakash Gaur, Director of JPVL, and others for compensation of Rs. 0.53 million towards permanent disability resulting from his accident at JAL during his employment with JAL. Since the applicant is insured under the Workmen's Compensation Policy through M/s Oriental Insurance Company Limited, any financial liability arising from this case would be the liability of the insurance company.

3. In addition to the aforesaid the name of two of our Directors, namely Mr. Gopi Krishna Arora and Mr. Dharmendar Nath Davar appears on the defaulters list of the RBI. Mr. Gopi Krishna Arora's name appears in respect of two companies, viz Shalimar Wire Industries Limited and Koshika Telecom Limited. He has resigned as Director from both these companies, and in case of Shalimar Wires Industries Limited, has resigned with effect from October 19, 2004. Mr Dharmendar Nath Davar's name appears in respect of two companies, viz. IFB Finance Limited and Vishwas Steels Limited. He has tendered his resignation from both these companies with effect from May 7, 2005 and April 15, 2000 respectively.

PART 3 – LITIGATIONS IN RELATION TO PROMOTER - JAIPRAKASH ASSOCIATES LIMITED (JAL)

Outstanding Litigation of JAL

A 1. Head Office

Cases filed by JAL

Land Dispute Claims

1. There is one special leave petition (civil) being SLP No. 23448/2007 filed before the Supreme Court of India against the Delhi Development Authority (DDA) challenging the order dated August 16, 2007 in Letters Patent Appeal No. 252 of 2003 passed by the High Court at Delhi and notice of intention of demand of Rs. 21.36 million towards 50% of unearned increase in value of land in respect of JA House, New Delhi as on the date of amalgamation of JAL (formerly known as Jaiprakash Associates Private Limited) with erstwhile Jaypee

Rewa Cements Limited. JAL has filed its response stating that the amalgamation of companies under sections 391/394 of the Act is a case of succession and not a case of transfer/sale/mortgage, and, therefore, there is no question of payment of unearned increase to DDA. The case is pending.

Tax Cases

2. There is one income tax appeal being appeal no. 14/ACIT/R-I/ Lucknow in respect of assessment year 1997-1998, pending before the Commissioner of Income Tax (Appeals) – III, Lucknow, in relation to disallowance made in assessment under section 143(3) of the IT ACT by the Assistant Commissioner of Income Tax, Range I, Lucknow. The amount involved is Rs. 128.1 million. The assessed income of JAL for the relevant assessment year is a loss.

3. There is one income tax appeal being appeal no. 13/DCSR – III/ Lucknow in respect of assessment year 1998-1999, pending before the Commissioner of Income Tax (Appeals) – III, Lucknow, in relation to disallowance made in assessment under section 143(3) of the IT Act by the Assistant Commissioner of Income Tax, Range I, Lucknow The amount involved is Rs. 25.9 million. The assessed income of JAL for the relevant assessment year is a loss.

4. There are two income tax appeals in respect of assessment years 2000-2001 and 2002-03, pending before the Commissioner of Income Tax (Appeals) – III, Lucknow, in relation to disallowance made in assessment under section 143(3) of the IT Act by the Assistant Commissioner of Income Tax, Range I, Lucknow. The total amount involved in these two appeals is Rs. 9.26 million.

5. There is one income tax appeal being appeal no. 178/04-05/New Delhi filed by erstwhile Jaypee Greens Limited (now JAL) against the Deputy Commissioner of Income Tax, Circle – 4(1), New Delhi pending before the Commissioner of Income Tax (Appeals) – VII, New Delhi in relation to disallowance made in assessment under section 143(3) of the IT Act in respect of the assessment of JAL for the assessment year 2002 - 03. The amount involved is Rs. 34.74 million. The assessed income of JAL for the relevant assessment year is a loss.

6. There is one income tax appeal being appeal no. 74/05-06 filed by erstwhile Jaypee Greens Limited (now JAL) against the Deputy Commissioner of Income Tax, Circle – 4(1), New Delhi pending before the Commissioner of Income Tax (Appeals) – VII of New Delhi in relation to disallowance made in assessment under section 143(3) of the IT Act in respect of the assessment of JAL for the year 2003 - 04. The amount involved is Rs. 19.42 million. The assessed income of JAL for the relevant assessment year is a loss.

7. There is one income tax appeal being appeal no. 4/07-08 filed by erstwhile Jaypee Greens Limited (now JAL) against the Deputy Commissioner of Income Tax, Circle – 4(1), New Delhi pending before the Commissioner of Income Tax (Appeals) – VII of New Delhi in relation to disallowance made in assessment under section 143(3) of the IT Act in respect of the assessment of JAL for the year 2005 - 06. The amount involved is Rs. 28 million. The assessed income of JAL for the relevant assessment year is a loss.

Criminal Cases

8. There are two cases pending before Metropolitan Magistrate III, Patiala House Court, Delhi against NRI Leadbank and others under Negotiable Instruments Act, 1881 for dishonour of cheques aggregating Rs.2.5 million.

Debt Recovery Tribunal Cases

9. JAL had made a bid for the assets of Malvika Steel Limited under the provisions of Recovery of Debts Due to Banks and Financial Institution Act, 1993. The bids were opened on May 29, 2007 and the bid of JAL of Rs. 2070 million was found to be the only valid bid. On June 26, 2007, the Sale Committee of the Debt Recovery Tribunal (DRT) declared JAL as the highest bidder. The DRT issued a sale confirmation letter and sale certificate on August 1, 2007 and possession of the assets was taken on August 2, 2007. However, the other bidder, Steel Authority of India has filed an appeal being appeal no. 16 of 2007 before the Presiding Officer of the DRT. Vide its order dated August 6, 2007, the DRT ordered that status quo to be maintained by the parties.

JAL has filed an appeal being appeal no. 186 of 2007 before Debt Recovery Appellate Tribunal against the order of DRT and the matter is sub-judice.

10. There is one appeal being appeal no. 250 of 2007 pending before the Debt Recovery Appellate Tribunal filed by one Mr. Vinay Rai against Industrial Finance Corporation of India and others (including JAL) challenging the order passed by DRT in an application filed by him to implead him as applicant in Appeal No. 16 of 2007. For details of dispute, please refer case no. 9 above

Miscellaneous Cases

11. There is one writ petition being special civil application no. 6091/2007 pending before the High Court of Gujarat against the State of Gujarat through Under Secretary (Revenue Department) and Chief Controlling Revenue Authority to quash and set aside the impugned show cause notices dated January 5, 2007 and January 25, 2007 and to stay the further proceedings pending before the Chief Controlling Revenue Authority with regard to the instrument adjudicated and certified by the Collector bearing endorsement No. 95(ADJ)(32) of 2000 pertaining to registration of debenture trust deed registered under no. 376 on February 25, 2000 and adjudicated by the Collector and Additional Superintendent of Stamps vide certificate dated February 25, 2000 and from re-adjudicating the said instrument and for quashing the show cause notice issued by the Chief Controlling Revenue Authority. The High Court vide interim order dated March 16, 2007 admitted the writ petition and granted stay in favour of JAL. The amount involved is Rs. 4.99 million.

12. A suit being suit no. CS/623/06 by JIL (now JAL) against Twenty First Century Securities Limited and others, relating to fake shares of JIL (now JAL) pledged with Twenty First Century Securities Limited, was originally filed before the High Court at Delhi, and the High Court at Delhi had granted interim injunction sought for by JIL (now JAL) for restraining Twenty First Century Securities Limited from further dealing with the said fake shares. Subsequently, this case was transferred to the Tis Hazari Court. For details of disputes, please refer chapter "PART 2 – LITIGATIONS AGAINST OUR DIRECTORS" hereinabove.

Cases filed against JAL

Cases concerning Shares of erstwhile JIL (now JAL)

13. There are one hundred eighty four (184) cases filed, *inter alia*, for reliefs of injunction restraining transfer of lost/stolen /misplaced shares and for issuance of duplicate shares. These cases are pending before various courts and forums including the City Civil Courts/ Munsif Court/Company Law Board/High Court of Mumbai, Kolkata, Kanpur, Delhi, Bangalore, Patiala, Nagpur, Baroda, Alipore, Darbhanga, Agra, Sri Ganga Nagar, Faridabad, Indore, Saharanpur, Jodhpur, Jaunpur, Patna, Chennai, Dehradun, Nagina, Moradabad, Mangalore, Nainital, Sealdah, Mysore, Rajkot, Meerut, Varanasi, Ernakulam, Vadodara, Siliguri, Ahmedabad, Eluru, Hyderabad, Bareilly, Ludhiana, Asansol, Thrissur, Sagar, Jaipur, Patiala, Allahabad, Aligarh, Howrah, Serampore, Midnapore, Faridabad, Jalna, Chinsurah, Nadia, Guwahati, Kolhapur, Chapra, Rewa, Chikmagalur, Naranul, Deoghar, Phul Bhatinda, Gurgaon and Saharanpur.

Consumer cases

14. There are fifty (50) cases filed in relation to disputes arising out of lost and misplaced shares, non-receipt of dividend and non-receipt of bonus shares. These cases are pending before various consumer courts including the Nellore, Lucknow, Kanpur, Allahabad, Kolkata, Delhi, Barsat, North 24 Paraganas, Navsari, Durg, Alipore, Darjeeling, Bangalore, Rewa, Guwahati, Nizamabad, Muzaffarnagar, Dehradun, Ajmer, Jaipur, Ludhiana, Adilabad, Indore, Bijnore, Baran, Chittorgarh, Sultanpur, Hyderabad, Bharatpur, Shahajanpur, Orai , Farukhabad and Vadodara.

Income Tax Cases

15. There is one income tax reference application filed by the Income Tax Department before the High Court of Allahabad challenging the order of the Income Tax Appellate Tribunal, Allahabad Bench, upholding the disallowance of Rs. 8.15 million under section 40 (a) (iii) of the IT Act. This reference pertains to the AY 1987-1988, and the total amount involved is approximately Rs. 5.00 million.

16. There is one income tax appeal being appeal no. 489/Lko/2005 filed by the Assistant Commissioner of Income Tax of the Central Circle III of Lucknow pending before the Income Tax Appellate Tribunal, Lucknow against the relief allowed by the Commissioner of Income Tax (Appeals) Kanpur in respect of the assessment of JAL in the AY 2001 – 02 and seeking to restore disallowances/effect additions to income for an amount aggregating approximately to Rs. 520 million.

Entry Tax cases

17. There are two special leave petitions being special leave petitions nos. 8487/2004 and 1532/2007 pending before the Supreme Court of India preferred by Government of Uttar Pradesh against the order of the High Court of Allahabad passed in favour of JAL, whereby the High Court had disallowed the imposition of Entry Tax on cement at 2% on the value of the goods with effect from May 16, 2003. The total amount of entry tax in dispute is Rs. 592.41 million as on November 30, 2007 and JAL has deposited Rs. 340.94 million under protest as well as indemnity bond for Rs. 99.80 and bank guarantee for Rs. 34.51 has been furnished.

MRTP Cases

18. There were two cases filed in the Monopolies and Restrictive Trade Practices Commission, New Delhi against Cement Manufacturers Association and others, where JAL is one of the respondents. The allegation in these cases is that cement companies have unreasonably increased the prices of cement through cartelisation between the period February, 1990 to August, 1990 (in the first case) and between the period July, 2000 to December, 2000 (in the second case). As regards the enquiry no. 99 of 1990, the MRTP commission has issued a 'cease and desist' order pronounced on December 19, 2007 against Cement Manufacturers Association and others including JAL. The other case being enquiry no. 21 of 2001 is currently pending.

19. There is one preliminary investigation notice dated November 30, 2007 under section 11(1) of the MRTP Act, 1969 issued by the Office of the Director General of Investigation and Registration, New Delhi to various cement manufacturers including JAL seeking information/documents relating to capacity utilization, price of cement and marketing arrangement during the period January 1, 2005 to December 31, 2006. JAL has submitted the information sought for by the Director General of Investigation and Registration, New Delhi.

20. One Mr. Ramesh Sahoo has filed a complaint under sections 13 (1) d read with 13(2) of Prevention of Corruption Act, 1988 as well as under sections 420, 467, 471 and 120 of IPC before the Special Judge (under the Prevention of Corruption Act), Bhopal against Mr. Shivraj Singh Chauhan and others including JAL. The Special Court by its order dated November 13, 2007 has ordered the Superintendent of Police to investigate the matter and to submit his report by December 14, 2007. The case is currently pending.

In addition to these cases, there are some cases filed against the JAL, which are already disclosed in the DRHP. For details of disputes, please refer chapter "PART 2 – LITIGATIONS AGAINST OUR DIRECTORS" hereinabove.

A 2. Jaypee Nagar

Cases filed by JAL

Sales Tax Cases

21. There is one writ petition being writ petition no. 3570/01 pending before the High Court of Madhya Pradesh at Jabalpur filed by JAL challenging the levy of charge under the Nikay Kar Act, 1997 which legislation was in force for the period May 1, 1997 to May 20, 1997. The said petition is pending. The amount involved in this petition is Rs. 0.59 million.

22. There are two writ petitions pending before the High Court of Madhya Pradesh at Jabalpur challenging the assessment orders imposing entry tax of Rs. 28.86 million and Rs. 1.70 million for the year 2001-02 one by Jaypee Rewa Plant and another one by Jaypee Bela Plant, on the basis of limestone consumption while manufacturing cement at 1:1.6 times instead of 1:1.45 times as claimed by JAL and increased total cost of limestone and increase in cost of mining etc. As per the Court's order while granting the stay in each of the petitions, Rs.15 million and Rs. 0.68 million respectively have been deposited by JAL.

23. There is one writ petition being writ petition no. 6362/2006 pending before the High Court of Madhya Pradesh at Jabalpur challenging the increase in rate of entry tax from 1% to 5% on raw material used for manufacture of cement stock. The amount involved is Rs. 86.31 million. The High Court has granted interim stay in favour of JAL.

24. There is one reference application being reference application no. 126-CT/03-ET pending before the Madhya Pradesh Commercial Taxes Tribunal, Bhopal filed by JAL for reference to the High Court of Madhya

Pradesh, Jabalpur. The application pertains to rejection of the refund application relating to Entry Tax paid by JAL. The amount involved in this application is approximately Rs. 4 million. JAL has already paid entry tax of Rs. 0.37 million on plant and machinery.

25. There is one appeal being appeal no. 03/Central/03 pending before the Madhya Pradesh Commercial Taxes Tribunal, Bhopal filed by JAL challenging the order of the Deputy Commissioner (Appeals), Satna relating to submission of concessional declaration forms for the period 1999-2000 from various parties to whom sales has been effected as required under the Central Sales Tax Act, 1956. JAL has already deposited Rs. 0.25 million with the Tribunal and now disputing balance amount of Rs. 1.68 million.

26. There are three appeals pending before the Deputy Commissioner, Appeals, Satna, out of which one challenges the Entry Tax Assessment Order for the year 2000-01 and other two relates to submission of Concessional Declaration Forms for the period 2000-01 and 2001-2002 under the Central Sales Tax Act, 1956. The aggregate amount involved in these three appeals is Rs. 1.1 million.

27. There is one writ petition being writ petition no. 216/2001 pending before the High Court of Chattisgarh at Bilaspur against State of Chattisgarh through the Revenue Secretary, Commercial Tax, Raipur, claiming an exemption from Central Sales Tax of Rs. 22.72 million payable on coal purchases from Chattisgarh on the ground that at the time of grant of Exemption Certificate by the State of Madhya Pradesh, Chattisgarh was part of Madhya Pradesh. The High Court has passed a conditional stay order, in accordance with which JAL has furnished a bank guarantee of Rs. 23.20 million to South Eastern Coalfield Limited.

28. There are two appeals pending before the Supreme Court of India challenging the orders of the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), New Delhi disallowing credit on furnace oil as an input and MODVAT credit on explosives aggregating to Rs. 2.64 million.

29. There are seven writ petitions pending before the High Court of Madhya Pradesh at Jabalpur challenging CESTAT's orders disallowing MODVAT credit on various items aggregating to Rs. 8.06 million.

30. There are thirty (30) appeals pending before CESTAT, New Delhi challenging orders passed by Deputy/Additional/Commissioner (Appeals) with respect to demand/penalty/CENVAT credit/service tax aggregating to Rs. 90.15 million. The cases in which potential liability exceeds Rs.10 million are stated hereunder:

a. One appeal being appeal no. E-2792/NB/05 arising out of the original order No. 05-09/ COMMR /CEX/2005 passed by Commissioner (Appeals), Bhopal confirming demand of duty of Rs. 17.64 million together with the penalty of Rs. 4 million on sale of on steel, chemical etc. for the period from January, 2001 to December, 2003. CESTAT has granted conditional stay of impugned order on payment of 50% duty (Rs. 8.8 million), which has been paid by JAL.

b. One appeal being appeal no. E/S/748-49/06-EX arising out of the original order No. 31-33/COMMR/ CEX/2005 passed by Commissioner (Appeals), Bhopal disallowing CENVAT credit of Rs. 10.9 million together with a penalty of Rs. 10.9 million for the period from January, 2004 to March, 2005 on sale of steel, chemical etc. CESTAT has granted stay of the impugned order and JAL has deposited Rs. 1.1 million.

31. There are five appeals pending before the Commissioner (Appeals), Customs and Central Excise, M.P. Nagar, Bhopal/Allahabad/Patna regarding Service Tax/CENVAT credit of Rs. 3.7 million.

32. There are five appeals and one show cause notice pending before the Commissioner / Joint / Additional Commissioner, Central Excise, Hoshangabad Road, Bhopal, challenging orders relating to MODVAT and CENVAT credit aggregating to Rs. 20.63 million.

33. There are twenty one (21) show cause notices/cases pending before Assistant/Deputy Commissioner of Central Excise, Rajendra Nagar, Satna with respect to CENVAT and Service Tax aggregating to Rs. 12.7 million including duty as well as interest thereon and penalty, if any.

34. There is one show cause notice pending before Additional Commissioner, Service Tax, New Delhi regarding service tax on goods transport operators. The amount involved is Rs. 1.7 million.

35. There is one Appeal No. 50/ST/APPL/ALLD/2007 pending before Assistant Commissioner (Appeals) Central Excise, Allahabad regarding CENVAT credit. The amount involved is Rs. 0.011 million.

36. There is one show cause notice pending before Deputy/ Assistant Commissioner, Central Excise, Faizabad proposing disallowance for credit of Rs. 146/-.

37. There are two appeals pending before Commissioner (Appeals), Allahabad for refund of service tax and disallowance of credit aggregating to Rs. 2.17 million.

Cases concerning payment of Electricity Duty

38. There are two writ petitions pending before the High Court of Madhya Pradesh at Jabalpur filed by JAL against the order of Chief Electrical Inspector, Bhopal allowing part of the exemption sought for a period of 5 years and thereby fixing a liability of Rs. 184.40 million whereby the amount of electricity duty due has been assessed to be Rs. 110.6 million; with further interest of Rs. 73.80 million at the rate of 24% per annum upto August 30, 2004. An amount of Rs. 6.10 million has been paid towards this liability with the remaining balance affixed at Rs. 178.30 million. The High Court has granted stay against the impugned order.

39. There are two writ petitions pending before the High Court of Madhya Pradesh at Jabalpur filed by JAL against Madhya Pradesh Eastern Zone Power Distribution Co. Ltd to challenge the orders passed in Writ Petition Nos. 3734/98 and 2503/2003 *inter alia* challenging the demand notices aggregating to Rs. 0.053 million per month with respect to levy of electricity duty at 15% on electricity supplied to townships of cement plants, as against levy of electricity duty at 10.5% on plant electricity.

40. There is one writ petition being writ petition no. 14133/2006 pending before the High Court of Madhya Pradesh at Jabalpur against the Madhya Pradesh Eastern Zone Power Distribution Company Limited whereby JAL has challenged the letters issued by the Madhya Pradesh State Electricity Board (MPSEB) denying to JAL the rights to terminate the agreement with MPSEB and permanently disconnect the power supply. The financial implications of this writ are valued at Rs. 0.75 million per month. The said petition has been admitted and a stay has been granted.

41. There is one special leave petition being special leave petition no. 21532/2007 pending before the Supreme Court of India against the MPSEB challenging order of the High Court of Madhya Pradesh at Jabalpur in Writ Petition No. 1861 of 2004 revalidating levy of a cess of Rs. 0.20 per unit on captive generation which was struck down by the Supreme Court on JAL's earlier petition and claiming refund thereof. The High Court however, held that JAL is entitled for refund of differential units between the auxiliary consumption for running the captive power plant and the units consumed for running the cement plant, against which order the said special leave petition has been filed.

42. There is one writ petition being writ petition no. 976/2005 pending before the High Court of Madhya Pradesh at Jabalpur against the MPSEB with respect to the alleged illegal demand of Rs. 34 million made by MPSEB. The said condition was subsequently withdrawn for all consumers. The High Court has granted stay in JAL's favour.

Recovery of Money Claims

43. There are twenty five (25) civil cases/appeals pending before various courts against JAL's various debtors for recovery of money in the aggregate sum of Rs. 19.72 million.

Criminal Cases

44. There are five criminal complaints under section 138 of the Negotiable Instruments Act, 1881 pending before various courts in respect of dishonoured cheques for an amount aggregating to Rs. 3 million.

45. There are two criminal complaints under sections 420, 409, 467 and 471 of IPC pending before Chief Judicial Magistrate at Rewa against Urmesh Associates in respect of misappropriation of funds due to JAL towards supply of cement.

46. There is one criminal revision application pending before Additional District Judge, Rewa filed by Mr. Sunny Gaur and others against framing of charges under sections 436, 505 and 34 of IPC. There are three

criminal revision applications pending before the High Court of Madhya Pradesh at Jabalpur filed by Mr. Sunny Gaur and others against the order of framing of charges by Chief Judicial Magistrate, Rewa dated December 3, 2005 under sections 15 and 16 of Environment Protection Act, 1986. The High Court *inter alia* stayed the lower court proceedings.

Land Dispute Claims

47. These is one writ petition being writ petition no. 12660 of 2007 pending before the High Court of Madhya Pradesh at Jabalpur filed by JAL challenging the judgment declaring four separate sale deeds as being null and void. The total liability involved in the case is Rs. 0.40 million. The Court has stayed the operation of the impugned order.

48. There are five appeals pending before the High Court of Madhya Pradesh at Jabalpur filed by JAL challenging the judgment passed in five separate suits declaring sale deeds in respect of certain lands as null and void. The aggregate amount involved in these appeals is Rs. 1.06 million, together with further interest. The Court has stayed the operation of the impugned orders in all five appeals.

49. There is one contempt petition being contempt petition no. 913/07 pending before the High Court of Madhya Pradesh at Jabalpur against one Mr. Shankar Dutta Shukla & others as they are allegedly not following *status quo* order passed by the High Court in Writ Petition No. 8876/06 filed by them and constructing building on disputed land.

50. There are four appeals filed by JAL pending before the Court of Additional District Judge at Rewa challenging the judgment passed in four separate suits declaring sale deeds in respect of certain lands as null and void. The aggregate amount involved in these appeals is Rs. 4.77 million, together with further interest. The Court has stayed the operation of the impugned orders in all four appeals.

51. There are seven cases pending before the III Civil Judge Rewa challenging the order of the Nayab Tahsildar in land reference cases. The total liability involved in these cases is Rs. 1.08 million.

Arbitration Cases

52. There is one arbitration petition being arbitration petition no. 86/2007 pending before the High Court at Calcutta under section 34 of the Arbitration and Conciliation Act, 1996 for setting aside an award dated December 12, 2006 of Rs. 2.4 million passed in favour of Union of India.

Royalty Claims

53. There is one special leave petition (civil) being special leave petition no. 20830-31/2005 against the State of Madhya Pradesh & others challenging the basis of computation of royalty on limestone extracted from the mine for manufacture of cement by the State Government. The amount involved is Rs. 58.36 million, together with further interest. Vide its order dated September 30, 2005, the Supreme Court has stayed the operation of the impugned order. Against a demand note of Rs. 58.36 million upto July, 1996, JAL has deposited Rs. 23.75 million. By a demand note dated October 17, 2005, the Collector, Rewa has raised a further demand of Rs. 240.09 million for the period up to December 31, 2003.

54. There are six writ petitions pending before High Court of Madhya Pradesh at Jabalpur filed by JAL against the State of Madhya Pradesh, the Board of Revenue, Collector of Stamps cum Registrar and the Sub Registrar challenging the levy of stamp duty on transfer of mining lease from JAL to Jaypee Rewa Cement Limited, for a change in name from Bela Cement Limited to Jaypee Rewa Cement Limited in the mining leases as also for computation of stamp duty on 79.437 hectares of land under the mining lease of Bankuiyan block. The aggregate amount involved is Rs. 49 million together with further interest. Vide its order dated October 9, 2003 the High Court has granted stay of the impugned orders.

55. There is one special leave petition (civil) being special leave petition no. 16721/06 pending before the Supreme Court of India filed against the State of Madhya Pradesh, Union of India and others challenging the order of High Court August 18, 2006 *inter alia* dismissing the writ petition no. 2187/06. By the special leave petition JAL has challenged notification/circular issued by the State Government thereby imposing Rural Infrastructure and Road Development Tax on all mineral bearing land. The liability of JAL in this matter is approximately Rs. 30 million.

Cases filed against JAL

Land Dispute Claims

56. There are twelve (12) cases filed in various lower courts at Rewa against JAL in respect of disputes regarding title and possession of land, praying for a declaration that the mutation orders as null and void, and seeking injunction restraining JAL from undertaking any construction activity on the land. The aggregate amount involved in these cases is Rs. 33.7 million together with further interest.

57. There is one suit being suit no. 2A/06 pending before the IVth Additional District Judge, Rewa filed by Mr. Basant Kumar Tiwari for claiming title to land in respect of Khasra Nos. 582, 583, 584, 585 etc. in village Chhijwar. The amount involved is Rs. 32 million.

58. There are fifteen (15) land reference cases pending before various lower courts in Rewa for enhancement of compensation in respect of land. The financial implication of these cases is not quantifiable.

59. There are seven writ petitions pending before the High Court of Madhya Pradesh at Jabalpur requesting the High Court to quash the consequential agreement dated January 19, 2006 for renewal of lease of land executed between State of Madhya Pradesh and JAL. The Court has passed an order to maintain the *status quo*.

60. There is one writ petition being writ petition no. 1791/04 pending before the High Court of Madhya Pradesh at Jabalpur filed by one Mr. Piyush Mishra for quashing impugned order F3-43/2003/12/2 dated September 9, 2003 passed by Department of Mines, Government of Madhya Pradesh for grant of prospecting license to JAL for 25.10 hectares area of land in village Ram Nagar.

Electricity cases

61. There is one writ petition being writ petition no. 2544/2003 pending before the High Court of Madhya Pradesh at Jabalpur filed by the Madhya Pradesh Eastern Zone Power Distribution Company Limited challenging order of the Madhya Pradesh State Electricity Regulatory Commission (MPSERC) reducing JAL's contract demand with the MPSEB from 36 MVA to 18 MVA. The total amount involved in this writ is Rs. 30 million. The writ petition is admitted but no stay granted and is currently pending.

Public Interest Litigation

62. There is one public interest litigation being public interest litigation no. 7508/7 pending before the High Court of Madhya Pradesh at Jabalpur filed by Madhya Pradesh Theka Nirman Sangathan, Churhat alleging that JAL is not working as per rules and regulation of various labour laws including Minimum Wages Act, 1948, Employees Provident Fund and Miscellaneous Provisions Act, 1952, Equal Remuneration Act, 1952, Inter State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 and Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996. Vide its interim order dated June 22, 2007, the High Court directed JAL to comply with the provisions of labour laws in relation to payment of cess for construction workers.

Miscellaneous Cases

63. There is one case pending before the Additional District Judge at Rewa for compensation towards fatal accident of worker on duty. The amount involved is Rs. 0.39 million together with interest.

64. There is one suit pending before the Additional District Judge at Rewa for compensation of Rs. 0.12 million towards damage occurred to house by blasting in mines.

65. There are three execution petitions pending before Additional District Judge, Rewa in land reference cases for claiming recovery of compensation amounting to Rs.0.28 million.

66. There is one contempt petition being contempt petition no. 8/04 pending before IInd Additional District Judge, Rewa against JAL, Mr. Sunny Gaur and others alleging that the opposite parties have violated court orders by installing ropeway and constructing road on Khasra No. 523 and 711 of village Chhijwar.

Labour Cases

67. There are twenty two (22) cases pending before the Labour Court, Rewa, involving disputes such as illegal termination, compensation for permanent partial disablement, death while on duty, occupational disease, accident of employee while on site etc. These cases are pending at different stages. It includes one case being case no. 149/05/WCA filed by Mr. Santosh Kumar for compensation of Rs 0.53 million towards permanent disability resulting from his accident at JAL during his employment with JAL. Since the applicant is insured under the Workmen's Compensation Policy through M/s Oriental Insurance Company Limited, any financial liability arising from this case would be the liability of the insurance company. For details of case, please refer chapter "Cases against Directors" hereinabove.

68. There is one case pending before the Industrial Court at Rewa, filed by a contract labourer challenging the alleged illegal termination of service by JAL and seeking reinstatement with back wages.

69. There are two appeals pending before the High Court of Madhya Pradesh at Jabalpur, one relating to alleged illegal termination of service, and the other one relating to recovery of compensation of Rs. 0.1 million for permanent disability allegedly sustained on site.

70. There is one case pending before the Labour Court at Allahabad filed by a contract labourer challenging the alleged illegal termination by JAL and seeking reinstatement with back wages.

71. There are two cases pending before the Labour Court at Satna involving disputes under the Workmen's Compensation Act, 1923. The aggregate amount involved is Rs. 0.68 million.

Employees Provident Fund Cases

72. There is one notice issued by the Regional Provident Fund Commissioner, Jabalpur *inter alia* giving notice to JAL for payment of employees' and employers' contribution under section 7(A) of the Employee Provident Fund and Miscellaneous Provisions Act, 1952 pertaining to the contract labour for the period from September 22, 1997 to September 30, 2005. The case is pending.

Criminal Cases

73. There are eight cases pending before the Chief Judicial Magistrate at Rewa under various sections of IPC for accidents allegedly caused by the drivers of vehicles belonging to JAL, share transfers etc.

74. There are three cases pending before the Chief Judicial Magistrate at Rewa for alleged violations of sections 15 and 16 of Environment Protection Act, 1986 filed by the State (Zonal Officer Madhya Pradesh Pollution Control Board) against Mr. A.K. Srivastava, Mr. V. R. Murti and Mr. R. K. Joshi, employees of JAL, Mr. Sunny Gaur, Director of JAL and others. These cases are stayed pursuant to the order passed by the High Court in criminal revision applications filed by JAL.

75. There is one case pending before Chief Judicial Magistrate, Jabalpur under sections 33 and 51 of the Standards of Weights and Measures Act, 1976 for alleged short weight of cement found in bags.

76. There are two cases pending against JAL filed by the State of Madhya Pradesh before the Second Civil Judge at Tyonthar in respect of the dispute where the vehicles belonging to JAL were allegedly found to be carrying goods/material, which were more than the permissible limit.

77. There is one writ petition being writ petition no. 6319 of 2003 pending before the High Court of Allahabad for quashing the lower court order in a case relating to dishonour of cheque of Rs. 0.4 million.

78. There are two criminal appeals pending before Metropolitan Magistrate, Patiala House Court, New Delhi challenging the lower court order in a case relating to dishonour of cheque of Rs. 1.5 million.

Consumer Cases

79. There is one appeal pending before the State Commission, Lucknow, challenging the order passed by the District Consumer Forum, Sultanpur rejecting the claim of damages for Rs. 0.02 million. The ground on

which the damages was claimed was that the roof of the claimant's house collapsed after 18 days of construction allegedly due to inferior quality of cement manufactured by JAL.

80. There are eleven (11) cases pending before various State/District Consumer Forums relating to the supply of cement which was allegedly of inferior quality. The total amount involved is Rs. 4.3 million.

Recovery of money claims

81. There are three civil cases filed against JAL in various courts for recovery of money in the aggregate sum of Rs. 4.94 million.

Motor Accident Claims

82. There is one appeal pending before High Court of Madhya Pradesh at Jabalpur and nine cases pending before Motor Accident Claims Tribunals at Satna, Rewa, Nagod for compensation on account of death/injury aggregating to Rs. 13.64 million.

Tax Cases

Excise duty and service tax

83. There are six appeals pending before the CESTAT, New Delhi filed by the Excise Department, Bhopal *inter alia*, challenging the order of the Commissioner of Central Excise (Appeals) regarding MODVAT/CENVAT and Service Tax. The aggregate amount involved is Rs. 9.5 million, together with further interest.

84. There is one appeal pending before the High Court of Madhya Pradesh at Jabalpur filed by the Excise Department against JAL challenging the allowance of MODVAT on capital goods by the CESTAT, New Delhi. The amount involved is Rs. 0.3 million, together with further interest.

A 3. Vishnuprayag plant

Cases filed by JAL

Electricity Cases

85. There are two appeals pending before the High Court of Uttarakhand at Nainital filed against Uttaranchal Power Corporation Limited, Dehradun (UPCL) and others challenging the orders of Civil Judge Senior Division, Gopeshwar in Civil Suit Nos. 42/2003 and 43/2003 passed against JAL for recovery of arrears of Rs. 42.51 million and Rs. 29.07 million respectively on ground of lack of jurisdiction. The High Court, vide its order dated November 13, 2006, had stayed the recovery subject to the condition that 50% of the amount be deposited & bank guarantee for rest of the amount be furnished by JAL. In the compliance of High Court's order, JAL had deposited Rs. 17.89 million in favour of Executive Engineer, Electricity Distribution Division, UPCL, Gopeshwar. JAL had already deposited Rs. 38.15 million in the Civil Judge Senior Division, Gopeshwar in Civil Suit Nos. 42/2003 and 43/2003. JAL also furnished a bank guarantee for Rs. 42.69 million. Thereafter, Executive Engineer, Gopeshwar had issued a letter dated December 14, 2006 calling upon JAL to further deposit a bank guarantee for the sum of Rs. 35.91 million pertaining to the "late payment surcharge". JAL had thereafter filed an application before the High Court of Uttarakhand at Nainital for stay of Executive Engineers' demand till the disposal of the present appeal. Vide its order, the High Court has now advised both the parties to mutually compromise and arrive at an amicable settlement.

86. There are two appeals pending before the High Court of Uttarakhand at Nainital filed against UPCL and others challenging the orders of Civil Judge Senior Division, Gopeshwar in Civil Suit Nos. 30/2003 and 14/2003 passed against JAL challenging disconnection of electricity supply on grounds of lack of jurisdiction. Vide its order, the High Court has now advised both the parties to mutually compromise and arrive at an amicable settlement.

Civil Cases

87. There is one appeal filed jointly by our Company and JAL before the District Judge, Gopeshwar, for details of the same please refer to the paragraph [•] titled "Cases filed by our Company" on page 298 of this chapter of the Draft Red Herring Prospectus.

Contempt of Court Cases

88. There is one contempt petition being contempt petition no. 18/2002 pending before Civil Judge Senior Division Gopeshwar, District Chamoli against one Mr. Bhopal Singh and others, in relation to the alleged non compliance of the order of the same court dated April 22, 2002 restraining Mr. Bhopal Singh and others from creating obstructions in the construction work of project and from disrupting the transportation of project vehicles of JAL.

Cases filed against JAL

Compensation Cases

89. There is one appeal being appeal no. 436 of 2007 pending before High Court of Uttarakhand at Nainital filed by Oriental Insurance Company Limited to set aside the judgment and order dated July 25, 2007 passed by the District Magistrate/Workmen's Compensation Commissioner for payment of compensation in which JAL is a pro-forma party. The amount involved is Rs. 0.28 million. Oriental Insurance Company Limited has also filed a review application which is pending before the District Magistrate/Workmen's Compensation Commissioner filed by for review of order dated July 25, 2007 passed by the same court in which JAL is a pro-forma party.

90. There is one case being case no. 23/2007 pending before the Labour cum Conciliation Officer, Gurdaspur filed by one Mr. Gurmit Singh against the Managing Director, JAL and others for claiming compensation for an injury allegedly sustained. The amount claimed is Rs. 1.05 million.

Motor Accident Claims

91. There is one case being case no. 32 of 2004 pending before the High Court of Uttarakhand at Nainital filed by one Mr. Kanti Singh and others seeking an enhancement of compensation award of Rs. 0.07 million awarded by an order of the District Judge, District Chamoli to Rs. 0.5 million.

92. There is one case being case no. 173 of 2007 pending before the Motor Accident Claims Tribunal, Sidhi, Madhya Pradesh filed by one Mr. Raju Goswami for compensation of Rs. 1.28 million towards the alleged injuries sustained by him in motor accident while working with JAL.

Civil Cases

93. There is one case being case no. 51/2002 pending before Civil Judge Senior Division Gopeshwar, District, Chamoli against Mr. Rakesh Sharma, in charge as well as Manager of JAL and others filed by one Mr. Bhopal Singh for claiming compensation in the sum of Rs. 0.03 million for the loss allegedly suffered on account of the death of the plaintiff's buffalo and cow. The case has been stayed by the High Court of Uttarakhand at Nainital.

Writ Petitions

94. There is one writ petition being writ petition no. 1705/2006 pending before the High Court of Uttarakhand at Nainital filed by Mr. Bhopal Singh challenging the order passed by Civil Judge Senior Division Gopeshwar in Case No. 51/2002 and also against the order of the court passed in Civil Revision No. 01/06. The court has passed an order staying the proceeding under Case No. 51/2002.

A 4. Kevadia

Cases filed by JAL

Civil Cases

95. There is one suit being suit no. 10/92 pending before the Court of Civil Judge Senior Division, Bharuch filed by JAL against Government of Gujarat and others, *inter alia*, for recovery of an aggregate amount of Rs. 14.16 million towards (i) claim of extra items of pre-cooling of concrete amounting to Rs. 8.56 million together with interest thereon at 20% being Rs. 2 million; and (ii) interest at 20% on certain delayed payments being Rs. 3.60 million. The claim for interest on delayed payments has arisen out of an Agreement no. ICB-11 of 1982-83 dated February 18, 1983 entered into between JAL and Government of Gujarat for constructing masonry / concrete dam and spillway of Karjan reservoir project. The claim for extra items has arisen out of a Supplementary Agreement LCB-2 of 1987-88 dated June 8, 1987 for additional works with regard to the same Karjan reservoir project. The Government of Gujarat has filed an application for transferring this suit to the arbitration tribunal.

Cases filed against JAL

Labour Cases

96. There are two cases filed for compensation on account of death and six cases for compensation on account of injury allegedly caused to labourers of JAL all pending before the Labour Court, Bharuch, Gujarat wherein the aggregate amount involved is Rs.0.71 million.

Motor Accident Claims

97. There are four cases pending before the MACT, Camp Court, Rajpipla, District Narmada, Gujarat for compensation claimed for death/injury resulting from accidents allegedly caused due to collisions with vehicles belonging to JAL. The aggregate amount involved in these cases is approximately Rs. 0.64 million.

98. There are twenty seven (27) cases pending before MACT, District Court, Bharuch, Gujarat for compensation claimed for death/injury resulting from accidents allegedly caused due to collision with vehicles belonging to JAL. The aggregate amount involved in these claims is calculated to be approximately Rs.4.18 million.

99. There is one case pending before the High Court of Madhya Pradesh at Indore for compensation on account of death of an individual allegedly caused due to collision with a vehicle owned by JAL. The amount claimed is Rs. 0.6 million.

A 5. Tehri Unit

Cases filed by JAL

Civil Cases

100. JAL has filed one writ petition being writ petition no. 1188 (MB) of 2003 before the High Court of Uttarakhand at Nainital challenging the levy of the transit fee on transit of rip-rap material obtained for the dam from Asena Quarry. The ground of challenge is that Asena Quarry land is recorded as Banjar land in the records of the Revenue department and the produce is not a forest produce. JAL has contended that the transit fee may be levied only if Asena Quarry land is recorded as forest land under any notification issued under the Indian Forest Act, 1927 and not otherwise. Pursuant to the order of the High Court, JAL has deposited Rs. 27.50 million towards transit fee, which fee is directed by the High Court to be kept in a separate account by the District Forest Officer. The suit is currently pending.

Labour Cases

101. JAL has filed one first appeal being FAO No. 413/2007 before the High Court of Orissa at Cuttack challenging the order passed by the Assistant Labour Commissioner in Labour Case No. 76/03 filed by Mrs. Chandrama Sethi for claiming compensation of Rs. 0.13 million alongwith interest upon the death of her husband. JAL has deposited Rs. 0.49 million including interest and the High Court has granted stay on refund of the said deposit. The first appeal is currently pending.

Cases filed against JAL

Labour Cases

102. A workman of JAL has filed one case being case no. 06/2003 pending before the Commissioner appointed under the Workmen's Compensation Act, 1923 cum the Deputy Labour Commissioner, Patna for compensation on account of injury allegedly sustained in his left eye while serving JAL. The amount of compensation claimed is Rs. 0.47 million.

Motor Accident Claims

103. There is one case being case no. 517/ 2006 pending before the Additional District Judge, Muzaffarnagar for claiming compensation for death of a child allegedly caused due to a collision with a vehicle of JAL filed by Mr. Dinesh Kumar and Mrs. Bala, parents of deceased child. The aggregate amount involved in this case is approximately Rs. 0.7 million.

Arbitration Cases

104. There is one petition under the Arbitration and Conciliation Act, 1996 pending before the District Judge, Tehri Garhwal, to restrain Tehri Hydro Development Corporation Limited (THDCL) from deducting an amount of Rs. 0.42 million under clause 34 (iii) of the General Conditions of contract pursuant to the contract award vide an agreement no. THDC/ ND/CD-165 as well as for recovery of the said amount.

105. Arbitration proceedings are pending between JAL and THDCL for thirty one (31) claims aggregating to Rs. 2050.7 million. Out of thirty one claims, twenty (20) claims aggregating to Rs. 1,753.32 million are pertaining to the dispute arising from the main dam project. The remaining eleven (11) claims are pertaining to chute and spillway shaft contract. The arbitration proceedings are currently in progress.

106. There are seven claims in which JAL has initiated the arbitration proceedings against THDCL under three Arbitral Tribunals. The aggregate amount of these claims is Rs. 962.73 million. JAL has already nominated arbitrators on their behalf. However, the constitution of arbitral tribunal is not yet complete. Out of seven claims, five claims aggregating to Rs. 944.82 million are pertaining to the dispute arising from the main dam project. The remaining two claims amounting to Rs. 17.90 million are pertaining to chute and spillway shaft contract.

A 6. Lakhwar Unit, Dehradun Office

Cases filed by JAL

Arbitration Cases

Lakhwar Dam Works Contract

107. There is one arbitration reference pending before the Sole Arbitrator Mr. Justice (Retd.) S. K. Verma against the State of Uttarakhand and others with regard to stoppage of work under an Agreement executed on July 15, 1987 for the construction of Lakhwar Dam underground powerhouse and appurtenant works. This construction was prematurely stopped in July, 1992 allegedly due to acute paucity of funds and non-finalisation of design, type and exact location of the dam. The amount involved in this arbitration is approximately Rs. 573.10 million as on June 1994 and a sum of Rs. 1.60 million per month subsequent to June, 1994 together with the past, pending and future interest at 19.5% on the awarded amount.

108. There is one arbitration reference pending before the Sole Arbitrator Mr. Justice (Retd.) S. K. Verma against State of Uttarakhand and others with regard to reimbursement on account of (i) rent of land, (ii) delay in making payments and (iii) increase in rates of minimum wages. The amount involved in this arbitration is approximately Rs. 5.3 million as on December, 1994 and a sum of Rs. 0.009 million per month subsequent to December, 1994 together with the past, pending and future interest at 19.5% on the awarded amount.

109. There is one arbitration reference pending before the Sole Arbitrator Mr. R. D. Paliwal against State of Uttarakhand and others with respect to encashment of the bank guarantee of Rs. 12.4 million furnished by JAL for releasing the hypothecated equipments and for restraining the government from encashing the bank guarantee.

Vyasi Dam Works Contract

110. There is one arbitration reference pending before the Sole Arbitrator Mr. Justice (Retd.) S. K. Verma against the State of Uttarakhand and others with respect to stoppage of work under an agreement executed on July 15, 1987 for the construction of Vyasi Dam, head race tunnel and appurtenant works. This construction was prematurely stopped in July-August, 1992. The amount involved in this arbitration is approximately Rs. 156.2 million as on June, 1994 and a sum of Rs. 0.015 million per month subsequent to June, 1994 together with the past, pending and future interest at 19.5% on the awarded amount.

111. There is one arbitration reference pending before Mr. S.N.H Zaidi, Sole Arbitrator, against State of Uttarakhand and others for recovery of payment made towards the first installment of payment against schedule item no. 1 of contract i.e. Care and Diversion of River during construction. The amount involved in this arbitration is approximately Rs. 4.7 million together with the past, pending and future interest at 18% on the awarded amount. The hearing is complete and award yet to be published.

Civil Cases

Lakhwar Dam Works Contract

112. There is one suit being suit no. 767/03 filed before the Civil Judge Senior Division, Dehradun for restraining encashment of a bank guarantee furnished by JAL for the release of hypothecated equipment. The amount of bank guarantee is approximately Rs. 3.3 million. The Court has granted interim stay, the suit is pending.

Electricity Cases

113. There are two suits pending before the Additional District Judge (Fast Track Court – 7), Dehradun, challenging two demands for Rs. 1.58 million each raised by the Executive Engineer, Power Construction Division towards recovery of dues under the Government Electrical Undertaking (Dues Recovery) Act, 1958 on the grounds that the demand bills raised were not required to be paid. A temporary injunction from recovering the demanded amount was granted by the Additional District Judge. During the pendency of the said suits, the demanded amount was reduced to Rs. 0.93 million and Rs. 0.95 million respectively. The aggregate amount now involved is approximately Rs. 1.89 million.

114. There is one suit being miscellaneous suit no. 119/98 pending before the Chief Judicial Magistrate, Fast track Court- 2, Dehradun against Uttarakhand Jal Vidyut Nigam Limited (UJVNL) under the Contempt of Courts Act, 1971 challenging a fresh demand raised by the UJVNL for a sum of Rs. 0.93 million, despite a temporary injunction granted by the Additional District Judge as referred to in paragraph 108 above.

115. There is one suit being suit no. 433/1998 pending before the Civil Judge Senior Division Fast Track Court – 1, Dehradun challenging the disconnection of electricity supply by UJVNL at Ambari Camp, Dakhpathar on account of the alleged non-payment of the service line charges amounting to Rs. 0.22 million.

116. There is one first appeal being first appeal no. 63/2006 in Case No. 311/96 pending before the High Court of Uttarakhand at Nainital challenging the decision of the Director, Electric Safety, Lucknow as well as the demand of Rs. 0.76 million raised by UJVNL with regard to 2 connections at Lakhwar site. A temporary injunction has been granted by the Court against the deposit of Rs. 0.18 million by JAL.

117. There are two suits pending before the Civil Judge Senior Division at Dehradun against UJVNL against the disconnection of the electricity connection due to non payment of electricity consumption bills by JAL on the ground that the check meter installed at the premises was not functioning properly. The matters were referred to Director, Electrical Safety, Lucknow under Electricity Act, 1910 for checking the accuracy of the meters. All bills are paid by JAL. The department has filed appeals against the orders of Director, Electrical Safety checking the accuracy of the meters before Secretary, Energy, Government of Uttar Pradesh which are pending.

118. There are two miscellaneous appeals pending before the Additional District Judge- II of Dehradun against UJVNL challenging the order passed by the Civil Judge Senior Division at Dehradun in above suits to remove some unwarranted remarks made against JAL and the Director of Electric Safety and others in the order. The Court partially removed the remarks vide its order dated February 15, 2000. Against this order UJVNL filed Appeals Nos. 2906/01 and 1234/01 before the High Court of Uttarakhand at Nainital which were dismissed on April 27, 2007 and July 11, 2007 respectively.

Trade Tax Cases

119. There are four special leave petitions pending before the Supreme Court of India challenging the orders dated June 20, 2007 passed by the High Court of Uttarakhand at Nainital dismissing the revision petitions filed by JAL for seeking revision of the liability of JAL towards transfer of the right to use the equipments given by JAL to JHL for the year 1995-96 to 1998-99. The aggregate amount involved in all these cases is approximately Rs. 1.71 million.

Cases filed against JAL

Civil Cases

Vyasi Dam Works Contract

120. There are three appeals filed by the State of Uttarakhand against JAL pending before the High Court of Uttarakhand at Nainital, (i) first, involving reimbursement on account of refund of excess interest recovered on advance payments; delay in making payments of intermediate bills and increase in minimum wages; (ii) second, pertaining to refund of sales tax recovered from the bills; and (iii) third, pertaining to appointment of arbitrator to arbitrate on the dispute regarding encashment of a bank guarantee for the release of hypothecated equipment. The total amount involved in all these appeals is approximately Rs. 11 million.

121. There is one special leave petition being special leave petition no. 18026 of 2006 pending before the Supreme Court of India by the THDCL challenging order of the High Court of Uttarakhand at Nainital rejecting the claim of Rs. 1.25 million deposited with THDCL, admitting claim of Rs. 1.2 million regarding final bill and directing to appoint an arbitrator to decide the issue. Overall claim of JAL in this case is for refund of Rs. 1.25 million being the deposit amount and the payment of the final bill.

Electricity Cases

122. There are two appeals pending before the Secretary, Energy, Government of Uttar Pradesh filed by the UJVNL against the decision of the Director, Electrical Safety on the accuracy of the check meter installed at the premises of JAL. Both these appeals are pending. The department has filed applications for condonation of delay in filing the appeals for about three years.

123. There are eight special leave petitions pending before the Supreme Court of India filed by UJVNL challenging the orders of the High Court of Uttarakhand at Nainital quashing the orders of the Appellate Committee on the ground that the orders of Appellate Committee were passed without jurisdiction. The amount claimed under the impugned Demand Notices aggregating to Rs. 18.66 million against JAL for alleged theft of electricity upon a raid conducted in April/May, 1991.

A 7. Indira Sagar Project

Cases filed by JAL

Arbitration Cases

124. There is one petition being civil revision petition no. 140 of 2007 pending before the High Court of Madhya Pradesh at Jabalpur against the order passed by Madhya Pradesh Arbitral Tribunal whereby the recovery claim of JAL totaling to approximately Rs. 336.88 million, being an aggregate of various claims arising out of contract dated May 5, 1992 was dismissed. The claim was made by JAL based on the contract entered into between JAL and the State of Madhya Pradesh for construction of a solid gravity concrete dam. The claims made by JAL includes claims for: (i) providing 450 mm dia M.S. pipes; (ii) reimbursement of payment made and recovered for providing steel supports for reinforcement; (iii) reimbursement of royalty charges paid; (iv) wrong and excess recovery of interest on advances; and (v) idling of resources.

125. There is one petition being civil revision petition no. 141 of 2007 pending before the High Court of Madhya Pradesh at Jabalpur against the order passed by Madhya Pradesh Arbitral Tribunal whereby the recovery claim of JAL totaling to approximately Rs. 334.58 million, being an aggregate of various claims arising out of contract dated May 5, 1992 was dismissed. The claim was made by JAL based on the contract entered into between JAL and the State of Madhya Pradesh for construction and completion of intake structure,

pressure shafts and powerhouse pit. The claims made by JAL includes claims for: (i) drilling 115/125 mm dia holes; (ii) deviated tender item for providing permanent steel support; (iii) reimbursement of royalty charges paid; (iv) non-availability of High Level Bridge; and (v) idling of resources.

Tax Cases

126. JAL filed a petition before the High Court of Madhya Pradesh at Indore challenging the discontinuance of reimbursement of commercial tax by Narmada Valley Development Authority (NVDA) to JAL. Pursuant to this petition, the High Court directed JAL to approach the Deputy Commercial Tax, Khandva for decision on this issue. The Deputy Commissioner, Khandva, upheld the levy of commercial tax, and further directed the said tax be reimbursed to JAL, as was done in 1995 by NVDA. However, subsequently the Deputy Commissioner amended his order by a corrigendum that the reimbursement be discontinued. This corrigendum was quashed by the High Court in a proceeding filed by JAL resulting in NVDA to re-commence reimbursement of the commercial tax to JAL. NVDA failed to reimburse the said tax to JAL, and therefore, JAL filed two contempt petitions before the High Court of Madhya Pradesh at Indore against NVDA for alleging non-compliance of the orders of the High Court. Both these petitions are pending. The amount involved is approximately Rs. 11.40 million.

Cases filed against JAL

Criminal Cases

127. There is one appeal being criminal appeal no. 1851/2002 pending before the High Court of Madhya Pradesh at Indore challenging the compensation award given by the Court of Kannaud, District Dewas in relation to the death of a villager due to collision with vehicle belonging to JAL. The wife of the deceased has appealed to the High Court and the amount claimed is approximately Rs. 0.60 million.

Arbitration Cases

128. There is one petition being civil revision petition no. 154/2006 pending before the High Court of Madhya Pradesh at Jabalpur filed by NVDA against JAL in respect of construction of diversion tunnel for Indira Sagar Project. JAL had filed a claim of Rs. 19.9 million against NVDA in the Madhya Pradesh Arbitral Tribunal on account of idling of their resources and cost of extra items due to delay on the part of NVDA to provide designs and drawing for the work. NVDA also filed a counter claim of Rs. 20.31 million before the Tribunal. An Award of Rs. 4.4 million was given in favour of JAL and counter claim of NVDA was disallowed by the Tribunal. NVDA has challenged the order of the Arbitral Tribunal disallowing counter claim Rs. 20.31 million sought by NVDA.

A 8. JHAKRI UNIT

Cases filed by JAL

Arbitration Cases

129. Certain claims arising out of a dispute between Sutlej Jal Vidyut Nigam Limited (SJVNL), Shimla and Jaiprakash Hyundai Consortium (Consortium) (of which JAL is a member), are pending settlement before the Dispute Review Board (DRB) and Additional Dispute Review Board (ADRB) of the value of more than Rs.5,400 million under a contract between SJVNL and Consortium for civil works of Nathpa Jhakri Hydro Electric Project. Pending settlement by the DRB/ADRB of the dispute, SVJNL paid an adhoc amount of Rs.563.20 million to the Consortium towards the said disputed claim of Rs.5,400 million. During the pendency of settlement of these disputes, SJVNL attempted recovery of the said adhoc payment by encashment of the bank guarantees furnished by the Consortium as performance security. After prolonged litigation, when the dispute reached the Supreme Court of India for adjudication, the Supreme Court vide its order dated April 3, 2006 directed that fresh bank guarantees furnished by the Consortium were to be kept alive and the same shall not be invoked or discharged till an award is made by the arbitrators. Accordingly, bank guarantees have been kept alive and the arbitration proceedings are continuing.

Out of the disputed claims of about Rs. 5,400 million, of the Consortium, one of the claims of about Rs. 2,446 million was for extension of time and cost thereof. This claim was decided by the ADRB in accordance with the provisions of the Contract. The ADRB gave its final decision on March 23, 2005 in which the Consortium was

awarded an amount of Rs. 684.9 million excluding interest. Both the parties have sought arbitration against the said decision of ADRB before the Arbitral Tribunal. SJVNL's contention is that the amount awarded by ADRB is not admissible and the Consortium is liable to pay liquidated damages of Rs. 475 million to SJVNL while the contention of the Consortium is that a greater amount than what has been awarded by ADRB is admissible to it and no liquidated damages are leviable on the Consortium. The Arbitration proceedings are currently pending.

130. There is another one arbitration proceeding pending before the Arbitral Tribunal initiated by JAL against SJVNL for the claim of about Rs. 1438.67 million towards additional cost due to quantum jump in minimum wages. The arbitration proceeding is currently in progress.

Civil Cases

131. There is one writ petition being writ petition no. 66426 of 2006 pending before the High Court of Allahabad against the Additional District Magistrate (Finance and Revenue), Gautam Budh Nagar, Uttar Pradesh *inter alia* for quashing the order of recovery against JAL for alleged shortage of stamp duty in execution of various lease deeds for transfer of land by Taj Expressway Industrial Development Authority (TEA) as well as for quashing the order of State Government dated August, 2003, which kept the earlier order of exemption from payment of stamp duty for transfer of land in abeyance. Vide the conditional interim order dated February 23, 2007, the High Court granted interim stay against the recovery of stamp duty with a direction to JAL to deposit 15% of the amount and executed bank guarantee for 10% of the amount, which was duly complied with by JAL.

Tax Cases

132. There are three writ petitions pending before the High Court of Himachal Pradesh at Shimla challenging the levy of passenger tax of Rs. 0.23 million on buses carrying the staff to and from the place of residence and the work sites and also challenging the goods tax levied on dumpers and dozers, etc.

Cases filed against JAL

Arbitration Cases

133. There is one suit being civil miscellaneous suit no. 14/2007 pending before the District Judge, Gautam Budh Nagar, Uttar Pradesh by Tala Hydroelectricity Project Authority disputing the award of Rs. 54.10 million together with interest thereon passed in favour of JAL by the arbitral tribunal.

Public Interest Litigation

134. There is one case being public interest litigation no. 30322 of 2007 pending before the High Court of Allahabad relating to Taj Expressway Project filed by Mr. Ashutosh Srivastava against Uttar Pradesh State Government, JAL and others for (i) declaration that the Concession Agreement dated December 7, 2003 entered into between TEA and JAL for execution of Taj Expressway Project is illegal as well as null and void, (ii) for directions to issue an order for investigation by Central Bureau of Investigation or Special Investigation Team into the entire deal on Taj Expressway Project between TEA and JAL, and (iii) challenging the report of Justice Narain Enquiry Commission. The public interest litigation is pending admission.

Earlier in 2003, various entities filed Public Interest Litigations opposing Taj Expressway Project. The State Government appointed Mr. Justice Sidheshwar Narain (Retd.) as Commissioner to ascertain the facts of construction of the Taj Expressway and to examine the adequacy of the action taken in this project. Justice Narain Enquiry Commission submitted its report to the State Government on October 12, 2006. The State Government accepted the report of the said Commission in which the Commission found the contract between TEA and JAL as lawful, valid and subsisting and enforceable in law. The Commission also mentioned in the report that prosecution of project work is emergent and should proceed ahead with immediate effect while removing the deadlock, if any. Earlier Public Interest Litigation was disposed of vide order dated November 21, 2007. Other Public Interest Litigations tagged with earlier Public Interest Litigation are currently pending.

Criminal Cases

135. There is one case filed before the Chief Judicial Magistrate, Dehradun, by the State of Uttarakhand against Mr. Anil Thapa, the driver of a vehicle belonging to JAL which met with an accident with a vehicle

belonging to a third party under sections 279 and 337 of IPC. A non-bailable warrant has been issued against Mr. Anil Thapa, the driver (LMV).

136. There is one appeal being criminal appeal no. 349/2002 pending before the High Court of Himachal Pradesh at Shimla filed by the State of Himachal Pradesh against Mr. Gurmit Singh and others inter alia challenging the acquittal of nine accused persons including Mr. Sunil Kumar Sharma under sections 407, 420, 120B, 34 of IPC. The said appeal is pending for arguments. The next date is not yet fixed. For details of case, please refer chapter "Cases against Directors" hereinabove.

Civil cases

137. Civil Suit No. 2711 of 2003 is pending before the High Court of Bombay by Alstom Power Generation AG and others (the Petitioners) against JAL and Hyundai Engineering & Construction Co. Limited. The petitioners were working as the electro-mechanical contractors at the Nathpa Jhakri Project of JAL. During the course of the work, the petitioners alleged that they had suffered losses on account of the negligence of the Consortium (of which JAL is a member). The claim against Consortium in this suit is that the Consortium, while executing the civil works under its contract with SJVNL, allegedly failed to fulfill its contractual obligations, which resulted in flooding of the power house complex, where Eucona BHEL Consortium were executing their work causing damage to their equipment. Subsequently, the Petitioners filed a suit before the High Court of Bombay praying, *inter alia*, that the said consortium be ordered and decreed to pay to them a sum of Rs. 2,400 million together with interest from the date of filing the suit. The suit is pending for framing of issues.

138. There is one suit being civil suit no. 15/99 pending before the High Court of Himachal Pradesh at Shimla for compensation on account of damage allegedly caused to the properties of Himachal Pradesh State Electricity Board (HPSEB) due to the collapsing of a wall of the store of JAL. The amount claimed is approximately Rs. 1.88 million together with further interest.

A 9. Omkareshwar Hydro Electric project

Cases filed by the JAL

Commercial and Sales Tax Cases

139. There is one writ petition being writ petition no. 8745/2007 pending before the High Court of Madhya Pradesh at Jabalpur against the State of Madhya Pradesh and others challenging the notification vide which the rate of Entry Tax on high speed diesel was enhanced from 1% to 27% increasing JAL's financial burden by approximately Rs. 3.7 million on an annual basis.

140. There are two appeals pending before the Appellate Deputy Commissioner of Bhopal disputing the imposition of (i) entry tax imposed on materials used in construction of a camp to the tune of Rs. 0.5 million; and (ii) Commercial tax of Rs 8.8 million imposed on imported material of hydro mechanical spares used in hydro mechanical work.

Arbitration Cases

141. An arbitration proceeding has been initiated by JAL against Narmada Hydroelectric Development Corporation Limited (NHDCL) before the Arbitral Tribunal for additional cost due to increase in seismic coefficient for design of concrete dam. The total claim is Rs. 196.03 million and/or Euro 0.59 million. The arbitration proceeding is currently pending.

142. There is one arbitration proceeding initiated by JAL against Rotec Industries, USA under the Arbitration and Conciliation Act, 1996 before the sole arbitrator Mr. R. S. Rathod for the refund of excess payment amounting to USD 1.879 million made to Rotec Industries during the execution of contract.

Labour Cases

143. There is one appeal being appeal no. NHDC/1/S/086/05/780 dated September 2, 2005 pending before Additional Labour Commissioner of Indore to review the assessment order with respect to the applicability of building and construction works welfare cess at the rate of 1% of the cost of contract.

Cases filed against JAL

Compensation Cases

144. There is one case being case no. 1/05 pending before the the Senior Divisional Magistrate's Court Barwaha-Khargaon (Madhya Pradesh) for compensation claimed for injury resulting from accident allegedly caused due to collisions with vehicle belonging to JAL of Rs. 0.1 million.

145. There are nine cases pending before Motor Accident Claims Tribunal, Barwaha, Madhya Pradesh for compensation claimed for death/injury resulting from accidents caused due to collisions with vehicles belonging to JAL. The aggregate amount involved in these claims is approximately Rs. 2.3 million.

146. There is one appeal being appeal no. 852/06 pending the High Court of Madhya Pradesh at Indore for claiming compensation on account of accident of an individual due to collision with a vehicle allegedly owned by JAL. The amount in claim is Rs. 1.5 million.

A 10. Himachal Cement Project, Malothi

Cases filed by JAL

Civil Cases

147. There is one writ petition being civil writ petition no. 1838 of 2007 pending before the High Court of Himachal Pradesh at Shimla against the State of Himachal Pradesh and others for issuing necessary directions and for maintaining proper law and order situation in the project area. A notice has been issued to all respondents.

Cases filed against JAL

Civil Cases

148. There are three civil suits pending before the Civil Judge Junior Division, District Solan regarding the dispute with respect to title of land.

149. There are three civil suits pending before the Civil Judge Senior Division, Nalagarh, District Solan, all of which are in respect of 66KV transmission line from Nalagarh to Bagheri. Vide interim order dated October 26, 2007, JAL has been directed not to lay down any overhead line over the suit lands forcibly and illegally except in accordance with laws pertaining to the transmission of the electricity during the pendency of the respective civil suits. JAL has furnished requisite undertakings to that effect.

Writ Petition

150. There are two writ petitions being civil writ petitions nos. 912/2007 and 996/2007 pending before the High Court of Himachal Pradesh at Shimla filed by one Mr. Munshi Ram and others and Mr. Narotam Singh and others, respectively against State of Himachal Pradesh and others including JAL for quashing the acquisition proceedings under the Land Acquisition Act, 1894 regarding the mining area in villages Baga, Bhalag, Sehnali and Sakhmatyari.

151. There is one writ petition being civil miscellaneous writ petition no. 4477 of 2006 in civil writ petition no. 10451 of 2005 pending before the High Court of Punjab and Haryana at Chandigarh filed by Djai Power Limited against JAL *inter alia* praying for stay of the operation and implementation of an agreement in pursuance of the award of the tender and for holding the ceremony for laying the foundation stone and also for restraining JAL from proceeding with the construction of the garbage processing unit. The Court has not granted any stay order in favour of Djai Power Limited and the project is nearing to completion.

Criminal cases

152. There is one case being case no. 90/3 of 2006 pending before the Sub Divisional Magistrate of District Solan filed by the State of Himachal Pradesh as a complaint under the Inter State Migrant Workmen (Regulation

of Employment and Conditions of Service) Act, 1979 Act as well as Rules framed thereunder and Himachal Pradesh Inter State Migrant Workmen (Regulation of Employment and Conditions of Service) Rules, 1983 with a prayer to punish General Manager, Baga, JAL of alleged violations of section 26 of the said legislation.

153. There are two cases pending before the Court of Judicial Magistrate First Class, Akri, District Solan and the Judicial Magistrate First Class, District Bilaspur by the State of Himachal Pradesh in relation to alleged accidents due to collision with vehicle belonging to JAL under sections 279 and 337 of IPC against Mr. Wargish and Mr. Sudesh Kumar, drivers (HMV) of JAL.

154. There is one case being criminal case no. 34/3 of 2007 pending before the Court of Judicial Magistrate First Class, Arki, District Solan by the State of Himachal Pradesh through the Labour Inspector for alleged violations of section 29 of the Contract Labour (Regulation and Abolition) Act, 1970 and Rules framed thereunder against Mr. D. K. Mitra, the contractor of JAL and General Manager of JAL.

155. There is one complaint under sections 142 read with 138 of the Negotiable Instruments Act, 1881 being Case No. 96/2 of 2006 pending before the Chief Judicial Magistrate, Bilaspur by Mr. Shyam Lal against Mr. Rajiv Gaur of JAL and other in respect of the dishonour of cheque of JAL of Rs. 7.03 million. The dispute is regarding the title of land acquired by JAL which is sub-judice before the Civil Judge Junior Division, Arki.

Land Cases

156. There are thirty two (32) land reference cases pending before the Additional District and Sessions Judge, District Solan. In most of the cases, JAL has subsequently entered into a goodwill gesture agreement with the land owners and paid the enhanced consideration amount towards the said land.

A 11. Tala Project

Cases filed by JAL

Arbitration Cases

157. There are two arbitration proceeding initiated by JAL against Tala Hydroelectric Project Authority before the Arbitral Tribunal for interest claim pertaining to rate of deviated items for underground excavation in class IV and V type rock, amounting to Rs. 10.67 million under contract package C-2 and claim for payment of deviated quantity of steel support rock bolts, amounting to Rs. 37.23 million, under contract package C-5. The total amount claimed is Rs. 47.9 million.

Cases against the Directors of JAL

158. There is one case being criminal case no. 122/2003 pending before the Judicial Magistrate First Class, Jamshedpur by Model Heavy Fabrication Private Limited against Mr. Pankaj Gaur, the Director of JAL, and others involving an amount of Rs. 0.46 million with respect to the supply of an allegedly defective Bucket for CAT- 938G under sections 406 and 34 of the Indian Penal Code. According to JAL, the said amount was subsequently paid under a mutual agreement but the complainant continued prosecution of the case. The said case has been stayed by the High Court of Jharkhand at Ranchi on Criminal Miscellaneous Application No. 957 of 2007 filed by Mr. Pankaj Gaur, the Director of JAL, and others against Model Heavy Fabrication Private Limited.

A 12. Panipat Unit

Cases filed against JAL

Civil Cases

159. There is one writ petition being civil writ petition no. 7235 of 2007 pending before the High Court of Punjab and Haryana at Chandigarh by Mr. S. Ravinder and others seeking a declaration that the thermal plant at Panipat is causing pollution and is allegedly set up without complying with the provisions of the Environment Protection Act, 1986 and further that setting up of cement grinding unit at Khukhrana will cause further pollution.

A 13. Tanda Unit

Cases filed by JAL

Tax cases

160. There are two appeals pending before the Commissioner of Customs, Central Excise and Service Tax (Appeals), Civil Lines at Allahabad challenging the orders passed by the Assistant Commissioner of Central Excise at Faizabad. The impugned orders disallowed a credit on capital goods and rejected the refund of service tax, aggregating to Rs. 1.81 million.

Land Cases

161. There is one suit being partition suit no. 48 of 176 ZA Act under section 176 of the Uttar Pradesh Zamindari Abolition and Land Reforms Act, 1950 pending before the Sub Divisional Magistrate, Tanda against Mr. Ravindra Verma and others for seeking partition of purchased land. A order has been passed by the Sub Divisional Magistrate, Tanda in favour of JAL.

Cases Filed Against JAL

Tax Cases

162. There is one case being case no. 289/04 pending before the Judicial Magistrate, Tanda at Ambedakar Nagar, Uttar Pradesh by Krishi Utpadan Mandi Samiti for recovering an amount of Rs. 0.005 million claimed from JAL as Mandi tax upon the purchase of a truckload of bamboos.

163. There is one case being excise case no. V(17)/ST/SC/S.CREDIT/DEM/FZD/05/06/1861 pending before the Assistant Commissioner, Central Excise, Faizabad by the Superintendent, Central Excise Range at Faizabad requesting the Assistant Commissioner, Central Excise, to consider the proposal to disallow a credit on capital goods of the value of Rs. 146/-.

A 14. UP Cement Project located at Dalla and Sonebhadra in the State of Uttar Pradesh

164. JAL had participated in the global tenders invited by the Official Liquidator attached to the High Court at Allahabad for sale of cement plants and assets (Sale) of UP State Cement Corporation Limited (in liquidation) (UPSCCL). JAL's bid at Rs. 4590 million was found to be the highest and JAL was declared successful bidder by the High Court and the sale was confirmed by the High Court in favour of JAL on October 11/12, 2006. In terms of the memorandum of information issued by High Court, the successful bidder is entitled to various reliefs and concessions as offered by the Government of Uttar Pradesh to such bidders who intend to run the cement plants and assets of UPSCCL. On payment of full bid amount of Rs. 4590 million, JAL has been handed over the provisional possession of most of the assets forming part of the Sale. In terms of the orders of the High Court necessary action for removal of unauthorized occupants of land/premises of UPSCCL is in progress. Some of such unauthorized occupants have filed cases before the High Court seeking stay against their eviction impleading JAL also a party. Similarly, cases have been filed by several persons including Uttar Pradesh Power Corporation Limited (UPPCL) seeking payment of their dues from the Official Liquidator, High Court. Further, JAL has approached High Court at Allahabad seeking appropriate directions to UPPCL to make available to JAL required power load. UPPCL has filed revision petition before the High Court in respect of the decision of the Company Judge, High Court directing release of power to JAL. JAL has also filed applications before the High Court seeking directions to the State Government of Uttar Pradesh to issue necessary notification relating to the reliefs and concessions and also for renewal of mining leases, in terms of the memorandum of information inviting the tenders. JAL has also filed application for release of certain land situate in Dalla and Sonebhadra declared as forest land, the Forest Settlement Officer has held that there is no forest on certain lands notified as reserved forest in the year 1968/1977, under section 4 of the Indian Forest Act, 1927. The *suo moto* appeal in respect of one such decision has already been heard by the District Judge, Sonebhadra and the decision has been reserved. Similar appeals, wherever applicable, in respect of other decisions of the Forest Settlement Officer may come up in due course.

A 15. Jaypee Greens

Cases filed by JAL

Civil Cases

165. There is one writ petition being civil miscellaneous writ petition no. 67259 of 2005 pending before the High Court of Allahabad against the State of Uttar Pradesh and others challenging the order/recommendation passed by the Uttar Pradesh State Backward Classes Commission which recommended that all the ex-employees of Sterling Holidays Resorts India Limited (SHRIL) be reinstated with back wages.

166. There is one suit being suit no. 425/2000 pending before the Civil Judge Senior Division Gautam Budh Nagar against Mr. Yogender Sharma, Mr. Rampai, Mr. Rakesh, Mr. Veerpai, Mr. Jaiprakash, Mr. Suresh and Mr. Raj Bhati, all of whom are ex employees of JAL, requesting the Court to pass an injunction order for restraining the local and ex-employees of SHRIL from holding a dharna. The suit is pending for final orders.

Criminal Cases

167. There is one case being sessions trial no. 432/06 lodged by JAL pending before the Fast Track Court II of Gautam Budha Nagar at Uttar Pradesh against Mr. Rishipal and sixteen others, for the alleged forcible entry and ransacking at Golf Course premises by more than two hundred persons, causing injury to an employee and leading to death of another.

Cases filed against JAL

Civil Cases

168. There is one suit being suit no. 206/2003 pending before the Civil Judge Senior Division, Gautam Budh Nagar against Greater Noida Industrial Development Authority (GNIDA) and JAL (formerly known as JGL) by SHRIL for declaration that the termination of the lease deed with SHRIL and subsequent allotment of the leasehold land in favour of JAL (formerly known as JGL) as null and void or alternatively for seeking an order from the Court for directing GNIDA and JAL (formerly known as JGL) to pay Rs. 800 million by way of damages and for seeking membership at Jaypee Greens Golf Resorts for members of SHRIL. JAL has filed written statement to the plaint.

Labour Cases

169. There are two labour cases pending before the Assistant Labour Commissioner, Noida filed by workers of JRK Builders and Galaxy Constructions for claiming payment of backwages aggregating Rs. 0.16 million.

170. There is one case being miscellaneous application no. 8501/CB01/06 pending before the Deputy Labour Commissioner (DLC), by Mr. Yogendra Sharma, the President of Sterling Ground Golf Course Sharmik Sangh for directing JAL to form a conciliation board and for reinstatement with back wages on behalf of 163 employees. A withdrawal application is filed intimating the DLC that all pending matters / disputes have been settled .This case is concluded but the final order is awaited.

Criminal Cases

171. There is one case being seesions trial no. 597/06 pending before the Additional Sessions Judge, Fast Track Court – II, Gautam Budh Nagar, Uttar Pradesh by Mr. Yogender Sharma, representing some of the employees of SHRIL, for claiming compensation from the Court for an alleged injury caused to some of them by a Senior Personnel Manager of formerly known as JGL (now JAL).

172. There is one case being case no. 02/2007-08 pending before the District Magistrate, Gautam Budha Nagar, Uttar Pradesh under the Indian Stamp Act, 1899 by the State of Uttar Pradesh against JAL (formerly known as JGL) for seeking the payment of stamp duty, on the ground that an alleged transfer deed was executed by JAL in favour of JAL (formerly known as JGL) and JAL (formerly known as JGL) had deliberately violated the provisions of the Indian Stamp Act, 1899 and caused revenue loss to the State of Uttar Pradesh. Objections have been filed by JAL (formerly known as JGL).

Prospective Litigation

173. There is one notice bearing no. 14936 dated May 11, 2007 issued under sections 7A/ 14-B of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 by Regional Provident Fund Commissioner

at Noida against JAL for the amount of provident fund contribution due for October and November, 2000 by JAL. The Provident Fund contribution / challans evidencing the payment of the entire due amount for the said months have been subsequently deposited after two months on the grounds of non availability / non issuance of code number by the Provident Fund Department and no further money is to be deposited by JAL (erstwhile JGL) as on date. A reply is yet to be filed by JAL.

A 16. Baghlihar Project

Cases filed against JAL

Criminal Cases

174. There are four cases pending in various courts of the Sessions Judge in Punjab and Himachal Pradesh under sections 279, 337, 338 and 304A of the IPC relating to death/injury caused due to the alleged negligence caused by the drivers of vehicles belonging to JAL.

Motor Accident Claims

175. There is one case being case no. 116/2003 pending before the Motor Accident Claim Tribunal at Jammu by the State against the New India Assurance Company Limited (NIACL) through its General Manager and Mr. Mohd. Salim, the driver of a tipper belonging to JAL for claiming a sum of Rs. 1.5 million together with an interest of Rs. 0.52 million computed upto August 31, 2005, as compensation for a fatality of third party caused by the rolling down of the tipper.

Labour Cases

176. There are six cases pending before the Assistant Labour Commissioner of Ramban by labourers involving aggregate amount of Rs. 1.6 million as claims under the Payment of Wages Act, 1936, the Workmen's Compensation Act, 1923 on account of permanent or temporary disability or death.

177. There are fourteen (14) cases pending before the Assistant Labour Commissioner of Doda by labourers involving aggregate amount of Rs. 8.1 million as claims under the Payment of Wages Act, 1936, the Workmen's Compensation Act, 1923 on account of permanent or temporary disability or death.

178. There are six appeals pending before the High Court at Jammu by various insurance companies challenging the award passed by the Assistant Labour Commissioner involving aggregate amount of Rs. 0.98 million as claims under the Payment of Wages Act, 1936, Workmen's Compensation Act, 1923 on account of permanent or temporary disability or death.

A 17. Chamera Hydro Electric Project

Cases filed by JAL

Arbitration Cases

179. JAL has invoked arbitration to resolve the dispute between JAL and National Hydro Power Corporation Limited (NHPC) with respect to incentive and refund of interest charged on Rs. 100 million interest free advance paid by NHPC for early consumption of the Chamera hydro electric project. JAL has nominated arbitrator on its behalf. On JAL's application, the High Court at Delhi appointed Mr. Justice Devender Gupta (Retd.) as arbitrator on behalf of NHPC. The third arbitrator was to be appointed by Court of Arbitration of International Chamber of Commerce, Paris (ICC) as per the agreement between the parties. NHPC has filed a Special Leave Petition No. 17785 of 2007 challenging the order of the High Court for appointment of arbitrator on their behalf which is pending before Supreme Court of India. The amount claimed is Rs. 1196.3 million. For details of case pending before the Supreme Court of India, please refer case no. 182 below.

180. There is one arbitration proceeding pending before the sole Arbitrator Mr. A. H. Raina initiated by JAL against NHPC with respect to Chamera Hydro Electric Project Stage- I for the claim of about Rs. 524.6 million towards rates of extra and deviated items. The arbitration proceeding is concluded and the award is awaited.

181. There is one case being case no. 948A/1997 pending in the High Court at Delhi filed by NHPC challenging the award passed by the arbitrators in favour of NHPC. The case is pertaining to mark up contractor profit and overheads on material issued by NHPC were disallowed by NHPC in the analysis rates for extra individual items.

Cases filed against JAL

182. There is one special leave petition being special leave petition no. 17785 of 2007 pending before the Supreme Court of India filed by NHPC challenging judgment and order dated July 24, 2007 passed by the High Court at Delhi appointing arbitrator on behalf of NHPC to resolve the dispute between JAL and NHPC. For details of dispute, please refer case no. 179 above.

183. There is one case being case no. 2864/1994 pending in the High Court at Delhi filed by NHPC challenging the award passed by the arbitrators in favour of JAL. The case is pertaining to labour mark up disallowed by NHPC on the indirect cost of labour included in the analysis of rates for extra individual items. The last hearing was held on December 8, 2006.

A 18. Allahabad Office

Cases filed by JAL

Tax cases

184. There are three appeals pending before the High Court of Allahabad challenging the orders passed by Trade Tax Tribunal, Allahabad with respect to (i) the rejection of direct sales from Madhya Pradesh to Uttar Pradesh parties, (ii) rejection of stock transfer to Bihar and (iii) rejection of sale of wet and set bags of cement all aggregating to Rs.0.84 million.

185. There is one writ petition being writ petition no. 5861(MB) of 2004 pending before the High Court of Allahabad against the State of Uttar Pradesh and others challenging the order/notification of withdrawal of fly ash rebate. The State of Uttar Pradesh vide notification dated October 14, 2004 withdrew notification dated February 27, 1998, granting rebate on tax on the sale of fly ash based cement manufactured within the State of Uttar Pradesh out of fly ash procured within Uttar Pradesh. The above notification has been challenged by JAL on the grounds of promissory estoppel in respect of Jaypee Ayodhya grinding operations unit of JAL established in Uttar Pradesh. The disputed tax in respect of Jaypee Ayodhya grinding operations unit and Jaypee Cement Ghoorpur unit of JAL is Rs. 522.03 million (till November 30, 2007). In financial year ended March 31, 2007, JAL deposited under protest Rs. 388.46 millions towards the disputed tax in respect of Jaypee Ayodhya grinding operations unit and Jaypee Cement Ghoorpur unit established in Uttar Pradesh with Uttar Pradesh Trade Tax Department.

Cases filed against JAL

Trade Tax cases

186. There is one special leave petition before the Supreme Court of India filed by the State of Uttar Pradesh and others against the order dated January 24, 2004 passed by the High Court of Allahabad in favour of JAL upholding the grant of trade tax rebate of 25% on the sale of cement manufactured with fly ash purchased from Uttar Pradesh. The said Special Leave Petition has been admitted and an interim order has been passed pending the disposal of the said petition. The total disputed amount is Rs.454.94 million. Vide its order, the Supreme Court has directed the Trade Tax Department not to take any steps to encash the bank guarantees amounting to Rs.166.94 million and has granted an interim stay for refund of the amount of Rs.203.64 million deposited by JAL under protest with the department.

187. Further, there is one special leave petition being special leave petition no. 6599 of 2004 pending before the Supreme Court of India by State of Uttar Pradesh and others challenging applicability of rebate on trade tax on fly ash based cement manufactured outside the State. Liability of JAL upto the date of filing of writ is Rs. 434.66 million. The total accrued liability upto October 14, 2004 (on which date the fly ash rebate notification was withdrawn by State) is Rs. 516.24 million. JAL has deposited Rs. 167.33 million with the Sales Tax Department and furnished bank guarantee of Rs. 166.94 million in favour of the Uttar Pradesh Trade Tax Department.

188. There are two appeals, one each pending before the High Court of Allahabad and Trade Tax Tribunal, Allahabad filed by the Commissioner Trade Tax, Uttar Pradesh with respect to (i) entry tax on machinery, and (ii) rejection of stock transfer aggregating to Rs.1.9 million.

A 19. Dulhasti Hydro Electric Project

Cases filed by JAL

Arbitration Cases

189. There is one arbitration proceeding pending before the sole Arbitrator Mr. S. Narayan initiated by JAL against NHPC with respect to Dulhasti Hydro Electric Project for two claims of about Rs. 456.3 million towards (i) rate of payment to contractor for the concreting beyond 'A' line in the reaches excavated by other agency and (ii) rate of payment to contractor for the concreting where excavation is carried out by the contractor by drill and blast method of excavation. The arbitration proceeding is concluded and award is awaited.

A 20. Teesta Hydro Electric Project

Cases filed by JAL

Arbitration Cases

190. There are three arbitration proceedings pending before the arbitral tribunal initiated by JAL against NHPC with respect to powerhouse contract in Teesta Hydro Electric Project for claims of about Rs. 500 million towards (i) cement variation (ii) haulage of muck beyond 3 km lead and (iii) minimum wages. The arbitration proceedings are currently pending.

191. There are four arbitration proceedings initiated by JAL against NHPC with respect to construction of powerhouse contract in Teesta Hydro Electric Project for claim of about (a) Rs. 520 million towards (i) rate of deviated quantity of back fill concrete (ii) cement variation (iii) haulage of muck beyond 3 km lead and (iv) minimum wages; (b) Two claims in respect of construction of dam in Teesta Hydro Electric Project amounting Rs. 820 million towards cement variation and minimum wages. The constitution of arbitral tribunal is not yet complete. Since NHPC has not nominated its arbitrator as they are similar to the pending arbitration for power house package.

A 21. Baspa Hydro Electric Project

Cases filed against JAL

Civil Cases

192. There is one case being suit no. 32-1/2003 pending before Civil Judge Junior Division, Rampur for claiming additional compensation for damage caused to the apple, poplar, chulli, shagul and pea trees during stringing works of the transmission lines. The amount involved is Rs. 0.2 million.

193. There is one suit being suit no. 62-K/1/03 pending before Sub Judicial Magistrate, Kandaghat, District Solan filed by Vajinder Kumar against JAL and others for alleged claim of freight of Rs. 0.01 million. The case is pending for recording of evidence.

PART 4 – LITIGATIONS IN RELATION TO PROMOTER GROUP COMPANIES

C. Jaypee Hotels Limited (JHL)

Outstanding Litigation of JHL

Cases filed by JHL

Criminal Cases

C.1 There is one complaint under sections 142 read with 138 of the Negotiable Instruments Act, 1881 case no. CR 540/2003 pending before the Patiala House Court, New Delhi against Ms. Payal Kakkar in respect of the dishonour of cheque of Rs. 0.095 million issued by her in respect of Hotel Vasant Continental banquet. The accused is presently absconding.

Motor Accident Cases

C.2 There is one case being case no. 129/2002 pending before the District Court and Motor Accident Claims Tribunal, New Delhi filed by Mr. Satya Narayan C/o. Hotel Siddharth (JHL) and another against Mr. Raman Dip Singh and others, claiming compensation of Rs. 0.3 million for alleged rash and negligent driving.

Labour Cases

C.3 There is one case being case no. 105/2000 pending before the Presiding Officer of the Labour Court at Agra against Mr. Bhanwar Singh Faujdar with regard to dispute pertaining to his reinstatement with back wages pursuant to an order passed in his favour by the lower court in a suit initially filed by him.

C.4 There is one appeal being appeal no. CPW 15430/06 pending before the High Court at Delhi, challenging the order of the Labour Court ordering the payment of back wages and reinstatement of Mr. Murari Lal.

Civil Cases

C.5 There are four civil suits and one company petition filed by JHL claiming amounts due in respect of services provided by Hotel Vasant Continental. The aggregate amount involved in all these suits is Rs. 2.64 million.

Miscellaneous Cases

C.6 There is one case being no. 226/04/96 pending before the Additional District Judge, Tis Hazari Court, New Delhi against Hotel Mazdoor Manch for permanent injunction to restrain workers from indulging in unlawful activities. The injunction order dated November 30, 1996 passed by the High Court at Delhi is effective till date.

Electricity Cases

C.7 There is one case pending before the Tis Hazari Court at Delhi filed against Delhi Vidyut Board for refund of fixed charges paid to them in 1987. The amount claimed is Rs. 0.93 million, together with interest at the rate of 12% per annum from the date of deposit.

Tax Cases

C.8 There are three writ petitions pending before the High Court at Delhi challenging the amendment in 2004 to Municipal Corporation of Delhi Act, 1957 with respect to the rateable value, rate of tax imposed and levy of property tax by the Municipal Corporation of Delhi.

C.9 There is one case pending before the District court at Dehradun pertaining to conservancy tax imposed by Mussorie Nagar Palika Parishad on JHL due to alleged wrong disposal of waste from the hotel. Pursuant to the Court's order, JHL has furnished a bank guarantee of Rs. 0.55 million pending decision of the Court.

Customs and Excise Cases

C.10 There is one case being case no. SA (E) 1406/2006 pending before the Customs and Excise Settlement Commission against the show cause notice dated August 25, 2006 issued by Directorate of Revenue Intelligence for claiming a refund of customs duty of Rs. 7.4 million paid by JHL. The case has been argued and final orders are awaited.

Cases filed against JHL

Criminal Cases

C.11 There is one appeal being appeal no. CRL.L.P. No. 9/2006 pending before the High Court at Delhi challenging the order of acquittal of JHL employees from the charges under sections 304A, 337 and 338 of IPC passed by the lower court arising from fire in Hotel Vasant Continental building in 1986.

Labour Cases

C.12 There is one writ petition being writ petition no. CWP 4764/95 pending against National Capital Territory of Delhi and others including JHL before the High Court of Delhi challenging the striking off the name of Mr. S. P. Giri, as an employee from the muster rolls.

C. 13 There are eleven (11) cases filed against JHL pending before Labour Courts at Agra, Delhi and Dehradun with regard to dispute pertaining to termination of services, resignation and non-payment of minimum wages by the contractor to its employees.

C.14 There is one appeal being appeal no. 4860/1999 pending before the High Court of Madhya Pradesh at Jabalpur by Mr. Jaiprakash Sharma against JHL and others challenging the Labour Court's order dismissing his application for reinstatement on the ground that Madhya Pradesh Industrial Relations Act, 1960 is not applicable to him and the Industrial Court's order confirming the same and also for reinstatement with back wages.

Compensation Cases

C.15 There is one case being case no. 145/02 pending before Patiala House Court, New Delhi for injury allegedly caused to a contract worker during the course of employment, claiming compensation of Rs. 0.5 million.

Civil Cases

C. 16 There are two cases pending before the Tis Hazari Court at Delhi filed by Virendra Yadav c/o Gift Centre and Khyber Art Emporium respectively, against JHL praying for injunction to maintain their status within Hotel Vasant Continental.

C. 17 There are two cases pending before the High Court of Delhi filed by Phonographic Performance Limited and Indian Performing Right Society Limited for restraining the hotels of the JHL from playing music in public without obtaining license.

D. Jaiprakash Hydro-Power Limited (JHPL)

Cases filed by the JHPL

Compensation Cases

D.1 Three appeals, being C.M.P.M.O. Nos. 170 to 172 of 2003, have been filed by JHPL before the High Court of Himachal Pradesh at Shimla challenging the orders passed by the Civil Judge Junior Division, Rampur Bushar, Himachal Pradesh, upholding its jurisdiction to try three suits filed for compensation in the aggregate sum of Rs. 0.39 million. The said three suits, being Civil Suit Nos. 32-1 of 2003, 48-1 of 2003 and 49-1 of 2003, have been filed for recovery of compensation for the damage allegedly caused to apple trees and other plants and crops, during the work of erection of towers for laying high tension lines for transmission of electricity from Karcham to Jhakri. Three applications have also been filed in the respective three appeals seeking for stay of the proceedings before the aforesaid Civil Judge. The High Court of Himachal Pradesh at Shimla, by its order dated June 21, 2004, has stayed further proceedings before the aforesaid Civil Judge. The appeals are pending.

D. 2 Five appeals have been filed before the High Court of Himachal Pradesh at Shimla by JHPL challenging the order passed by the District Judge, Kinnaur Civil Division at Rampur Bushar, Himachal Pradesh, allowing the claim of various landowners for additional compensation for the damage caused to apple trees and other plants and crops, during the work of erection of towers for laying high tension lines for transmission of electricity from Karcham to Jhakri. The aggregate amount claimed in these cases is approximately Rs. 1.66 million, of which a total of Rs. 1.58 million has been deposited in the High Court of Himachal Pradesh at Shimla.

Land Disputes

D.3 There are seven appeals filed by various appellants under section 54 of the Land Acquisition Act, 1894, before the High Court of Himachal Pradesh at Shimla, challenging the order passed by the District Judge, Kinnaur, Civil Division, at Rampur Bushahr, Himachal Pradesh, for award of compensation for enhancement in the amount of compensation fixed by the Land Acquisition Collector, Kinnaur. The aggregate enhanced amount of compensation sought for in seven appeals amounts to Rs. 2.4 million.

Electricity Cases

D.4 There is one petition being review petition no. 75/2007 pending before the Himachal Pradesh Electricity Regulatory Commission (HPERC) at Shimla filed against the HPSEB and the Himachal Pradesh Government against the Tariff Order dated February 24, 2007 passed by the HPERC approving project cost and tariff for initial five years of BAPSA II hydro electric project.

Miscellaneous Cases

D.5. There is one writ petition being Special Civil Application No. 7341/2007 pending before the High Court of Gujarat against the State of Gujarat (Revenue Department) and the Deputy Collector (Stamp Valuation Cell) for restraining the Deputy Collector from re-opening the transaction relating to the debenture trust deed dated March 13, 2000 (the instrument) and from re-adjudicating the said instrument and for quashing the show cause notice issued by the Deputy Collector. The High Court vide interim order dated March 19, 2007 admitted the writ petition and granted stay in favour of JHPL. The amount involved is Rs. 59.99 million.

Arbitration Cases

D.6. There is an arbitration proceeding pending amongst JHPL and National Insurance Company Limited before the Sole Arbitrator Mr. Vishnu Mehra, Noida for settlement of the insurance claim of Rs. 115.7 million together with interest thereon on account of damages caused to the Bapsa project by the flash flood in July, 2000.

Cases filed against JHPL

Criminal Cases

D.7. There are five cases pending before the Chief Judicial Magistrate Senior Division at Reckongpeo under sections 279, 336, 337, 338 and 304A of the IPC relating to death/injury due to the negligence allegedly caused by the drivers of vehicles belonging to JHPL.

D.8. There are three cases pending before the Chief Judicial Magistrate Senior Division at Reckongpeo under Prevention of Destruction to Public Property Act, 1984 relating to damage allegedly caused to public property by the officers of JHPL.

Civil Cases

D.9. There is one suit being suit no. 35-1 of 2004 pending before the District Judge at Rampur by Mr. Ishwar Singh seeking a direction from the court for installation of additional tower between two specified locations on account of the induction experienced in the cowshed situated below the transmission line.

Electricity Cases

D.10 There is one case being case no. 25/2003 *suo moto* initiated by HPERC against JHPL and HPSEB directing the parties to restructure the debts and reduce the interest costs so that the tariff of the Baspa Project will be reduced and has further directed to make efforts for further reduction in interest rates from 9% to 9.5%.

D.11 There is one petition being review petition no. 94/2007 pending before the HPERC by the HPSEB against the Tariff Order dated February 24, 2007 passed by the HPERC approving project cost and tariff for initial five years of BAPSA II hydro electric project.

Motor Accident Claims

D.12 There is one case being P.R. No. 2675 of 2006 pending before the High Court of Madhya Pradesh at Indore filed by Mr. Premji for claiming compensation of Rs. 0.15 million.

E. Jaypee Ventures Private Limited (JVPL)

Outstanding Litigation of JVPL

Cases filed by JVPL

Labour Cases

E.1 There is one writ petition being writ petition no. 2732/WP/05 pending before the High Court of Madhya Pradesh at Jabalpur against State of Madhya Pradesh and others including one Dr. P. N. Patel with respect to the determination of the legality of his termination, wherein the High Court has stayed the award passed by the Labour Court subject to compliance of section 17 B of Industrial Dispute Act, 1947.

Cases filed against JVPL

Labour Cases

E.2 There is one case being case no. 176/2K/MPIR pending before the Labour Court at Rewa by Mr. Ramayan Prasad Patel against JVPL (formerly known as Jaypee Industrial and Medical Services (P) Limited), disputing his wrongful termination on grounds of misconduct and mis-appropriation, for declaring the enquiry holding him guilty of misconduct and misappropriation as null and void, and also praying for re-instatement with back wages.

F. Jaypee Karcham Hydro Corporation Limited (JKHCL)

Outstanding Litigation of JKHCL

Cases filed by JKHCL

Civil Cases

F.1 There is one suit being suit no. 22-01 of 2006 pending before the Civil Judge Senior Division, Kinnaur District at Reckongpeo, Himachal Pradesh against the Karcham-Wangtoo Pariyojna Sangrash Samiti Tapri and others for seeking an order of permanent/prohibitory injunction from the court for restraining Karcham Wangtoo Pariyojna Sangrash Samiti and others from interfering in any manner whatsoever with the work of JKHCL at all locations where the construction work of JKHCL is to be undertaken in relation to the 1000 MW Karcham-Wangtoo Hydro-Electric project in District Kinnaur of Himachal Pradesh and for other reliefs. The defendants have filed their reply/ written statements. The issues are framed.

Cases filed against JKHCL

Civil Cases

F.2 There is one suit being civil suit no. 19-1 of 2007 pending before the Civil Judge Senior Division at Reckongpeo filed by Mr. Vasu Dev and others for seeking a decree for (i) perpetual injunction to restrain JKHCL from interfering and throwing debris over the land comprised in Khata Khatauni No. 86 min/211 of Khasra No. 254, land comprised in Khata Khatauni No. 86/232 min of Khasra No. 180, 256 Kita 2 situated at Punang in the Kinnaur District and (ii) mandatory injunction for restoring the said land to its original condition by removal of the debris from the said land with costs. JKHCL has filed its reply to application for interim injunction filed by Mr. Vasu Dev and a written statement in response to the suit filed against it. Vide Order dated August 7, 2007 in Civil Miscellaneous Application No. 15-6 of 2007, the application for interim injunction was dismissed.

Public Interest Litigation

F.3 There is one public interest litigation bearing civil writ petition no. 244 of 2007 pending before the High Court of Himachal Pradesh at Shimla filed by one Mr. Ram Nand Negi against Union of India and others including JKHCL, *inter alia* praying:

A. to quash the existing Rehabilitation and Resettlement (R&R) scheme and to frame a fresh R&R scheme;
B. to direct the Union of India and others including JKHCL to collect 5% of the total project cost to be earmarked by JKHCL for overall development of tribal area;
C. for a declaration that the Kinnaur District is an ecologically sensitive area;
D. to direct Union of India and others including JKHCL to acquire individual rights /interests in forest areas as per the Himachal Pradesh Transfer of Land (Regulation) Act, 1968 (HPTLRA);
E. to direct the Union of India including JKHCL and others for a declaration that the possession of JKHCL in forest areas is void if not acquired as per the HPTLRA; and lastly
F. to direct the JKHCL to use better techniques of construction other than the out moded technique of blasting.

JKHCL has filed its reply to Civil Writ Petition. No order has been passed against JKHCL.

Land Cases

F.4 There is one case being petition no.19-R/4 of 2005 pending before the District Judge of Kinnaur Division at Rampur filed by one Mr. Thakur Lal against Land Acquisition Officer and others under section 18 of the Land Acquisition Act, 1894 for seeking an enhancement in compensation from Rs. 0.1 million received under protest. JKHCL and Land Acquisition Officer have filed their replies to the said Petition.

F.5 There is one case being petition no. 20-R/4 of 2005 pending before the District Judge of Kinnaur Division at Rampur filed by one Mr. Jai Prakash Negi against the Land Acquisition Officer and others under section 18 of the Land Acquisition Act, 1894for seeking an enhancement in compensation from Rs. 1.53 million received under protest. JKHCL and Land Acquisition Officer have filed their replies to the said Petition.

F.6 There is one case being petition no. 21-R/4 of 2005 pending before the District Judge of Kinnaur Division at Rampur filed by one Mr. Vinay Singh against Land Acquisition Officer and others under section 18 of the Land Acquisition Act, 1894 for seeking an enhancement in compensation from Rs. 0.42 million received under protest. JKHCL and Land Acquisition Officer have filed their reply to the said Petition.

G. Madhya Pradesh Jaypee Minerals Limited

Nil

H. Jaypee Powergrid Limited

Nil

I. Gujarat Anjan Cement Limited

Nil

J. Jaypee Cement Limited

Nil

K. Himalayan Expressway Limited

Nil

L. Jaypee Infratech Limited

Nil

M. Bhilai Jaypee Cement Limited

Nil

N. Jaiprakash Kashmir Energy Limited

Nil

PART 5 - PAST PENALTIES LEVIED IN THE LAST FIVE YEARS

A. Past cases in which penalties imposed on our Company

The past cases in which penalties have been imposed on our Company in the last five years are as follows:

Sr. No.	Amount of penalty imposed (Rs.)	Brief particulars regarding penalty	Remarks (paid/ payable and reasons therefore)
1.	1000	Penalty imposed for delay in submission half yearly ST-3 returns for the period October, 2004 to March, 2005 and our Company contravened the provisions of section 70(1) of the Finance Act, 1994 read with Rule 7(2) of the Service Tax Rules, 1994	Paid

B. Past cases in which penalties imposed on our Promoter

The past cases in which penalties have been imposed on JAL in the last five years are as follows:

Sr. No.	Amount of penalty imposed (Rs.)	Brief particulars regarding penalty	Remarks (paid/payable and reasons therefor)
1.	1,010,209	Penalties imposed on JAL for the FY 2002-2003	Paid
2.	1,330,793	Penalties imposed on JAL for the FY 2003-2004	Paid
3.	2,727,315	Penalties imposed on JAL for the FY 2004-2005	Paid
4.	1,763,841	Penalties imposed on JAL for the FY 2005-2006	Paid
5.	3,020,593	Penalties imposed on JAL for the FY 2006-2007	Paid

C. Past cases in which penalties imposed on our Promoter Group Companies

1. The past cases in which penalties have been imposed on JVPL in the last five years are as follows:

Sr. No.	Amount of penalty imposed (Rs.)	Brief particulars regarding penalty	Remarks (paid/ payable and reasons therefor)
1.	538,050	Penalty imposed for the FY 2002-2003	Paid
2.	233	Penalty imposed for the FY 2003-2004	Paid
3.	238,044	Penalty imposed for the FY 2004-2005	Paid
4.	3,190,922	Penalty imposed for the FY 2005-2006	Paid
5.	779,539	Penalty imposed for the FY 2006-2007	Paid

2. The past cases in which penalties have been imposed on JHPL in the last five years are as follows:

Sr. No.	Amount of penalty imposed (Rs.)	Brief particulars regarding penalty	Remarks (paid/ payable and reasons therefor)
1.	137,250	Penalty imposed for the FY 2002- 2003	Paid
2.	4,150	Penalty imposed for the FY 2003- 2004	Paid
3.	7,850	Penalty imposed for the FY 2004-2005	Paid
4.	6,300	Penalty imposed for the FY 2005-2006	Paid
5.	4,450	Penalty imposed for the FY 2006-2007	Paid

3. The past cases in which penalties have been imposed on JHL in the last five years are as follows:

Sr. No.	Amount of penalty imposed (Rs.)	Brief particulars regarding penalty	Remarks (paid/ payable and reasons therefor)
1.	32,000	Penalty imposed for the FY 2002-2003	Paid
2.	106,691	Penalty imposed for the FY 2003- 2004	Paid
3.	11,444	Penalty imposed for the FY 2004- 2005	Paid
4.	34,266	Penalty imposed for the FY 2005- 2006	Paid
5.	800	Penalty imposed for the FY 2006- 2007	Paid

4. The past cases in which penalties have been imposed on Jaypee Powergrid Limited in the last five years are as follows:

Sr. No.	Amount of penalty imposed (Rs.)	Brief particulars regarding penalty	Remarks (paid/payable and reasons therefor)
1.	500	Penalty imposed for the FY 2007-2008	Paid

5. The past cases in which penalties have been imposed on Jaypee Karcham Hydro Corporation Limited in the last five years are as follows:

Sr. No.	Amount of penalty imposed (Rs.)	Brief particulars regarding penalty	Remarks (paid/payable and reasons therefor)
1.	200	Penalty imposed for the FY 2006-2007	Paid

Penalties not imposed on the following Promoter Group Companies:

1. **Jaypee Cement Limited**

2. **Madhya Pradesh Jaypee Minerals Limited**

3. **Gujarat Anjan Cement Limited**

4. **Jaypee Powergrid Limited**

5. **Jaiprakash Kashmir Energy Limited**

GOVERNMENT/STATUTORY AND BUSINESS APPROVALS

Except for pending approvals mentioned under this heading, our Company has received the necessary material consents, licenses, permissions and approvals from the Government/RBI and various Government agencies required for our present business. On the basis of the list of approvals below, our Company is permitted to carry on its business activities. Except as stated hereunder, our Company has not applied for the licences required by us pursuant to the activities as mentioned in the section titled "Objects of the Issue" beginning on page 77 of the Draft Red Herring Prospectus.

It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of our Company or for the correctness of any of the statements or any commitments made or opinions expressed.

A. APPROVALS FOR THE ISSUE

We have received the following approvals relating to the Issue:

1. In principle approval from the NSE dated [●].

2. In principle approval from the BSE dated [●].

3. Authorisation of the Board of Directors of our Company for the Issue pursuant to a resolution passed at its meeting held on December 14, 2007

4. Authorisation of the shareholders of our Company under Section 81(1A) of the Companies Act for this Issue vide resolution passed at EGM held on December 18, 2007.

In addition to the aforesaid, we have also received approvals from our lenders for this Issue. For details, please refer chapter titled "Financial Indebtedness" beginning on page 286 of the Draft Red Herring Prospectus.

B. APPROVALS FOR OUR BUSINESS

Corporate/Labour/ Industrial:

1. Certification of incorporation bearing No. 20-18069 dated May 18, 1995 issued by the Registrar of Companies, Uttar Pradesh in the name of "Jaiprakash Power Ventures Limited".

2. Certificate for commencement of business dated June 12, 1995 issued by the Registrar of Companies, Uttar Pradesh in the name of "Jaiprakash Power Ventures Limited".

3. Importer Exporter Code Number 2901001696 issued by the Foreign Trade Development Officer, Ministry of Commerce, Government of India on December 3, 2001, and valid until cancellation.

4. Establishment Code No. DL/21233 issued by the Regional Provident Fund Commissioner, New Delhi pursuant to its letter dated February 27, 1999 under the Employees Provident Fund and Miscellaneous Provisions Act, 1952, as amended.

5. Contract Labour Registration No. 183/DCL/06 dated November 1, 2006 issued under section 7 of the Contract Labour (Regulation & Abolition) Act, 1970, as amended by the Registration Officer & Regional Deputy Labour Commissioner, Dehradun.

Tax:

6. Certificate of registration bearing no. AD-0198415 dated August 4, 1998, issued by the Sales Tax Officer, Range-2, Circle-I, Dehradun under the Joint Regional Sales Tax Act, 1948 as amended.

7. CST TIN no. DD 5116456 dated November 11, 1998 issued by the Sales Tax Officer, Range-1 Dehradun and valid with effect from October 16, 1998 and valid until cancellation.

8. Our Company's PAN is AAACJ5463H, issued by the Office of the Deputy Commissioner of Income Tax Circle-2 Dehradun, pursuant to its letter F.No DCIT/Cir 2/DDN/2001-02 dated November 28, 2001.

9. Service Tax registration no. CE/DL-II/42/JPVL/2003 dated May 6, 2003 in respect of our Head Office situated at JA House, 63, Basant Lok, Vasant Vihar, New Delhi- 110057 issued by the Superintendent, Service Tax, Delhi under section 69 of the Finance Act, 1994, as amended.

C. APPROVALS FOR OUR OPERATING PROJECTS

Vishnuprayag plant in district Chamoli, Uttarakhand

Sr. No.	Name and description of License/ Approval	Details of License / Registration	Validity period		Granting/ certifying Authority	Remarks
			Issued on/ valid from	Valid up to		
1.	Implementation Agreement among the GoUP, Uttar Pradesh State Electricity Board (now UPPCL) and Jaiprakash Industries Limited (now Jaiprakash Associates Limited) for the establishment, operation and maintenance of Vishnuprayag plant.		September 20, 1994.	The right granted under this agreement is for an initial period of thirty (30) years from the date of commissioning and is extendable for a further period of twenty (20) years. Note: The time period for commissioning the plant was extended vide an Additional Implementation Agreement dated March 22, 2003 executed between the Government of Uttaranchal, Uttar Pradesh Power Corporation Limited and our Company. For further details please see sr no 11. of this table.	-	
2.	Environmental clearance for the plant in favour of Jaiprakash Industries Limited (now Jaiprakash Associates	Office Memorandum No.J.11016/29/83-IA.III issued on November 30, 1995.	November 30, 1995.	-	Ministry of Environment and Forests, Government of India.	-

Sr. No.	Name and description of License/ Approval	Details of License / Registration	Validity period		Granting/ certifying Authority	Remarks
			Issued on/ valid from	Valid up to		
	Limited).					
3.	No Objection Certificate for implementation of the plant by our Company.	Letter No. 5549 dated March 29, 1996.	March 29, 1996.	-	Special Secretary, GoUP.	-
4.	Approval of the Central Government under Section 2 of the Forest (Conservation) Act, 1980 for diversion of 80 hectares of forest land for construction of the Vishnuprayag plant.	No. 8-271/89-FC.	October 15, 1996.	-	Ministry of Environment and Forests.	-
5.	No Objection Certificate for implementation of the plant through Jaiprakash Industries Limited (now Jaiprakash Associates Limited).	Letter No. 6-271/69-FC dated March 19, 1997.	March 19, 1997.	-	Assistant Inspector General of Forests.	-
6.	Techno Economic Clearance for the plant granted to Jaiprakash Industries Limited (now Jaiprakash Associates Limited).	FL No. 2/UP/24/97-PAC/7714-34.	June 30, 1997.	-	Central Electricity Authority, Government of India.	Estimated completion cost of US$ 107.35 million + Rs. 1,2335.7 million in a period of sixty (60) months from the date of financial closure with Commercial Operating Dates (CODs) of: (i) fifty nine (59) months for unit 1 and 2 (ii) sixty (60) months for unit 3 and 4.

Sr. No.	Name and description of License/ Approval	Details of License / Registration	Validity period		Granting/ certifying Authority	Remarks
			Issued on/ valid from	Valid up to		
7.	Transfer of environmental clearance in favour of our Company.	Letter No. J-11016/29/83/IA-I.	July 29, 1997.	-	Ministry of Environment and Forests, Government of Indian.	-
8.	Order under section 18A of the Electricity (Supply) Act, 1948 for establishment, operation and maintenance of our Vishnuprayag plant.	Letter No. 5695/SE/98.	January 22, 1998.	-	Department of Energy, GoUP.	-
9.	Approval granting transfer of the Techno Economic Clearance in favour of our Company.	Office Memorandum No. 2/UP/24/97-PAC/5483-503.	May 29, 1998.	-	Central Electricity Authority, Government of India.	-
10.	Rehabilitation and Resettlement Order in respect of acquisition of 21.965 hectares of land.	No 61/PA-2002.	January 15, 2002.	-	District Magistrate, Chamoli.	The order states that no rehabilitation and resettlement of people would be required in respect of use of the land.
11.	Amended Implementation Agreement between the GoUP, Government of Uttaranchal (now the Government of Uttarakhand), U.P Power Corporation Limited and our Company.	-	March 22, 2003.	The right granted under this Agreement is for an initial period of thirty (30) years from the date of commissioning of the project and is extendable for a further period of twenty (20) years. Under the agreement our Company has been granted extension for completion and commissioning of the plant by six (6) years after the period of seven (7) years from the	-	Execution of Agreement with the new state of Uttaranchal (now the Government of Uttarakhand), in which the project is located. For further details on the same please see the chapters titled "Our Business" and "Key Business Contracts" beginning on pages 114 and 135 respectively of the Draft Red Herring Prospectus.

Sr. No.	Name and description of License/ Approval	Details of License / Registration	Validity period		Granting/ certifying Authority	Remarks
			Issued on/ valid from	Valid up to		
				effective date i.e. September 20, 1994.		
12.	Approval under Section 18-A of the Electricity (Supply) Act, 1948 in favour of our Company.	Letter No. 3/IX-3 Urja.	April 4, 2003.	-	Principal Secretary, Department of Energy, Government of Uttaranchal.	-
13.	Consent of the Government of Uttaranchal (now known as Uttarakhand) under section 43-A(1)(c) of the Electricity (Supply) Act, 1948 to sell 88% of saleable energy to UPPCL.	No. 3/IX-3Urja.	April 4, 2003.	-	Principal Secretary, Government of Uttaranchal.	This consent is subject to the condition that the terms of the Power Purchase Agreement are set in accordance with the Amended Implementation Agreement.
14.	Certification stating that the electrical installations at Unit I and Unit II have been inspected in accordance with the Indian Electricity Rules, 1956.	Letter No V.NO/HT/ Hydro Electric Project/2006-2007.	May 27, 2006.	-	Chief Electrical Inspector, Government of Uttaranchal (now Government of Uttarakhand) , Nainital.	-
15.	Certification stating that the electrical installations at Unit III have been inspected in accordance with the Indian Electricity Rules, 1956.	Letter No V.NU/HT/Hydro Electric Project/2006-2007.	September 1, 2006.	-	Chief Electrical Inspector, Government of Uttaranchal (now Government of Uttarakhand) , Nainital.	-
16.	Certification stating that the electrical installations at Unit IV have been inspected in accordance with the Indian Electricity Rules, 1956.	Letter No V.NO/HT/ Hydro Electric Project/2006-2007.	October 8, 2006.	-	Chief Electrical Inspector, Government of Uttaranchal (now Government of Uttarakhand) , Nainital.	-

Sr. No.	Name and description of License/ Approval	Details of License / Registration	Validity period		Granting/ certifying Authority	Remarks
			Issued on/ valid from	Valid up to		
17.	Certificate of readiness for Commercial Operations (Unit I).	Letter ref no.170606.	June 17, 2006.	-	Independent Engineer for the Project.	-
18.	Certificate of readiness for Commercial Operations (Unit II).	Letter ref no: 140706	July 14, 2006.	-	Independent Engineer for the Project.	-
19.	Certificate of readiness for Commercial Operations (Unit III).	Letter Ref No: 310806 dated September 1, 2006.	August 31, 2006.	-	Independent Engineer for the Project.	-
20.	Certificate of readiness for Commercial Operations (Unit IV).	Letter Ref No:131006 dated October 13, 2006.	October 13, 2006.	-	Independent Engineer for the Project.	-
21.	Contract Labour License issued under section 12 of the Contract Labour (Regulation & Abolition) Act, 1970 issued for employment of up to 100 workmen.	No 367/D-CL-/2006.	December 8, 2006.	Renewed up to October 31, 2008.	Licensing Officer. Regional Assistant Labour Commissioner, Garwhal Mandal, Dehradun.	-
22.	Contract Labour License issued under section 12 of the Contract Labour Regulation & Abolition) Act, 1970 issued for employment of up to 100 workmen.	No 368/D-CL-/2006.	December 8, 2006.	Renewed up to October 31, 2008.	Licensing Officer. Regional Assistant Labour Commissioner, Garwhal Mandal, Dehradun.	-
23.	Contract Labour License issued under section 12 of the Contract Labour (Regulation & Abolition) Act, 1970 issued for employment of up to 100	No 369/D-CL-/2006.	December 8, 2006.	Renewed up to October 31, 2008.	Licensing Officer. Regional Assistant Labour Commissioner, Garwhal Mandal, Dehradun.	-

Sr. No.	Name and description of License/ Approval	Details of License / Registration	Validity period		Granting/ certifying Authority	Remarks
			Issued on/ valid from	Valid up to		
	workmen.					
24.	Contract Labour License issued under section 12 of the Contract Labour (Regulation & Abolition) Act, 1970 issued for employment of up to 100 workmen.	No 370/D-CL-/2006.	December 8, 2006.	Renewed up tp October 31, 2008.	Licensing Officer. Regional Assistant Labour Commissioner, Garwhal Mandal, Dehradun.	-
25.	Contract Labour License issued under section 12 of the Contract Labour (Regulation & Abolition) Act, 1970 for employment of up to 100 workmen.	No 371/D-CL-/2006.	December 8, 2006	Renewed up to October 31, 2008.	Licensing Officer. Regional Assistant Labour Commissioner, Garwhal Mandal, Dehradun.	-
26.	Contract Labour License issued under section 12 of the Contract Labour (Regulation & Abolition) Act, 1970 for employment of up to 100 workmen.	No. 372/D-CL-/2006.	December 8, 2006.	Renewed up to October 31, 2008.	Licensing Officer. Regional Assistant Labour Commissioner, Garwhal Mandal, Dehradun.	-

D. APPROVALS IN RELATION TO THE OBJECTS OF THE ISSUE AND OTHER NEW PROJECTS

D1. Jaypee Karcham Hydro Corporation Limited (JKHCL)

One of the objects of the Issue is to subscribe to 55.36% of the equity capital of JKHCL towards part-funding the equity component of Karcham-Wangtoo project, pursuant to which JKHCL will become our subsidiary. The significant approvals in relation to the Karcham-Wangtoo project and other material corporate and other approvals in relation to JKHCL are as stated hereunder:

Corporate/Labour/ Industrial:

1. Certification of incorporation bearing No. U40101HP2002PLC25095 dated April 29, 2002 issued by the Registrar of Companies, Punjab, H.P & Chandigarh in the name of JKHCL.

2. Certificate for commencement of business dated July 4, 2002 issued by the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh in the name of JKHCL.

3. Establishment Code No. HP/5116 under the Employees Provident Fund and Miscellaneous Provisions Act, 1952, as amended, issued by the Assistant Provident Fund Commissioner, Kasumpti, Shimla (Himachal Pradesh) pursuant to letter dated July 24, 2006.

4. Contract Labour Registration No. LO(P)RMP/CLA/PE/5-94-2005-22 dated November 16, 2005 issued under section 7 (2) of the Contract Labour (Regulation & Abolition) Act, 1970, as amended issued by Labour Officer), Rampur Zone, Rampur for employment of maximum of 500 contract labourers on any day through each contract.

Tax:

5. Certificate of Registration No. KIN-718 issued under the Central Sales Tax (Registration And Turnover) Rules, 1957, as amended by the Excise and Taxation Officer Rekong Peo, District Kinnaur, Himachal Pradesh valid with effect from April 4, 2006 and valid until cancellation.

6. Certificate of Registration bearing no. KIN-III-762 dated April 11, 2006 under the Himachal Pradesh General Sales Tax Act, 1968, as amended, valid from April 4, 2006 until cancellation.

7. Service Tax Code No. AABCJ4065CST0001 issued by the Superintendent, Central Excise Division, Shimla, valid from March 31, 2006 until cancellation.

8. JKHCL's PAN is AABCJ4065C, issued by Income Tax Pan Service Unit, Mumbai.

Karcham-Wangtoo project related Licenses:

Sr. No.	Name and description of License/Approval	Details of License / Registration	Validity period		Granting/ Certifying Authority	Remarks
			Issued On/ Valid From	Up to		
1.	Implementation Agreement between the Government of Himachal Pradesh and Jaiprakash Industries Limited (now known as Jaiprakash Associates Limited) for the establishing operating and maintaining the Karcham-Wangtoo Project.	November 18, 1999.	-	The right granted under this Agreement is for an initial period of forty (40) years from the date of commissioning of the Karcham Project and is extendable for a further period of twenty (20) years.	-	JAL shall commence construction within thirty six (36) months and shall commence commercial production within a maximum period of one hundred twenty (120) months from the effective date i.e., November 18, 1999. JKHCL shall pay the government cost of raising compensatory afforestation and its maintenance for a period of ten (10) years. For further

Sr. No.	Name and description of License/Approval	Details of License / Registration	Validity period		Granting/ Certifying Authority	Remarks
			Issued On/ Valid From	Up to		
						details on the same please see the chapters titled "Our Business" and "Key Business Contracts" beginning on pages 114 and 135 respectively of the Draft Red Herring Prospectus.
2.	Addendum to Implementation Agreement between the Government of Himachal Pradesh and Jaiprakash Industries Limited (now known as Jaiprakash Associates Limited) for the establishing operating and maintaining the Karcham-Wangtoo project	May 28, 2001	-	-	-	JAL shall commence construction within forty eight (48) months and commence commercial production within a maximum period of one hundred twenty (120) months from the effective date (November 18, 1999). Company shall pay the government the cost of raising compensatory afforestation and its maintenance for a period of ten (10) years. For further details on the same please see the chapters titled "Our Business" and "Key Business Contracts" beginning on pages 114 and 135 respectively of the Draft Red

Sr. No.	Name and description of License/Approval	Details of License / Registration	Validity period		Granting/ Certifying Authority	Remarks
			Issued On/ Valid From	Up to		
						Herring Prospectus.
3.	Tripartite Agreement between Government of Himachal Pradesh, Jaiprakash Industries Limited (now known as Jaiprakash Associates Limited), and JKHCL.	-	December 30, 2002.	-	-	Rights and obligations under the Implementation Agreement have been assigned to JKHCL pursuant to this agreement. For further details on the same please see the chapters titled "Our Business" and "Key Business Contracts" beginning on pages 114 and 135 respectively of the Draft Red Herring Prospectus.
4.	Notification from the Government of Himachal Pradesh, Department of MPP and Power for the transfer of the Karcham Project from Jaiprakash Industries Limited (now Jaiprakash Associates Limited) to JKHCL.	Letter No MPP-F (2)-15/93-IV .	February 9, 2003.	-	Joint Secretary (Power), Government of Himachal Pradesh.	In pursuance of Section 18-A of the Electricity (Supply) Act, 1948, as amended JKHCL has been authorised to discharge duties in respect of the Project in accordance with the Tripartite Agreement among the Government of Himachal Pradesh, Jaiprakash Associates Limited and JKHCL
5.	Techno Economic Clearance issued to JKHCL.	No 2/HP/19/96-PAC/1409-1436.	March 31, 2003.	-	Central Electricity Authority.	Estimated cost of completion of US$ 117.44 million and Rs.

Sr. No.	Name and description of License/Approval	Details of License / Registration	Validity period		Granting/ Certifying Authority	Remarks
			Issued On/ Valid From	Up to		
						53,458.8 million including interest during construction and financing cost of Rs. 15,499.9 million. This approval is subject to certain conditions.
6.	Approval for site clearance for collection of environmental data for preparation of comprehensive EIA report and management plans in respect of 163.42 hectares of land.	Letter No J-12011/24/2000-IA-I.	September 14, 2001.	--	Ministry of Environment and Forests, Government of India.	Forest clearance for acquisition of forest land to be obtained separately.
7.	Permission for extension of Implementation Schedule under the Implementation Agreement	No. MPP-F(2)15/93-V.	March 16, 2004	-	Principal Secretary (Power), Government of Himachal Pradesh.	Implementation schedule comprising of five (5) years from date of Implementation Agreement for obtaining statutory approval i.e. up to November 2004 and six (6) years thereafter for construction/ commissioning of the project i.e. up to November 2010.
8.	Second Supplementary Implementation Agreement between the Government of Himachal Pradesh and JKHCL.	-	December 20, 2007	-	-	Grant of approval for extension of date for completion of construction/ commissioning of the project up to November 18, 2011. For further details on the same

Sr. No.	Name and description of License/Approval	Details of License / Registration	Validity period		Granting/ Certifying Authority	Remarks
			Issued On/ Valid From	Up to		
						please see the chapters titled "Our Business" and "Key Business Contracts" beginning on pages 114 and 135 respectively of the Draft Red Herring Prospectus.
9.	Approval of the Central Government under Section 2 of the Forest (Conservation) Act, 1980 for diversion of 167.4247 hectares of forest land including 136.2833 hectares of surface rights for construction of the Karcham-Wangtoo project.	No 8-5/2002-FC.	November 17, 2005.	-	Ministry of Environment and Forests, Assistant Inspector General of Forests.	Compensatory afforestation to be raised and maintained over degraded forest land twice in extent to the surface forest land proposed to be diverted, i.e., over 273.00 ha, at the cost of the user agency. User agency to ensure that subsidence does not exceed over 31.1414 hectares of forest land required for underground work. In the event of excess subsidence, the user agency will be responsible for the damage and shall provide equivalent non-forest land along with funds for compensatory afforestation for the same to the State Forest Department within six (6)

Sr. No.	Name and description of License/Approval	Details of License / Registration	Validity period		Granting/ Certifying Authority	Remarks
			Issued On/ Valid From	Up to		
						months of its occurrence. Project affected and displaced persons shall not be rehabilitated on forest land.
10.	Approval of the Central Government under Section 2 of the Forest (Conservation) Act, 1980 for diversion of 4.7053 hectares of additional forest land and 0.2535 hectares of private (forest) land.	No 8-5/2002-FC.	July 6, 2006.	-	Ministry of Environment and Forests, Government of India.	Pursuant to this approval the total diverted forest land of the project is now 172.3834 hectares (167.4246 hectares + 4.7053 hectares + 0.2535 hectares). The conditions stipulated while granting approval for 167.4246 hectares shall be strictly complied with.
11.	Environmental Clearance as per the provisions of the Environment Impact Assessment Notification, 1994.	No-J-12011/47/2005-IA.I.	November 9, 2005.	Five (5) years from the date of issue, i.e. November 8, 2010.	Ministry of Environment and Forests, Government of India.	-
12.	Approval for lease of government land admeasuring 130.18.37 hectares for construction of the Karcham-Wangtoo project.	Letter. No. Vidyut-Chh (6)-2/97-IV.	June 20, 2007.		Additional Secretary (Power), Government of Himachal Pradesh, Department of MPP and Power.	JKHCL to make one time payment of Rs. 678.70 million for the whole land and thereafter Re.1 per month as token money for the lease period. JKHCL is to give an undertaking to this effect, that the land will only be used for the purpose of construction of the

Sr. No.	Name and description of License/Approval	Details of License / Registration	Validity period		Granting/ Certifying Authority	Remarks
			Issued On/ Valid From	Up to		
						Karcham-Wangtoo project. Lease shall be governed by the H.P Lease Rules, 1993.
13.	Approval of the National Committee on Seismic Design Parameters for River Valley Projects for acceptance of recommended values in respect of response spectra and multiplication factors (as per Seismic- Tectonic report).	No. 2/2/2007/FE&SA/ 889.	August 7, 2007.	-	Central Water Commission F.E.&S.A. Directorate.	The project site lies in seismic zone IV, as per the seismic zoning map of India. The Committee has approved recommended values of 0.38g for MCE condition and 0.19g for DBE condition.

D2 – Jaypee Powergrid Limited (JPL)

One of the objects of the Issue is to subscribe to 23% of the equity capital of JPL towards part-funding the equity component of the Transmission project. The significant approvals in relation to the Transmission project are as stated hereunder:

Sr. No	Name and description of License / Approval	Details of License / Registration	Validity period		Granting Authority	Remarks
			Issued On/ Valid From	Valid Up to		
1.	Approval of the Central Government under section 68(1) of the Electricity Act, 2003, as amended for Transmission System associated with the Karcham-Wangtoo project to JPL.	Letter No 11/16/03-PG.	July 17, 2007.	Not Applicable.	Under Secretary, Government of India, Ministry of Power.	The implementing agency will commence construction of the project within three (3) years (unless this term is extended by the Ministry of Power (MoP) MoP may withdraw the approval before the expiry of the period of three (3) years after giving a one (1) month notice.

Sr. No	Name and description of License / Approval	Details of License / Registration	Validity period		Granting Authority	Remarks
			Issued On/ Valid From	Valid Up to		
						Prior to the grant of license from CERC, the activities to be undertaken may remain limited only to survey work and seeking of clearances and actual installation activities.
2.	Grant of Transmission License to JPL under section 14 of the Electricity Act, 2003, as amended in respect of the following elements of inter-state transmission system. Transmission Lines: (i) LILO of 400 KV D/C Baspa-Nathpa Jhakri transmission line at Wangtoo, and (ii)400 KV D/C Karcham-Wangtoo-Abdullapur transmission line 400/200 KV sub-station (Extension) (PGCIL/CTU) at Abdullapur.	License No. 3/Transmission/ CERC.	October 1, 2007.	Twenty Five (25) years.	Chief (Legal), CERC.	In the event of any contradiction between the terms and conditions contained in this license and the agreements signed between JPL and the Central Transmission Utility, the provisions of this license as amended from time to time, shall apply. JPL is required to pay annual license fee of Rs. two (2) lakh, and license fee for a part of the year shall be paid on *pro rata* basis as per the amendment issued by the CERC. JPL shall not enter into any contract or otherwise engage in the business of trading electricity.

D3 One of the objects of the Issue is the financing of the equity component in setting up of the Nigrie Thermal project.

Sr. No	Name and description of License/Approval	Details of License / Registration	Validity period		Granting Authority	Remarks
			Issued On	Valid Up to		
1.	No Objection Certificate for height clearance in respect of construction of chimney in favour of Jaiprakash Associates Limited.	AAI/20013/747/2007-ARI (NOC).	September 11, 2007.	September 10, 2011.	Airports Authority of India.	-
2.	Water availability clearance.	Water supply agreement dated July 9, 2007 entered in to between Jaiprakash Associates Limited and Water Resource Division, Government of Madhya Pradesh, for supply of 65.3 cusec of water from Gopad river.	July 9, 2007.	-	Water Resource Division, Government of Madhya Pradesh.	-
3.	Permission for land acquisition.	Acquisition of 426.45 hectares of land at Nigrie village.	March 15, 2007.	-	Revenue Department, Government of Madhya Pradesh.	-
4.	Implementation Agreement among the Government of Madhya Pradesh (GoMP) and our Company for the establishment of Nigrie Thermal project.	-	December 12, 2007	The Agreement shall remain in effect up to the signing of the Power Purchase Agreement.	-	Our Company is required to implement the project and achieve commercial operation of the project within a maximum period of five (5) years from the effective date, i.e. December 12, 2007. For further details on the same please see the chapters titled "Our Business" and "Key Business Contracts" beginning on pages 114 and [●] respectively

Sr. No	Name and description of License/Approval	Details of License / Registration	Validity period		Granting Authority	Remarks
			Issued On	Valid Up to		
						of the Draft Red Herring Prospectus.
5.	In principle clearance for bsic requirement i.e. land 426.45 hectars and water 65.30 cubic feet/second for the Nigrie Thermal project accorded to our Company	Letter No. 8404/13/07	December 29, 2007	-	Additional Secretary, Government of Madhya Pradesh, Energy Department	-

D4 Arunachal Projects

Our Company plans to subscribe to up to 89% of the equity capital of the special purpose vehicle(s) that we intend to incorporate to implement the Arunachal projects. Approvals in relation to the Arunachal projects are as under:

Sr. No	Name and description of License/Approval	Details of License / Registration	Validity period		Granting Authority	Remarks
			Issued On	Valid Up to		
1.	Grant of Clearance to Jaiprakash Associates Limited, for pre-construction activities in respect of construction of concrete dam and on the river Siyom, in relation to the proposed Hirong project.	No. J.12011/71/2007-IA.I	November 7, 2007.	-	Additional Director, MoEF.	Company is required to submit a draft EIA/EMP report to the State Pollution Control Board/ Committee for conducting public hearing. All issues discussed in such public hearing shall be addressed to and incorporated in the final EIA/EMP report and submitted to the Ministry for considering the proposal for environmental clearance.
2.	Grant of Clearance to Jaiprakash	No. J.12011/71/2007-	November 7, 2007.	-	Additional Director,	The installed capacity of the

Sr. No	Name and description of License/Approval	Details of License / Registration	Validity period		Granting Authority	Remarks
			Issued On	Valid Up to		
	Associates Limited, for pre-construction activities in respect of construction of concrete dam and power houses, on the river bed of the Siang river in relation to the proposed Lower Siang project.	IA.I.			MoEF.	Lower Siang project has been increased to 2025 MW from 1600 MW. Company is required to submit a draft EIA/EMP report to the State Pollution Control Board/ Committee for conducting public hearing. All issues discussed in such public hearing shall be addressed to and incorporated in the final EIA/EMP report and submit the same to the Ministry for considering the proposal for environmental clearance.

D5 Meghalaya Projects.

Our Company proposes to subscribe to up to 74% of the equity capital of the special purpose vehicle(s) that we intend to incorporate to implement the Meghalaya projects. As on date of filing of the Draft Red Herring Prospectus we have not applied or obtained any approvals or licenses in relation to the same.

D6 Approvals applied for but not received in relation to the objects of the Issue

Vishnuprayag Project

Application made by our Company, dated October 25, 2007 for renewal of license No. CHAMOLI-2 issued under the Factories Act. The factory license has expired as on December 31, 2007.

Karcham-Wangtoo project.

1. Application dated November 27, 2007 by JKHCL to Land Acquisition Collector, Kulpa Sub-Division, Kinnaur, Himachal Pradesh requesting issue of notification under section 4 and section 7, in respect of acquisition of private land in Up Mahal Shandnain, Khasra No.3/1, 3/2 measuring 0.2535 hectares and Up Mohal Kilba, khasra No. 1385/1343 measuring 0.2790 hectares.

2. Application *vide* letter dated April 5, 2007 by Conservator of Forests, Rampur Forest Circle, Himchal Pradesh to the Conservator of Forests (P&L) O/O Pr. CCF. HP. Shimla requesting approval for diversion of

16.348 hectares of forest land for construction of approach road to concrete batching and mixing plant to be established at Baltrung, Kinnaur ,Himachal Pradesh.

Transmission project.

1. Application dated July 13, 2007 by JPL for authorisation under section 164 of the Electricity Act, 2003 for placing of electric lines pertaining to the setting up of the transmission system.

Nigrie Thermal project

1. Application made pursuant to letter No. JAL/SIDHI/POWER PLANT/FR/2004 by Jaiprakash Associates Limited, for study by PGCIL relating to long term open access for transfer of 920 MW of power from the proposed generation project. This application has been made in response to the letter of PGCIL (C/ENG/SEF/W/06/JAL) dated August 2, 2007, directing Jaiprakash Associates Limited to carry out extensive system studies.

2. Application dated May 5, 2007 pursuant to letter No JAL/SIDHI/POWER PLANT/FR/002 by Jaiprakash Associates Limited to the Ministry of Defence requesting clearance of the land for the proposed thermal plants.

3. Letter No. JAL/CO-ORD/2007-08 by Jaiprakash Associates Limited to the Director (Thermal Power Projects), Ministry of Environment and Forests submitting pre-feasibility report for the thermal plant and cement grinding plant.

4. Application by JAL, for Ministry of Environment and Forest (MoEF) clearance in Form-I with Terms of Reference (TOR) submitted by Jaiprakash Associates Limited to MoEF dated September 5, 2007.

5. Letter dated December 8, 2007 addressed by JAL to the MoEF, communicating that the Nigrie Thermal project is to be implemented by our Company.

6. Application vide letter bearing no. JPVL/2007/Sidhi/001 dated January 1, 2008 by our Company to the Collector, District Sidhi, (Madhya Pradesh) requesting initiation of action for acquisition of 445.54 hectars of private land in villages of Nigri and Katai, Tehsil Deosar, District Sidhi, Madhya Pradesh and 29.83 hectars of government land in village of Nigri, Tehsil Deosar, District Sidhi, Madhya Pradesh in the name of our Company.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors have, pursuant to a resolution passed at its meeting held on December 14, 2007 authorised this Issue, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act.

The shareholders of our Company have authorised the Issue by a special resolution adopted under Section 81 (1A) of the Companies Act, passed at the Extraordinary General Meeting held on December 18, 2007.

Our Board of Directors have, pursuant to its resolution passed at its meeting held on January 8, 2007, approved the Draft Red Herring Prospectus.

Our Company has also obtained all other necessary contractual approvals required from our lenders for the Issue. For further details, please refer to the chapter titled "Financial Indebtedness" beginning on page 286 of the Draft Red Herring Prospectus.

Prohibition by SEBI

Our Company, our Directors, our Promoters, our Promoter Group Companies or any companies in which our Directors are associated as directors or promoters, 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.

The listing of securities of our Company has never been refused at any time by any stock exchange in India.

Further, none of our Company's Promoter, the Promoter Group Companies, our Directors or any companies in which our Directors are associated as directors have been declared as willful defaulters by the RBI or any other governmental authority and there has been no violation of any securities law committed by any of them in the past and no such proceedings are pending against them.

ELIGIBILITY FOR THE ISSUE

Our Company is an "Unlisted Company" in terms of the SEBI Guidelines; and this Issue is an "Initial Public Offer" in terms of SEBI Guidelines.

Our Company is eligible to make the Issue as per Clause 2.2.2 of the SEBI Guidelines as explained hereunder, and will fulfil the eligibility criteria as per Clause 2.2.2(a)(i) and Clause 2.2.2(b)(i) of the SEBI Guidelines as stated hereinbelow:

Clause 2.2.2 of the SEBI Guidelines states as follows:

"2.2.2 An unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets both the conditions (a) and (b) given below:

(a)(i) The issue is made through the book-building process, with at least 50% of the issue size being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.

OR

(a)(ii) The "project" has at least 15% participation by Financial Institutions/Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded.

AND

(b)(i) The minimum post-issue face value capital of the company shall be Rs.10 crores (Rs.100 million).

OR

(b)(ii) There shall be a compulsory market-making for at least 2 years from the date of listing of the shares, subject to the following:

(a) Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;

(b) Market makers undertake to ensure that the bid-ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%;

(c) The inventory of the market makers on each of such stock exchanges, as of the date of allotment of securities, shall be at least 5% of the proposed issue of the company.)"

Our Company is an unlisted company that does not comply with the conditions specified in Clause 2.2.1 of the SEBI Guidelines and is therefore required to meet both the conditions set forth in clause 2.2.2(a)(i) and clause 2.2.2(b)(i) of the SEBI Guidelines, as specified above.

a) Our Company will comply with Clause 2.2.2(a)(i) of the SEBI Guidelines and at least 50% of the Net Issue shall be Allotted to QIBs and in the event our Company fails to do so, the full subscription monies shall be refunded to the Bidders.

b) Our Company will also comply with Clause 2.2.2(b) of the SEBI Guidelines and the post-Issue face value capital of our Company shall be Rs. [●] million, which is more than the minimum requirement of Rs. 10 crores (Rs. 100 million).

Hence, our Company is eligible for the Issue under Clause 2.2.2 of the SEBI Guidelines.

Our Company undertakes that the number of allottees in the Issue shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith.

Further, the Issue is subject to the fulfillment of the following conditions as required by the SCRR under Rule 19 (2)(b):

- A minimum of 2,000,000 Equity Shares (excluding reservations, firm allotments and promoters contribution) are offered to the public;
- The Issue size, which is the Issue Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 1,000 million; and
- The Issue is made through the Book Building Method with Allocation of at least 60% of the Net Issue to QIBs, as defined under the SEBI Guidelines.

It is hereby clarified that clause 2.2.1(d) of the SEBI Guidelines is not applicable in the instant case, as there has been no change in the business of our company pursuant to a change of name.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, ENAM SECURITIES PRIVATE LIMITED, MORGAN STANLEY INDIA COMPANY PRIVATE LIMITED, DEUTSCHE

EQUITIES INDIA PRIVATE LIMITED, J.P. MORGAN INDIA PRIVATE LIMITED, IDFC-SSKI PRIVATE LIMITED[1], ICICI SECURITIES LIMITED, JM FINANCIAL CONSULTANTS PRIVATE LIMITED, KOTAK MAHINDRA CAPITAL COMPANY LIMITED AND THE CO-BOOK RUNNING LEAD MANAGER, AXIS BANK LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS AND THE CO-BOOK RUNNING LEAD MANAGER 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, ENAM SECURITIES PRIVATE LIMITED, MORGAN STANLEY INDIA COMPANY PRIVATE LIMITED, DEUTSCHE EQUITIES INDIA PRIVATE LIMITED, J.P. MORGAN INDIA PRIVATE LIMITED, IDFC-SSKI PRIVATE LIMITED[1], ICICI SECURITIES LIMITED, JM FINANCIAL CONSULTANTS PRIVATE LIMITED, KOTAK MAHINDRA CAPITAL COMPANY LIMITED AND THE CO-BOOK RUNNING LEAD MANAGER, AXIS BANK LIMITED, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JANUARY 8, 2008 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, 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 MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**

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 ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**

   (A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

   (B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

   (C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. **WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI UNTIL THE DATE COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**

6. **WE CERTIFY THAT CLAUSE 4.6 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, 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 DRAFT RED HERRING PROSPECTUS.**

7. **WE UNDERTAKE THAT CLAUSES 4.9.1, 4.9.2, 4.9.3 AND 4.9.4 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION AND SUBSCRIPTION FROM ALL FIRM ALLOTTEES WOULD BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. 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 PROMOTER'S 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 ISSUE – NOT APPLICABLE.**

8. **WHERE THE REQUIREMENTS OF PROMOTER'S CONTRIBUTION IS NOT APPLICABLE TO THE ISSUER, WE CERTIFY THE REQUIREMENTS OF PROMOTER'S CONTRIBUTION UNDER CLAUSE 4.10 {SUB-CLAUSE (A), (B) OR (C), AS MAY BE APPLICABLE} ARE NOT APPLICABLE TO THE ISSUER.**

9. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

10. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE 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. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.**

11. **WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTER, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT IN THE ISSUE.**

12. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE AS THE ISSUE SIZE IS MORE THAN RS. 100 MILLION, HENCE UNDER SECTION 68A OF THE COMPANIES ACT, THE ALLOTMENT IS MADE ONLY IN DEMAT FORM.**

13. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND

(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 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 ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS AND THE CO-BOOK RUNNING LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

(1) The name of SSKI Corporate Finance Private Limited has been changed to IDFC-SSKI Private Limited with effect from November 14, 2007 and has been duly recorded with the Registrar of Companies, Maharashtra at Mumbai. Application has been made to SEBI dated December 27, 2007 for change of name as a merchant banker.

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Disclaimer from our Company, the BRLMs and the Co-BRLM

Our Company, our Directors, the BRLMs and the Co-BRLM accept no responsibility for statements made otherwise than in the Draft 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 Company's website, www.jppowerventures.com, or the website of our Promoter or Promoter Group Companies would be doing so at his or her own risk.

The BRLMs and the Co-BRLM accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLMs, the Co-BRLM and our Company dated [●] and the Underwriting Agreement to be entered into among the Underwriters and our Company.

All information shall be made available by our Company, the BRLMs and the Co-BRLM 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 or elsewhere.

Neither our Company nor the Syndicate shall be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors that apply in this Issue will be required to confirm and will be deemed to have represented to our Company the Book Running Lead Managers and Co-Book Running Lead Manager 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. Our Company and the Book Running Lead Managers, Co-Book Running Lead Manager 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.

The BRLMs, the Co-BRLM and their respective associates and affiliates may engage in transactions with, and perform services for, our Company and our Promoter Group Companies, affiliates or associates in the ordinary

course of business and have engaged, and may in future engage, in the provision of commercial banking or other financial services for which they have received, and may in future receive, compensation

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Eligible Employees in relation to the Employee Reservation Portion, Eligible Shareholders in relation to the Listed Promoter Group Companies Shareholders' Reservation Portion, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted non residents including eligible NRIs, FIIs and other eligible foreign investors, provided they are eligible under all applicable laws and regulations to hold Equity Shares of our Company. The Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to the Equity Shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Draft Red Herring Prospectus comes is required to inform himself or her self about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in New Delhi only.

No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for observations. Accordingly, the Equity Shares, represented hereby may not be issued or sold, directly or indirectly, and the Draft 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 the Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 ("the Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. Persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold in the United States to (i) entities that are both "Qualified Institutional Buyers" as defined in Rule 144A under the Securities Act and "Qualified Purchasers" as defined under the Investment Company Act of 1940 and related rules (the "Investment Company Act") and (ii) outside the United States to certain Persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

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.

Further, each Bidder where required agrees that such Bidder will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

Disclaimer Clause of BSE:

As required, a copy of this Draft Red Herring Prospectus has been submitted to the BSE. The disclaimer clause as intimated by the BSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer Clause of NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to the NSE. The disclaimer clause as intimated by the NSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Filing of Prospectus with SEBI and the Registrar of Companies

A copy of the Draft Red Herring Prospectus has been filed with SEBI at the Division of Issues and Listing at SEBI Bhavan, Plot No. C4-A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the 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 at least 3 (three) days before the Bid/Issue Opening Date. A copy of the Prospectus to be filed under Section 60 of the Companies Act will be delivered for registration to the RoC at 10/499-B, Allen Ganj, Khalasi Lines, Kanpur - 208 001, Uttar Pradesh.

Listing

Applications have been made to the BSE and the NSE for permission for listing of the Equity Shares being offered and sold in the Issue. The [●] will be the Designated Stock Exchange with which the basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of our Equity Shares is not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest all money received from the Bidders in pursuance of the Red Herring Prospectus. If such money is not repaid within eight (8) days after our Company becomes liable to repay it. (i.e. from the date of refusal or within fifteen (15) days from the Bid/Issue Closing date, whichever is earlier), then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of eight (8) days, be jointly and severally liable to repay the money with interest at the rate of 15% per annum on the Bid Amount, as prescribed under Section 73 of Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven (7) working days of finalization and adoption of the basis of Allotment for this Issue.

Equity shares of our Promoter are listed on the BSE and the NSE. The equity shares of our Promoter were also listed on the Delhi Stock Exchange Association Limited (DSE), Uttar Pradesh Stock Exchange Association Limited (UPSE), Ahmedabad Stock Exchange Limited (ASE) and the Calcutta Stock Exchange Association Limited (CSE). Our Promoter received the delisting approvals from its shareholders for delisting of its equity shares from the DSE, the UPSE, the ASE and the CSE pursuant to a special resolution passed at the AGM held on September 27, 2005, since the trading activities in the equity shares of our Promoter on these exchanges was low. Our Promoter has received the delisting approvals from ASE (with effect from March 31, 2006), the UPSE (with effect from July 28, 2006) and the DSE (with effect from August 14, 2006). Our Promoter is awaiting the approval for the delisting of its equity shares from the CSE.

Impersonation

Attention of the Bidders 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, a Bid 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: the Directors; our Company Secretary; Compliance Officer; the Auditors; Bankers to our

Company; Escrow Collection Banks*; BRLMs; the Co-BRLM; Syndicate Members*; IPO Grading Agency*; Monitoring Agency*; the Registrar; Domestic Legal Counsel to our Company, International Legal Counsel to our Company, Domestic Legal Counsel to the Underwriters, International Legal Counsel to the Underwriters, to act in their respective capacities, have been obtained and will be filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and Section 60B of the Companies Act and such consents will not be withdrawn up to the time of filing of the Red Herring Prospectus with RoC.

** The aforesaid will be appointed prior to filing the Red Herring Prospectus with the RoC, and their consents as above would be obtained prior to the filing of the Red Herring Prospectus with the RoC.*

M/s. Awatar & Co., Chartered Accountants, our Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Draft Red Herring Prospectus for registration with SEBI.

M/s. M. P. Singh & Associates, Chartered Accountants, JKHCL's auditors, have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Draft Red Herring Prospectus for registration with SEBI.

M/s. Awatar & Co., Chartered Accountants, have given their written consent to the inclusion of their report relating to the possible the tax benefits accruing to our Company and its shareholders in the form and context in which it appears in the Draft Red Herring Prospectus and has not withdrawn such consent up to the time of delivery of the Draft Red Herring Prospectus for registration with SEBI.

Expert Opinion

Except the report of [●] in respect of the IPO grading of the Issue annexed herewith and except as stated in the section titled "Financial Statements" and the chapter titled "Statement of Tax Benefits" beginning on pages 221 and 94 of the Draft Red Herring Prospectus, we have not obtained any expert opinions.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The total expenses of the Issue are estimated to be approximately Rs. [•] million. The estimated Issue expenses are as follows:

Activity	Expenses (Rs. in million)	% of Issue Expenses	% of Issue Size
Lead management, underwriting and selling commission *	[•]	[•]	[•]
Advertisement and marketing expenses*	[•]	[•]	[•]
Printing, stationery including transportation of the same	[•]	[•]	[•]
Other (Registrar's fees, legal fees, listing fees, etc.)*	[•]	[•]	[•]
IPO Grading Fee*	[•]	[•]	[•]
Total Estimated Issue Expenses*	[•]	100%	[•]

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

Details of Fees Payable

Fees Payable to the Book Running Lead Managers, Co-Book Running Lead Manager and the Syndicate Members

The total fees payable to the Book Running Lead Managers, Co-Book Running Lead Manager and the Syndicate Members (including the underwriting and selling commission and reimbursement of their out of pocket expenses) will be as per the Engagement Letter dated January 8, 2008, a copy of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to this Issue

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the memorandum of understanding signed by our Company and the Registrar dated January 8, 2008, a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

Previous Rights and Public Issues during the Last five (5) Years

Our Company has not made any previous rights or public issues in India or abroad during the last five (5) years preceding the date of the Draft Red Herring Prospectus.

Previous Issues of Shares otherwise than for Cash

Except as stated in the chapter titled "Capital Structure" beginning on page 65 of this Draft Red Herring Prospectus, we have not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage on Previous Issues

Since this is the initial public offering of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's inception.

Promise versus Performance

Our Company

Our Company has not made any public or rights issue in the past.

Our Promoter Group Companies

Our Promoter, Jaiprakash Associates Limited and two of our Promoter Group Companies, namely Jaiprakash Hydro-Power Limited and Jaypee Hotels Limited, are listed on various stock exchanges in India. For details with respect to promise versus performance data for their past issues, please refer chapter tiled "Our Promoter Group Companies" beginning on page 203 of the Draft Red Herring Prospectus.

Outstanding Debentures, Bond Issues and Preference Shares

As on the date of the filing of the Draft Red Herring Prospectus, there are no outstanding debentures, bonds or redeemable preference shares of our Company, except for the following outstanding debentures:

Sr. No.	Description	Nominal Amount outstanding as on November 30, 2007 (in Rs.)
1.	6,330,000 11.25% secured redeemable non-convertible debentures of Rs. 100 each fully paid up in cash issued to the Life Insurance Corporation. These are currently held by the Life Insurance Corporation of India, and are redeemable in 40 equal quarterly installments commencing from July 15, 2007 to April 15, 2017 (interest payable on quarterly rests).	601,350,000
2.	5,270,000 9% secured redeemable non-convertible debentures of Rs. 100 each fully paid up in cash issued to the Life Insurance Corporation. These are currently held by the Life Insurance Corporation, and are redeemable in 40 equal quarterly installments commencing from July 15, 2007 to April 15, 2017 (interest payable on monthly rests)	500,650,000
	Total	**1,102,000,000**

Stock Market Data for the Equity Shares of our Company

This being an initial public issue of our Company, the Equity Shares are not listed on any stock exchange.

Mechanism for redressal of investor grievance

The Memorandum of Understanding between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least one (1) year from the last date of dispatch of the letters of Allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the Bidder, number of Equity Shares applied for, amount paid on Bid and the bank branch or collection centre where the Bid was submitted.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances will be seven (7) business 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 Board of Directors in its meeting held on December 14, 2007 have constituted the Shareholders'/Investors' Grievance Committee. The members of this Committee as on the date of filing the Draft Red Herring Prospectus with SEBI are:

Name of the Director	Designation
Mr. S.K Sharma	Chairman – Non-executive, non-independent
Mr. Suren Jain	Member- Executive, non-independent
Mr. Arun Gupta	Member- Executive, non-independent

The terms of reference of the said committee are as mentioned in the chapter titled "Our Management" beginning on page 171 of the Draft Red Herring Prospectus.

Our Company has appointed Mr. Manmohan Sibbal, Company Secretary as the Compliance Officer and he may be contacted at:

Mr. Manmohan Sibbal
Jaiprakash Power Ventures Limited
'JA House'
63, Basant Lok,
Vasant Vihar,
New Delhi – 110 057.
Tel: +91-11-2614 1540
Fax: +91-11-2614 5389
Email: jpvl.ipo@jalindia.co.in

Investors may contact him in case of any pre-Issue or post-Issue problems.

For details in relation to disposal of investor grievances by our listed Promoter Group Companies, please refer to the chapter titled "Our Promoter Group Companies" beginning on page 203 of the Draft Red Herring Prospectus.

Other Disclosures

Except as disclosed in the chapter titled "Capital Structure" beginning on page 65 of the Draft Red Herring Prospectus, the Promoter Group Companies, the directors of the Promoter or the Promoter Group Companies or the Directors of our Company have not purchased or sold any Equity Shares during a period of six (6) months preceding the date on which the Draft Red Herring Prospectus is filed with SEBI.

Disposal of investor grievances by listed companies under the same management as our Company

For details, see the chapter "Our Promoter Group Companies" beginning on pages 203 of the Draft Red Herring Prospectus.

Changes in Auditors during the last three (3) financial years and reasons therefore

There has been a change in the auditor of our Company as per the following details:

Past Auditors	Present Auditors	Date of Change	Reasons for Change
M/s. L C Kailash & Associates	M/s. Awatar & Co.	November 27, 2007	Resignation

Capitalisation of Reserves or Profits

Our Company has not capitalised its reserves or profits at any time since inception.

Revaluation of Assets

Our Company has not revalued its assets since incorporation.

Tax Implications

Investors that are Allocated Equity Shares in the Issue will be subject to capital gains tax on any resale of the Equity Shares at applicable rates, depending on the duration for which the investors have held the Equity Shares prior to such resale and whether the Equity Shares are sold on the stock exchanges. For further details, see the chapter titled "Statement of Tax Benefits" beginning on page 94 of the Draft Red Herring Prospectus.

Interest of Promoter and Directors

Promoter

For details, please refer to the chapter titled "Our Promoter" beginning on page 194 of the Draft Red Herring Prospectus.

Directors

For details, please refer to the chapter titled "Our Management" beginning on page 171 of the Draft Red Herring Prospectus.

Payment and benefits to the officers of our Company

For details, please refer to the chapter titled "Our Management" beginning on page 171 of the Draft Red Herring Prospectus.

SECTION VIII - ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

Principal Terms and Conditions of the Issue

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of our Company, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, Bid-cum-Application Form, the Revision Form, CAN, the listing agreement with the Stock Exchanges and other terms and conditions as may be incorporated in the Allotment advice, and other documents/ certificates that may be executed in respect of the Equity Shares. Further to the above, the Equity Shares shall also be subject to applicable laws, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the Registrar of Companies, the Reserve Bank of India and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares to be issued shall, subject to the provisions of the Companies Act, the Memorandum and Articles of Association of our Company, rank pari passu in all respects with the existing Equity Shares of our Company in all respects including rights in respect of dividends. The Allottees will be entitled to dividends, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment. See the section titled "Main Provisions of Articles of Association of our Company" beginning on page 401 of the Draft Red Herring Prospectus for a description of the Articles of Association.

Mode of Payment of Dividend

The declaration and payment of dividend by our Company will be as per the provisions of the Companies Act.

Face Value and Issue Price

The Equity Shares have a face value of Rs. 10 each. The Equity Shares will be offered in terms of the Red Herring Prospectus to be filed with the RoC at a price of Rs. [•] per Equity Share. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, subject to applicable laws. The Floor Price of the Equity Shares is Rs. [•] per Equity Share and Cap Price is Rs. [•] per Equity Share. The Issue Price is [•] times the face value of the Equity Shares.

Compliance with SEBI Guidelines

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders of our Company shall have the following rights:

- Right to receive dividends, 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, subject to any statutory and other preferential claims being satisfied;
- Right of free transferability of the Equity Shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Articles of Association of our Company.

For a description of the main provisions of our Company's Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, please refer to the section titled "Main Provisions of Articles of Association of Our Company" beginning on page 401 of the Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialised form. As per the existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors and hence, the tradable lot is one Equity Shares. Allotment in the Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares in the Issue. For details of allocation and allotment, please refer to the chapter titled "Issue Procedure" beginning on page 368 of the Draft Red Herring Prospectus.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts/authorities in New Delhi, India.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares that are 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 Agents 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 the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the 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 ninety (90) days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder(s) will prevail. If the investors require a change in the nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

If our Company does not receive a minimum subscription of 90% of the Net Issue amount, including devolvement to the Underwriters, within sixty (60) days from the Bid / Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight (8) days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act, 1956.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, our Company shall ensure that the number of prospective Allottees, to whom the Equity Shares will be Allotted, is not less than 1,000. If at least 60% of the Net Issue cannot be Allotted to QIBs, then the entire application money will be refunded forthwith. If there is a delay beyond fifteen (15) days after our Company becomes liable to pay the amount, our Company shall pay interest at the rate of 15% per annum for the delayed period.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs and the Co-BRLM reserves the right not to proceed with the Issue, including at any time after the Bid/Issue Opening Date, but before the Board meeting for Allotment in the Issue, without assigning any reason therefor. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. In terms of the SEBI Guidelines, the QIBs are not permitted to withdraw their Bids after the Bid/ Issue Closing Date.

Arrangements for Disposal of Odd Lots

Our Company's Equity Shares will be traded in dematerialised form only and therefore the marketable lot is one share. Therefore there is no possibility of odd lots.

Restrictions, if any on Transfer and Transmission of Equity Shares

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in the Draft Red Herring Prospectus and in the Articles of Association of our Company. Please refer to the section titled "Main Provisions of our Articles of Association" beginning on page 401 of the Draft Red Herring Prospectus.

Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue. Further, NRIs who are not Eligible NRIs are not permitted to participate in the Issue. Equity Shares acquired by Eligible NRIs can be only sold to Indian residents and other Eligible NRIs.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only

(i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act; and
(ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

ISSUE STRUCTURE

The present Issue of 104,000,000 Equity Shares at a price of Rs. [●] per Equity Share for cash aggregating to Rs. [●] million by our Company is being made through the 100% Book Building Process. [●] Equity Shares are reserved in the Issue for subscription by Eligible Employees and [●] Equity Shares are reserved in the Issue for subscription by Eligible Shareholders. The Net Issue to the public will comprise of [●] Equity Shares. The Issue will constitute 16.34% of the fully diluted post-Issue paid-up capital of our Company. The Net Issue will constitute [●]% of the fully diluted post-Issue paid up capital of our Company*.

* Our Company is considering a Pre-IPO Placement of certain Equity Shares with some investors. The Pre-IPO Placement, if any, will be completed before the filing of the Red Herring Prospectus with the RoC. The Issue would stand reduced to the extent of the Pre-IPO Placement, if any, subject to the Net Issue to the Public being at least 10% of the fully diluted post-Issue paid up capital of our Company. Further, each of the reservation for Eligible Shareholders and Eligible Employees shall be subject to a maximum of 10% of such revised Issue size.

If at least 60% of the Net Issue cannot be allotted to QIBs, then the entire application money shall be refunded forthwith.

	Eligible Employees in the Employee Reservation Portion (Reservation on competitive basis)	**Eligible Shareholders in the Listed Promoter Group Companies Shareholder Reservation Portion (Reservation on competitive basis)**	**QIBs**	**Non-Institutional Bidders**	**Retail Individual Bidders**
Number of Equity Shares*	Up to [●] Equity Shares	Up to 104,000,000 Equity Shares	At least [●] Equity Shares must be Allotted to QIBs. ***	Not less than [●] Equity Shares shall be available for Allocation.	Not less than [●] Equity Shares shall be available for Allocation.
Percentage of Issue Size available for allocation	Up to 10% of the Issue size available for Allocation to Eligible Employees in the Employee Reservation Portion*	Up to 10% of the Issue size available for Allocation to Eligible Shareholders in the Listed Promoter Group Companies Shareholder Reservation Portion*	At least 60% of the Net Issue shall be Allotted to QIBs, 5% of which shall be available for Allocation to Mutual Funds) Mutual Funds participating in the 5% reservation in the QIB Portion (i.e. [●] Equity Shares aggregating Rs. [●] million) will also be eligible for Allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund Portion will be available to all QIBs*	Not less than 10% of the Net Issue or Net Issue less Allocation to QIBs and Retail Individual Bidders shall be available for Allocation to Non-Institutional Bidders*	Not less than 30% of the Net Issue or Net Issue less Allocation to QIBs and Non-Institutional Bidders shall be available for Allocation to Retail Individual Bidders*
Basis of Allocation if respective category is oversubscribed	Proportionate	Proportionate	Proportionate as follows: (a) [●] Equity Shares	Proportionate	Proportionate

	Eligible Employees in the Employee Reservation Portion (Reservation on competitive basis)	Eligible Shareholders in the Listed Promoter Group Companies Shareholder Reservation Portion (Reservation on competitive basis)	QIBs	Non-Institutional Bidders	Retail Individual Bidders
			shall be available for Allocation on a proportionate basis to Mutual Funds; and (b) 47,424,000 Equity Shares shall be available for Allocation on a proportionate basis to all QIBs including Mutual Funds receiving Allocation as per (a) above.		
Minimum Bid	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares not exceeding the size of the Issue, subject to applicable limits.	25,000 Equity Shares.	Such number of Equity Shares not exceeding the size of the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the size of the Issue subject to applicable limits.	Such number of Equity Shares whereby 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.	Compulsorily in dematerialised form.
Bid Lot	[●] Equity Shares and multiples thereof	[●] Equity Shares and multiples thereof	[●] Equity Shares and multiples thereof`	[●] Equity Shares and multiples thereof	[●] Equity Shares and multiples thereof
Allotment Lot	[●] Equity Shares and in multiples of one thereafter	[●] Equity Shares and in multiples of one thereafter	[●] Equity Shares and in multiples of one thereafter	[●] Equity Shares and in multiples of one thereafter	[●] Equity Shares and in multiples of one thereafter
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Bid **	"Eligible Employees" as defined in the section titled "Definitions and Abbreviations" beginning on page i of the Draft Red Herring Prospectus.	"Eligible Shareholders" as defined in the section titled "Definitions and Abbreviations" beginning on page i of the Draft Red Herring Prospectus.	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered	Eligible NRIs, Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.	Resident Indian individuals, HUF (in the name of Karta), Eligible NRIs applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.

	Eligible Employees in the Employee Reservation Portion (Reservation on competitive basis)	Eligible Shareholders in the Listed Promoter Group Companies Shareholder Reservation Portion (Reservation on competitive basis)	QIBs	Non-Institutional Bidders	Retail Individual Bidders
			with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension Funds (subject to applicable law) with minimum corpus of Rs. 250 million in accordance with applicable law.		
Terms of Payment	Margin Amount applicable to Eligible Employees at the time of submission of Bid-cum-Application Form to the members of the Syndicate.	Margin Amount applicable to Eligible Shareholders at the time of submission of Bid-cum-Application Form to the members of the Syndicate	Margin Amount applicable to QIBs at the time of submission of Bid-cum-Application Form to the the BRLMs, Co-BRLM or their affiliates.	Margin Amount applicable to Non-Institutional Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate.	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate.
Margin Amount #	In case of Bidders, opting for such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000 and opting for Payment Method I – Rs. [●] per Equity Share	In case of Bidders, opting for such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000 and opting for Payment Method I – Rs. [●] per Equity Share and	At least 10% of the Bid Amount in respect of Bids placed by the QIBs on Bidding.	Full Bid Amount on Bidding.	In case of Bidders opting for Payment Method I – Rs. [●] per Equity Share and in case of Bidders opting for Payment Method II - full Bid Amount on

	Eligible Employees in the Employee Reservation Portion (Reservation on competitive basis)	Eligible Shareholders in the Listed Promoter Group Companies Shareholder Reservation Portion (Reservation on competitive basis)	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	and in case of other Bidders opting for Payment Method II - full Bid Amount on Bidding.	in case of other Bidders opting for Payment Method II - full Bid Amount on Bidding.			Bidding.

Amount Payable per Equity Share	Payment Method-I			Payment Method-II		
	Retail Individual Bidders			Any Category		
	Face Value	Premium	Total	Face Value	Premium	Total
	(per share)					
On Application	2.5	[●]	[●]	10.0	[●]	[●]
By Due Date for Balance Amount Payable	7.5	[●]	[●]	-	-	-
Total	10.0	[●]	[●]	10.0	[●]	[●]

* Subject to valid Bids being received at or above the Issue Price. In case of under-subscription in the Employee Reservation Portion and the Listed Promoter Group Companies Shareholders' Reservation Portion, the same would be allowed to be met with spillover *inter-se* from the any other category, at the sole discretion of our Company, in consultation with the BRLMs, the Co-BRLM and the Designated Stock Exchange, subject to at least 60% of the Net Issue being Allotted on a proportionate basis to QIBs. In case of under-subscription in the Net Issue (except in the QIB Portion), spillover to the extent of under- subscription shall be permitted from other categories or a combination of categories, the Employee Reservation Portion and the Listed Promoter Group Companies Shareholders' Reservation Portion at the discretion of our Company in consultation with the BRLMs, the Co-BRLM and the Designated Stock Exchange. Such *inter-se* spillover, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.

If the aggregate demand by Mutual Funds is less than [●] Equity Shares aggregating Rs. [•] million, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

** In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid-cum-Application Form.

*** In terms of Rule 19(2)(b) of the SCRR, this being an Issue for less than 25% of the post-Issue capital of our Company, if at least 60% of the Net Issue cannot be allocated to QIB Bidders, then the entire application money will be refunded forthwith.

\# After the Bid/Issue Closing Date, depending upon the level of subscription, additional Margin Amount, if any, may be called from the QIB Bidders.

ISSUE PROCEDURE

BOOK BUILDING PROCEDURE

In terms of Rule 19(2) (b) of the SCRR, this being an Issue for less than 25% of post Issue capital of our Company, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be Allotted to QIBs on a proportionate basis. 5% of the QIB Portion shall be available for Allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for Allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Net Issue cannot be Allotted to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue shall be available for Allocation on a proportionate basis to Non Institutional Bidders and not less than 30% of the Net Issue shall be available for Allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, [●] Equity Shares shall be available for Allocation on a proportionate basis to Eligible Employees and [●] Equity Shares shall be available for Allocation on a proportionate basis to Eligible Shareholders subject to valid Bids being received at or above the Issue Price. This Issue does not have any reservations (other than Employee Reservation Portion and Listed Promoter Group Companies Shareholders' Reservation Portion), firm allotment or promoter's contribution. In case there is any Pre-IPO Placement, our Company shall ensure that the Net Issue to the public after the Pre-IPO Placement shall constitute at least 10% of the fully diluted post-Issue paid-up capital of our Company.

Bidders are required to submit their Bids through the members of the Syndicate. However, Bids by QIBs shall be submitted only through the BRLMs, the Co-BRLM and/or their affiliates. In case of QIB Bidders, our Company in consultation with the BRLMs and the Co-BRLM may reject Bids at the time of acceptance of the Bid-cum-Application Form provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In the case of Bids made by Non Institutional Bidders and Retail Individual Bidders, our Company, in consultation with the BRLMs and the Co-BRLM, would have a right to reject such Bids only on technical grounds.

Investors should note that Equity Shares will be Allotted to successful Bidders only in the dematerialised form. Bidders will not have the option of getting Allotment of the Equity Shares in the physical form. The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchange(s).

BID-CUM-APPLICATION FORM

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the 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 to make the necessary changes in the 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 public or Eligible NRI applying on a non-repatriation basis	White
Non-residents including Eligible NRIs, FIIs, FVCIs/Multilateral and Bilateral Development Financial Institutions applying on repatriation basis	Blue
Eligible Employees in the Employee Reservation Portion	Pink
Eligible Shareholders in the Listed Promoter Group Companies Shareholders' Reservation Portion	Green

WHO CAN BID

1. Indian nationals resident in India who are not minors, in single or joint names (not more than three);
2. 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;
3. Companies, corporate bodies and societies incorporated or registered under the applicable laws in India and authorised to invest in the Equity Shares;
4. Indian Mutual Funds registered with SEBI;
5. Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Guidelines, as applicable);
6. Venture Capital Funds registered with SEBI;
7. FIIs registered with SEBI.
8. Foreign Venture Capital Funds registered with SEBI;
9. State Industrial Development Corporations;
10. Multilateral and bilateral development financial institutions;
11. Insurance companies registered with the Insurance Regulatory and Development Authority;
12. Provident funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in Equity Shares;
13. Pension funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in Equity Shares;
14. Trust registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorised under their constitution to hold and invest in Equity Shares;
15. Eligible NRIs on a repatriation basis or a non-repatriation basis, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue. Non-Residents can Bid for partly paid Equity Shares only if they have obtained the approval of the RBI to subscribe to partly paid Equity Shares and the said approval is submitted along with the Bid-cum-Application Form;
16. Scientific and/ or industrial research organizations in India authorised to invest in Equity Shares; and
17. Any other persons permitted or eligible to invest in the Issue under applicable laws, rules, regulations and guidelines.

Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

Notes:

a) Notwithstanding the aforesaid, in the Employee Reservation Portion, Bids can only be submitted by the Eligible Employees, and in the Listed Promoter Group Companies Shareholders' Reservation Portion, Bids can be submitted only by the Eligible Shareholders.

b) The BRLMs, the Co-BRLM and the Syndicate Members shall not be entitled to participate in this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs, the Co-BRLM and Syndicate Members are entitled to Bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in the Non-Institutional Portion, as may be applicable to such investors, where the Allotment will be on a proportionate basis. Such Bidding and subscription may be on their own account or on behalf of their clients.

11. Bidders are advised to ensure that any single Bid from them does not exceed the investment limit or maximum number of Equity Shares that can be held by them under applicable law, rules, regulations, guidelines andapprovals whichever is lower.

The information above and otherwise contained in this Section as regards investment laws, investment limits, etc. as applicable to various categories of investors is given for the benefit of the Bidders. Our Company, the BRLMs and the Co-BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft 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 limits under laws, rules, regulations, guidelines or notifications.

BIDS BY MUTUAL FUNDS

An eligible Bid by a Mutual Fund shall first be considered for Allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than [●] Equity Shares, Allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for Allocation proportionately out of the remainder of the QIB portion, after excluding the Allocation in the Mutual Fund Portion.

The Bids made by asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are 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.

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 capital carrying voting rights.

BIDS BY ELIGIBLE NRIs

Bid-cum-Application Forms will be made available for Eligible NRIs at our Registered Office, with members of the Syndicate and with the Registrar to the Issue.

Eligible NRI Bidders may please note that only such applications as are accompanied by payment in free foreign exchange or by debit to their NRE / FCNR accounts shall be considered for Allotment under the Eligible NRI category on repatriable basis. Eligible NRIs intending to participate in the bidding process shall ensure that their foreign address is registered with their depository participant or furnished on the Bid-cum-Application form. Post Allotment, if any, on repatriable basis, our company is required to file FC-GPR with the Reserve Bank of India through an authorised dealer along with a KYC (Know Your Client) report issued by the their banker. Eligible NRIs who may be Allotted Equity Shares of our Company in the Issue are required to facilitate the issue of the above said report to be furnished to RBI. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the application form meant for Resident Indians (white in colour).

Non-Residents Indians require the approval of the RBI for subscribing to partly paid up Equity Shares and copy of such approval should be submitted along with the Bid-cum-Application Form in case an application is made under Payment Method-1.

BIDS BY FIIs

As per current regulations, the following restrictions are applicable for investment by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid-up capital of our Company (i.e. 10% of 636,500,000 Equity Shares). In respect of an FII investing in the Equity Shares of our Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total paid-up capital of our Company or 5% of the total paid-up capital of our Company in case such sub-account is a foreign corporate or in individual. In accordance with foreign investment limits applicable to us, the aggregate FII holding in our Company cannot exceed 24% of the total paid-up capital of our Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can be increased to 100%. At the Extraordinary General Meeting held on December 18, 2007 we have increased the limit for FII investments in our Company to 45%.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub-account may issue, deal or hold, off-shore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on any stock exchange in India only in favour of those entities which are regulated by any

relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance with "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity. Associates and affiliates of the Underwriters, including the BRLMs and the Co-BRLM, that are FIIs or its sub-account(s) may issue off-shore derivative instruments against Equity Shares allocated to them in the Issue.

BIDS BY SEBI REGISTERED VENTURE CAPITAL FUNDS AND FOREIGN VENTURE CAPITAL INVESTORS

As per the current regulations, the following restrictions are applicable for investments by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors.

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on the Venture Capital Funds and Foreign Venture Capital Investors registered with SEBI. Accordingly, holding in our Company by any individual Venture Capital Fund registered with SEBI should not exceed 25% of the corpus of such Venture Capital Fund.

Pursuant to the SEBI Guidelines, the shareholding of SEBI-registered Venture Capital Funds and Foreign Venture Capital Investors held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one (1) year prior to the time of filing the draft prospectus with SEBI.

The above information is given for the benefit of the Bidders. Bidders are advised to make their own enquiries about the limits applicable to them. Our Company, the BRLMs and the Co-BRLM do not accept any responsibility for the completeness and the accuracy of the information stated hereinabove. Our Company, the BRLMs and the Co-BRLM are not liable to inform the investors of any amendments or modification or changes in applicable laws or regulations, which may happen after the date of the Draft 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 limits under laws or regulations.

BIDS IN THE EMPLOYEE RESERVATION PORTION

1. Eligible Employees shall mean:

   a) A permanent employee or Director of our Company (whether a whole-time Director or not); or

   b) A permanent employee or Director (whether a whole-time Director or not) of our holding company, Jaiprakash Associates Limited which is also our Promoter;

   To be eligible to apply in the Issue in the Employee Reservation Portion, the Bidder should be an Eligible Employee of our Company / or Jaiprakash Associates Limited as on the date of filing of the Red Herring Prospectus with the RoC, based and physically present in India as on the date of submission of the Bid-cum-Application Form.

2. Bids in the Employee Reservation Portion may be made by Eligible Employees only.
3. In case of Bids by Eligible Employees, Bids must be made only in the prescribed Bid-cum-Application Form (pink in colour).
4. The sole/first Bidder should be the Eligible Employee. 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 in the same sequence in which they appear in the Bid-cum-Application Form.
5. The Eligible Employee should mention his or her employee number at the relevant place in the Bid-cum-Application Form.
6. Bids by Eligible Employees in the Employee Reservation Portion have to be received at or above the Issue Price for being considered for Allocation in the Employee Reservation Portion.
7. Bids by Eligible Employees can also be made in the Net Issue and such Bids will not be considered as multiple Bids.
8. The Bid should be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter.
9. Allotment in the Employee Reservation Portion would be on a proportionate basis.

10. Eligible Employees who apply or Bid for Equity Shares of or for a value of not more than Rs. 100,000 in any of the Bidding options can apply at the Cut-off Price. Eligible Employees, whose Bid Amount exceeds Rs. 100,000 are not allowed to Bid at the Cut-off Price.

BIDS IN THE LISTED PROMOTER GROUP COMPANIES SHAREHOLDERS' RESERVATION PORTION

1. For the purposes of the Listed Promoter Group Companies Shareholder Reservation Portion, Eligible Shareholders shall mean shareholders of our Promoter and those Promoter Group Companies whose equity shares are listed on stock exchanges in India (being Jaiprakash Associates Limited, Jaiprakash Hydro-Power Limited and Jaypee Hotels Limited) as on the specified date to be fixed by each Promoter Group Company whose equity shares are listed on stock exchanges in India, when the details of the shareholders of the Listed Promoter Group Companies are available, who are Indian nationals, based in India and are physically present in India on the date of submission of the Bid-cum-Application
2. Bids in the Listed Promoter Group Companies Shareholders' Reservation Portion may be made by Eligible Shareholders only.
3. The Bid-cum-Application Forms will be mailed to the Eligible Shareholders on the date specified by our Company.
4. In case of Bids by Eligible Shareholders, Bids must be made only in the prescribed Bid-cum-Application Form (green in colour).
5. The sole/first Bidder should be the Eligible Shareholder. 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 in the same sequence in which they appear in the Bid-cum-Application Form.
6. The Eligible Shareholder should mention his/her folio number/DP ID and Client ID at the relevant place in the Bid-cum-Application Form.
7. Bids by Eligible Shareholders in the Listed Promoter Group Companies Shareholders' Reservation Portion have to be received at or above the Issue Price for being considered for Allocation in the Listed Promoter Group Companies Shareholders' Reservation Portion.
8. The Bid should be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter.
9. The maximum Bid by the Eligible Shareholders under the Listed Promoter Group Companies Shareholders' Reservation Portion shall not exceed 25,000 Equity Shares.
10. Bids by Eligible Shareholders can also be in the Net Issue and such Bids will not be considered as multiple Bids.
11. Allotment in the Listed Promoter Group Companies Shareholders' Reservation Portion would be on a proportionate basis.
12. Eligible Shareholders who apply or Bid for Equity Shares of or for a value of not more than Rs. 100,000 in any of the Bidding options can apply at the Cut-off Price. Eligible Shareholders, whose Bid Amount exceeds Rs. 100,000 are not allowed to Bid at the Cut-off Price.

MAXIMUM AND MINIMUM BID SIZE

For Retail Individual Bidders: The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000 ***(Investors may note that total Bid Amount is not just the amount payable at application but the entire amount payable for the bid including the amount payable by Due Date for Balance Amount Payable).*** In case the Bid amount is more than Rs. 100,000 due to revision of the Bid, the Bid would be considered for Allocation under the Non-Institutional Bidders category. The Cut-off Price option is available only to the Retail Individual Bidders, Eligible Employees and Eligible Shareholders indicating their agreement to Bid and purchase at the Issue Price as determined at the end of the Book Building Process.

For Non-Institutional Bidders and QIB Bidders: The Bid must be for a minimum of such 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 the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. Under existing SEBI Guidelines, a QIB Bidder is not permitted to withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin Amount upon submission of the Bid. In case of revision of Bids, the Non Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to

a revision in Bids, such Bids would be considered for Allocation under the Retail Portion. Non Institutional Bidders and QIB Bidders are not allowed to Bid at the Cut-Off Price.

For Bidders in the Employee Reservation Portion: The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter. The Allotment in the Employee Reservation Portion will be on a proportionate basis. The maximum Bid by an Eligible Employee in the Employee Reservation Portion cannot exceed the Issue size.Eligible Employees, whose Bid Amount does not exceed Rs. 100,000, including due to any revision in the Price Band, may Bid at the Cut-off Price. Eligible Employees, whose Bid Amount exceeds Rs. 100,000 are not allowed to Bid at the Cut-off Price.

For Bidders in the Listed Promoter Group Companies Shareholders' Reservation Portion: The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter. The Allotment in the Listed Promoter Group Companies Shareholders' Reservation Portion will be on a proportionate basis. The maximum Bid by an Eligible Shareholder in the Listed Promoter Group Companies Shareholders' Reservation Portion cannot exceed the number of Equity Shares reserved for them in this Issue. Eligible Shareholders, whose Bid Amount does not exceed Rs. 100,000, including due to any revision in the Price Band, may Bid at the Cut-off Price. Eligible Shareholders, whose Bid Amount exceeds Rs. 100,000 are not allowed to Bid at the Cut-off Price.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus.

INFORMATION FOR BIDDERS

(a) Our Company will file the Red Herring Prospectus with the RoC at least three (3) working days before the Bid/Issue Opening Date.

(b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.

(c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid-cum-Application Form can obtain the same from our Registered Office or from any of the BRLMs/ the Co-BRLM / Syndicate Members.

(d) Eligible investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLMs, the Co-BRLM or Syndicate Members or their authorised agent(s) to register their Bid.

(e) 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.

Bidders should refer to the section "Key Features of the Payment Method" on page 51 of the Draft Red Herring Prospectus.

METHOD AND PROCESS OF BIDDING

1. Our Company, the BRLMs and the Co-BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in three (3) widely circulated newspapers (one English national newspaper, one Hindi national newspaper and one regional language newspaper). This advertisement, subject to the provisions of Section 66 of the Companies Act, shall contain the disclosures as prescribed in Schedule XX-A of the SEBI Guidelines, as amended from time to time. The BRLMs, the Co-BRLM and Syndicate Members shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.

2. The Bidding Period shall be a minimum of three (3) working days and shall not exceed seven (7) working days. In case the Price Band is revised, the revised Price Band and Bidding Period will be published in three (3) widely circulated national newspapers (one English national newspaper, one Hindi national newspaper and one regional language newspaper) and one widely circulated regional language newspaper and also by

indicating the change on the websites of the BRLMs, the Co-BRLM and at the terminals of the members of the Syndicate. In the event of one or more revisions of the Price Band, the Bidding Period may be extended, if required, by an additional three (3) working days, subject to the total Bidding Period not exceeding ten (10) working days.

3. During the Bidding Period, eligible investors who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or their authorised agents to register their Bid.

4. Each Bid-cum-Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" below on page 374 of the Draft Red Herring Prospectus) and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for Allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

5. The Bidder cannot Bid on another Bid-cum-Application Form after his or her 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 multiple bids are liable to be rejected. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Build up of the Book and Revision of Bids" on page 378 of the Draft Red Herring Prospectus.

6. During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

7. Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Account" on page 376 of the Draft Red Herring Prospectus.

8. The members of the Syndicate will enter each Bid option 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 Bidder can receive up to three TRSs for each Bid-cum-Application Form. It is the responsibility of the Bidder to obtain the TRS from the members of the Syndicate.

BIDS AT DIFFERENT PRICE LEVELS

The Issue Price will be determined by our Company in consultation with the BRLMs and the Co-BRLM, on the basis of assessment of the market demand for the Equity Shares, by way of the Book Building Process. The Price Band will be inserted in the Red Herring Prospectus filed with RoC.

The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share, Rs. [●] being the Floor Price and Rs. [●] being the Cap Price. The Bidders can Bid at any price within the Price Band, in multiples of Re 1 (Rupee one).

Our Company in consultation with the BRLMs and the Co-BRLM reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Guidelines by informing the Stock Exchanges, releasing a press release, disclosure on the website of the members of the Syndicate, if any and notification on the terminal of the members of the Syndicate. In case of a revision in the Price Band, the Issue will be kept open, if required, for a period of three (3) working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten (10) working days. Our Company in consultation with BRLMs and the Co-BRLM can finalise the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in the Red Herring Prospectus.

(a) The Bidders can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Eligible Employees and Eligible Shareholders, applying for a maximum Bid in any of the Bidding options not exceeding up to Rs.

100,000, may Bid at the Cut-off Price. However, Bidding at the Cut-off is prohibited for QIBs or Non Institutional Bidders or Bidders in the Employee Reservation Portion or in the Listed Promoter Group Companies Shareholders' Reservation Portion whose Bid Amount exceeds Rs. 100,000 and such Bids from QIBs, Non-Institutional Bidders, Bidders in the Employee Reservation Portion or Bidders in the Listed Promoter Group Companies Shareholders' Reservation Portion shall be rejected.

(b) Retail Individual Bidders, Bidders in the Employee Reservation Portion or Bidders in the Listed Promoter Group Companies Shareholders' Reservation Portion who Bid at the Cut-Off Price, agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders, Bidders in the Employee Reservation Portion and Bidders in the Listed Promoter Group Companies Shareholders' Reservation Portion Bidding at the Cut-Off Price shall deposit the Bid Amount in accordance with the Payment Method, based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, Bidders in the Employee Reservation Portion or Bidders in the Listed Promoter Group Companies Shareholders' Reservation Portion (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders, Bidders in the Employee Reservation Portion or Bidders in the Listed Promoter Group Companies Shareholders' Reservation Portion shall receive the refund of the excess amounts from the Refund Account in accordance with the paragraph titled "Payment of Refund" beginning on page 397 of the Draft Red Herring Prospectus.

(c) In the event of any revision in the Price Band, whether upwards or downwards, 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.

(d) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, Bidders in the Employee Reservation Portion and Bidders in the Listed Promoter Group Companies Shareholders' Reservation Portion who had bid at the Cut-off Price could either (i) revise their Bid or (ii) only those Bidders who have opted for the Payment Method – 2 shall make additional payment based on the Cap Price of the revised Price Band, with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 100,000 the Bid will be considered for Allocation under the Non Institutional Portion in terms of the Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.

(e) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, Bidders in the Employee Reservation Portion and Bidders in the Listed Promoter Group Companies Shareholders' Reservation Portion who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding would be refunded from the Refund Account.

OPTION TO SUBSCRIBE

Equity Shares being offered through the Draft Red Herring Prospectus can be applied for in dematerialised form only.

ESCROW MECHANISM

Escrow Account

Our Company shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount (as applicable to the Payment Method opted by the Bidder) from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. 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 the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Issue Account and the Refund Account as per the terms of the Escrow

Agreement, the Red Herring Prospectus and the Prospectus. Payments of refunds to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement, the Red Herring Prospectus and the Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), Refund Bank(s), our Company, the Registrar, BRLMs, the Co-BRLM and Syndicate Members to facilitate collections from the Bidders.

TERMS OF PAYMENT AND PAYMENT INTO THE ESCROW ACCOUNT

Each Bidder shall pay the applicable Margin Amount with the Bid-cum-Application Form through a cheque or demand draft payable at the place of bidding, for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details please refer to the paragraph titled "Payment Instructions" beginning on page 385 of the Draft Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid-cum-Application Forms accompanied by cash, money order or stockinvest shall not be accepted. The Margin Amount has to be paid at the time of submission of the Bid-cum-Application Form based on the highest Bidding option of the Bidder. An illustrative table of the Payment Method is provided herein.

The Bidder may also provide the applicable Margin Amount by way of an electronic transfer of funds through the RTGS mechanism. Each QIB shall provide their QIB Margin Amount only to a BRLM or the Co-BRLM.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Issue Account with one of the Escrow Collection Banks. The balance amount after transfer to the Issue Account shall be transferred to the Refund Account maintained by the Refund Bank(s). No later than fifteen (15) days from the Bid/Issue Closing Date, the Refund Bank(s) shall refund all monies 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. Eligible Employees bidding in the Employee Reservation Portion, Eligible Shareholders in the Listed Promoter Group Companies Shareholders' Reservation Portion, QIB Bidders, Non Institutional Bidders and Retail Individual Bidders) would be required to pay their applicable Margin Amount at the time of submission of the Bid-cum-Application Form in accordance with the Payment Method chosen. The Margin Amount payable by each category of Bidders is mentioned in the chapter titled "Issue Structure" beginning on page 364 of the Draft Red Herring Prospectus. After the Bid/Issue Closing Date, the level of subscription in all categories shall be determined. Subject to the Payment Method chosen, where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date. If such additional amount is not paid in to the appropriate Escrow Account within the time and in the manner stipulated above, the Bid of such Bidder is liable to be rejected. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid-cum-Application Form.

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, will be refunded to such Bidder within fifteen (15) days from the Bid/Issue Closing Date, failing which our Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Different Payment Methods:

For Illustration of the Payment Methods available to the investors for applying in this Issue see "The Issue" on page 50 of the Draft Red Herring Prospectus.

ELECTRONIC REGISTRATION OF BIDS

(a) The members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city where a stock exchange is located in India and where Bids are being accepted.

(b) BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. Pursuant to a recent amendment, the SEBI Guidelines require that the Bidding terminals shall contain an online graphical display of demand and Bid prices updated at periodic intervals, not exceeding 30 minutes. On the Bid/Issue Closing Date, the member of the Syndicate shall upload the Bids until such time as may be permitted by the Stock Exchanges. Bidders are cautioned that a high inflow of Bids, typically experienced on the last day of 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 may not be considered for Allocation.

(c) Aggregate demand and price for Bids registered on the electronic facilities of the BSE and the NSE will be uploaded on a regular basis, consolidated and displayed on-line at all the Bidding centers and the websites of the BSE and the NSE. Pursuant to a recent amendment, the SEBI Guidelines require that the Bidding terminals shall contain an online graphical display of demand and Bid prices updated at periodic intervals, not exceeding 30 minutes. A graphical representation of consolidated demand and price would be made available at the Bidding centers during the Bidding Period.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the online system:

- Name of the Bidder (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, QIB, Eligible NRI, FII, or Mutual Fund, etc;
- Number of Equity Shares Bid for;
- Bid price;
- Bid-cum-Application Form number;
- Whether payment is made upon submission of Bid-cum-Application Form;
- Margin Amount paid upon submission of Bid-cum-Application Form; and
- Depository Participant Identification No. and Client Identification No. of the Demat Account of the Bidder

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate**. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) In case of QIB Bidders, the members of the Syndicate shall have the right to accept or reject the Bid. However, such rejection should be made at the time of acceptance of the 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, Bidders in the Employee Reservation Portion and Bidders in the Listed Promoter Group Companies Shareholders' Reservation Portion, Bids shall not be rejected except on the technical grounds listed on page 388 of the Draft Red Herring Prospectus

(h) It is to be distinctly understood that the permission given by the BSE and the NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the

compliance with various statutory and other requirements by our Company, or the BRLMs or the Co-BRLM are cleared or approved by the BSE and the NSE; 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, our Promoter, our management or any scheme or project of our Company

(i) It is also to be distinctly understood that the approval given by the BSE and the NSE should not in anyway be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by the BSE or the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and the NSE.

BUILD UP OF THE BOOK AND REVISION OF BIDS

(a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis. Pursuant to a recent amendment, the SEBI Guidelines require that the Bidding terminals shall contain an online graphical display of demand and Bid prices updated at periodic intervals, not exceeding 30 minutes.

(b) The book gets built up at various price levels. This information will be available with the BRLMs and the Co-BRLM on a regular basis.

(c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid-cum-Application Form.

(d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

(e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members 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.

(f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Draft Red Herring Prospectus. In case of QIBs, the members of the Syndicate shall collect the payments in the form of cheque or demand draft or the electronic transfer of funds through RTGS for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

(g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from 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.

(h) Only Bids that are uploaded on the online IPO system of the BSE and the NSE shall be considered for Allocation/ Allotment .In case of discrepancy of data between the Bids registered on the online IPO system of the BSE and the NSE and physical Bid-cum-Application Form, the decision of our Company, in consultation the BRLMs, the Co-BRLM and the Designated Stock Exchange, based on the physical records of Bid-cum-Application Forms shall be final and binding on all concerned.

(i) While revising the Bid, the Bidder shall not change the Payment Method indicated originally.

PRICE DISCOVERY AND ALLOCATION

(a) After the Bid/Issue Closing Date, the BRLMs and the Co-BRLM will analyze the demand generated at various price levels and discuss pricing strategy with our Company.

(b) Our Company, in consultation with the BRLMs and the Co-BRLM, shall finalise the "Issue Price" and the number of Equity Shares to be allotted in each investor category.

(c) The Allocation for QIBs shall be at least 60% of the Net Issue, of which 5% shall be reserved for Mutual Funds, on a would be proportionate basis. The availability for Allocation to Non-Institutional Bidders, and Retail Individual Bidders of not less than 10% and 30% of the Net Issue, respectively, would be on proportionate basis, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Issue cannot be Allotted to QIBs, the entire application monies will be refunded. The Allocation under the Employee Reservation Portion and the Listed Promoter Group Companies Shareholders' Reservation Portion shall be on a proportionate basis, in the manner specified under the SEBI Guidelines and the Red Herring Prospectus, subject to valid Bids being received at or above Issue Price, and is approved by the Designated Stock Exchange.

(d) In case of over-subscription in all investor categories, at least 60% of the Issue shall be available for Allocation on a proportionate basis to QIBs, out of which 5% shall be reserved for Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for Allocation in the remaining QIB Portion. However, if the aggregate demand by Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares from the portion specifically available for Allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be Allocated proportionately to the QIBs.

(3) In case of under-subscription in the Employee Reservation Portion and the Listed Promoter Group Companies Shareholders' Reservation Portion, the same would be allowed to be met with spillover *inter-se* from the any other category, at the sole discretion of our Company, in consultation with the BRLMs, the Co-BRLM and the Designated Stock Exchange, subject to at least 60% of the Net Issue being Allotted on a proportionate basis to QIBs. In case of under-subscription in the Net Issue (except in the QIB Portion), spillover to the extent of under- subscription shall be permitted from other categories or a combination of categories, the Employee Reservation Portion and the Listed Promoter Group Companies Shareholders' Reservation Portion at the discretion of our Company in consultation with the BRLMs, the Co-BRLM and the Designated Stock Exchange. Such *inter-se* spillover, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.

(e) The BRLMs and the Co-BRLM in consultation with our Company, shall notify the member of the Syndicate of the Issue Price and Allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

(f) Allotment to Eligible NRIs, FIIs or Mutual Funds or FVCIs will be subject to applicable laws, rules, regulations, guidelines and approvals.

(g) Our Company reserves the right to withdraw the Issue any time after the Bid/Issue Opening Date but before the Board meeting for Allotment, without assigning any reason whatsoever.

(h) In terms of SEBI Guidelines, QIB Bidders are not permitted to withdraw their Bid after the Bid/Issue Closing Date.

(i) The Allotment details shall be put on the website of the Registrar to the Issue.

SIGNING OF UNDERWRITING AGREEMENT AND ROC FILING

(a) Our Company, the BRLMs, the Co-BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price.

(b) After signing the Underwriting Agreement, our Company will update and file the Red Herring Prospectus with the RoC, which then would be termed the 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

ANNOUNCEMENT OF PRE-ISSUE ADVERTISEMENT

Subject to Section 66 of the Companies Act, our Company shall, after receiving final observations, if any, on the Draft Red Herring Prospectus from SEBI, publish an advertisement in the form prescribed by the SEBI Guidelines, in three (3) widely circulated newspapers (one English national newspaper, one Hindi national newspaper and one regional language newspaper).

ADVERTISEMENT REGARDING ISSUE PRICE AND PROSPECTUS

Our Company will issue a statutory advertisement after the filing of the Prospectus with RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

ISSUANCE OF CONFIRMATION OF ALLOCATION NOTE (CAN)

After the determination of Issue Price, the following steps would be taken

(a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs, the Co-BRLM or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been Allocated Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of Allocation for the Retail Individual Bidders, Non-Institutional Bidders and Bidders bidding in the Employee Reservation Portion and the Listed Promoter Group Companies Shareholders' Reservation Portion. However, Bidders should note that our Company shall ensure that the instructions for demat credit of the Equity Shares to all Bidders, in all categories, shall be given by our Company the same date.

(b) The BRLMs, the Co-BRLM or Syndicate Members would then send the CAN to their Bidders who have been Allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the Balance Amount Payable for all the Equity Shares Allocated to such Bidder. Those Bidders who have not paid the Bid Amount in full into the Escrow Account at the time of Bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.

(c) Bidders who have been Allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of Bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account.

(d) The issuance of CAN is subject to "Notice to QIBs: Allotment Reconciliation and Revised CANs" as mentioned below.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/ NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid-cum-Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. 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 will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirely the earlier CAN.

DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) Our Company will ensure that the Allotment of Equity Shares is completed within 15 days of the Bid/Issue Closing Date.

(b) After the funds are transferred from the Escrow Accounts to the Issue Account and Refund Account on the Designated Date, our Company will ensure Allotment of the Equity Shares to the Allottees within two (2) working days of date of Allotment. All Allottees will receive credit for the Equity Shares directly in their depository account.

(c) **Equity Shares will be issued 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.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

In case, our Company fails to make Allotments within fifteen (15) days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% p.a.

GENERAL INSTRUCTIONS

Do's:

(a) Check if you are eligible to apply, with regard to applicable laws, rules, regulations, guidelines and approvals and the terms of the Red Herring Prospectus;

(b) Complete the Bid-cum-Application Form after reading all the instructions carefully;

(c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Equity Shares will be allotted in the dematerialised form only;

(d) Ensure that the Bids are submitted at the Bidding Centers 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) Ensure that the Bid is within Price Band;

(h) Investors must ensure that the name given in the Bid-cum-Application Form is exactly the same as the name in which the Depository Account is held. In case, the Bid-cum-Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same sequence as they appear in the Bid-cum-Application Form;

(i) Ensure that you mention your Permanent Account Number (PAN) allotted under the IT Act, irrespective of the amount of the Bid. Applications in which PAN is not mentioned would be rejected;

(j) Ensure that Demographic Details (as defined hereinbelow) are updated, true and correct in all respects.

(k) If you are a Non-Resident Bidder and have opted for Payment Method-1 (i.e., applying for partly paid Equity Shares), attach the RBI approval for subscribing to partly paid Equity Shares.

Don'ts:

(a) Do not Bid for lower than the minimum Bid size;

(b) Do not Bid/ revise Bid to a price that is less than the lower end of the Price Band or higher than the higher end of the Price Band;

(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 postal order, money order or by Stockinvest;

(e) Do not send Bid-cum-Application Forms by post; instead submit the same to the members of the Syndicate only;

(f) Do not Bid at Cut-Off Price (for QIBs, Non-Institutional Bidders and such Bidders in the Employee Reservation Portion and the Listed Promoter Group Companies Shareholders' Reservation Portion whose maximum Bid exceeds Rs. 100,000);

(g) Do not fill up the Bid-cum-Application Form such that the Equity Shares Bid for exceeds the Issue size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

(h) Do not bid at Bid Amount exceeding Rs. 100,000, in case you are a Retail Individual Bidder

(i) Do not submit GIR number instead of PAN as the Bid is liable to be rejected on this ground; and

(j) Do not submit the Bid without the QIB Margin Amount in case of a Bid by a QIB.

INSTRUCTIONS FOR COMPLETING THE BID-CUM-APPLICATION FORM

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from the BRLMs, the Co-BRLM or Syndicate Members.

Bids and Revision of Bids

Bids and revision of Bids must be:

(a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for resident Indians and blue for Non-residents including Eligible NRIs, FIIs, FVCIs and multilateral and bilateral development financial institutions applying on repatriation basis, pink in colour for the Bidders in the Employee Reservation Portion and green in colour for Bidders in the Listed Promoter Group Companies Shareholders' 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) The Bids from the Retail Individual Bidders 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 and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount is not less than Rs. 100,000. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.

(e) For Eligible Employees bidding in the Employee Reservation Portion and Eligible Shareholders in the Listed Promoter Group Companies Shareholders' Reservation, Bids must be for a minimum of

[•] Equity Shares and in multiples of [•] Equity Shares thereafter subject to a maximum of the Issue size.

(f) In single name or in joint names (not more than three and in the same order as their Depository Participant details).

(g) In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals (excluding NRIs) or their nominees or OCB's.

(h) 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 DEPOSITORY ACCOUNT DETAILS AND BANK ACCOUNT DETAILS

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant's Identification Number and beneficiary account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' demographic details such as address, bank account details, occupation etc. (Demographic Details) including the nine digit Magnetic Ink Character Recognition (MICR) code as appearing on a cheque leaf.

These bank account details will be used for giving refund 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 dispatch of refund order or credit of refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and none of our Company, the Registrar, the Escrow Collection Bank(s), Bankers to the Issue, Refund Bank(s), the BRLMs or the Co-BRLM 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. Hence, Bidders should carefully full in their depository account details in the Bid-cum-Application Form.

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 GIVEN IN THE BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID-CUM-APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid-cum-Application Form would not be used for any other purpose by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorise the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Bidders may note that receiving refunds through electronic transfer of funds, delivery of refund orders/Allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid-cum-Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Escrow Collection Banks nor the BRLMs, nor the Co-BRLM, nor our Company, nor the Registrars shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories 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 identity, then such Bids are liable to be rejected.

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 and articles of association and/or by-laws must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves 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

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 submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

BIDS BY PROVIDENT/PENSION FUNDS

In case of Bids made by provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by Mutual Fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous submission of the power of attorney along with the Bid-cum-Application Form, subject to such terms that our Company, the BRLMs and the Co-BRLM may deem fit.

Our Company 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 / refunds through electronic transfer of funds, the Demographic Details given on the Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid-cum-Application Form instead of those obtained from the Depositories.

BIDS BY ELIGIBLE NRIs, FVCIs AND FIIs ON A REPATRIATION BASIS

Bids and revision to Bids must be made:

1. On the Bid-cum-Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

2. In a single name or joint names (not more than three and in the same order as their Depository Participant details).

3. By FIIs or foreign venture capital funds registered with SEBI or multilateral and bilateral development financial institutions for a minimum of such number of Equity Shares and in multiples of [•] Equity

Shares thereafter so that the Bid Amount exceeds Rs. 100,000. For further details see the paragraph titled "Maximum and Minimum Bid Size" on page 372 of the Draft Red Herring Prospectus.

4. By Eligible NRIs for a Bid Amount of up to or less than Rs. 100,000 would be considered under the Retail Individual Bidders Portion for the purposes of Allocation and Bids for a Bid Amount of more than Rs. 100,000 would be considered under Non Institutional Bidder Portion for the purposes of Allocation.

5. In the names of individuals or in the names of FIIs or in the names of foreign venture capital funds registered with SEBI or multilateral and bilateral development financial institutions but not in the names of minors, firms or partnerships, foreign nationals or their nominees or OCB's.

6. 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 payable upon submission of the Bid-cum-Application Form or Revision Form 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/speed post. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Non-Residents can bid for partly paid Equity Shares only if they have obtained the approval of the RBI to subscribe to partly paid Equity Shares and the said approval is submitted along with the Bid-cum-Application Form.

It is to be distinctly understood that there is no reservation for Eligible NRIs, FVCIs and FIIs. All Eligible NRIs, FVCIs and FIIs will be treated on the same basis with other categories for the purpose of Allocation.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

PAYMENT INSTRUCTIONS

Our Company, shall open an Escrow Account with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to Allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on Allocation as per the following terms:

PAYMENT INTO ESCROW ACCOUNT:

(a) The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid-cum-Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.

(b) In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares Allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN, which shall be subject to a minimum period of two (2) days from the date of communication of the allocation list to the Syndicate Member by the BRLMs and the Co-BRLM, or the Call Notice, as applicable to the category of Bidder based on the Payment Method selected by the Bidder.

(c) All cheques / bank drafts accompanying the Bid should be crossed "A/c Payee Only" and shall be payable at the place of bidding and drawn in favour of:

    (i) In case of Eligible Employees bidding in the Employee Reservation Portion: "Escrow Account – JPVL IPO – Employee".

    (ii) In case of Eligible Shareholders bidding in the Listed Promoter Group Companies Shareholders' Reservation Portion: "Escrow Account – JPVL IPO – Shareholders".

(iii) In case of Resident QIB Bidders: "Escrow Account – JPVL IPO - QIB - R".

(iv) In case of Non - Resident QIB Bidders: "Escrow Account – JPVL IPO - QIB - NR".

(v) In case of Resident Non-Institutional and Retail Individual Bidders: "Escrow Account – JPVL IPO - R".

(vi) In case of Non-Resident Non-Institutional and Retail Individual Bidders: "Escrow Account – JPVL IPO - NR".

(d) In case of Bids by Eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or the 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 a NRO Account of a Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE Account or FCNR Account.

(e) In case of Bids by Eligible NRIs applying on a non-repatriation basis, the payments must be made in Indian Rupee drafts purchased abroad or cheque or bank drafts, for the amount payable on application remitted through normal banking channels or out of the funds held in the NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of remittance or out of an NRO Account of a Non – Resident Bidder Bidding on a non-repatriation basis. Payments by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE Account or a FCNR Account or an NRO Account.

(f) In case of Bids by FIIs, the payment should be made out of funds held in a special rupee account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the special rupee account.

(g) Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the Balance Amount Payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.

(h) The monies deposited in the Escrow Account will be held for the benefit of the Bidders until Designated Date.

(i) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Issue Account and the surplus amount shall be transferred into the Refund Account maintained with the Refund Bank(s).

(j) On the Designated Date and no later than fifteen (15) days from the Bid/Issue Closing Date, the Refund Bank(s) shall also refund all amounts payable to unsuccessful bidders and also the excess amount paid on Bidding, if any, after adjusting for Allocation to the Bidders.

Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/money orders/ postal orders will not be accepted.

Key Features of the Payment Methods

For Key Features of the different Payment Methods, please refer to the chapter titled "The Issue" on page 50 of the Draft Red Herring Prospectus.

PAYMENT BY STOCKINVEST

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn. Accordingly, payment through stockinvest will not be accepted in the Issue.

OTHER INSTRUCTIONS

Joint Bids in 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 (First Bidder). 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 or otherwise.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures to be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name, age, status and first line address will be accumulated and taken into a separate process file which would serve as a multiple master document.

2. In this master, a check will be carried out for the same PAN numbers. In cases where the PAN numbers are different, the same will be deleted from this master.

3. The addresses of all these applications from the multiple master will be strung from the address master. This involves including the addresses in a single line after deleting non-alpha and non-numeric characters, i.e. commas, full stops, hashes, etc. Sometime, the name, the first line of the address and pin code will be converted into a string for each application received and a photo match will be carried out among all the applications processed. A print-out of the addresses will be made to check for common names. Applications with the same name will be treated as multiple applications.

4. The applications will be scanned for similar Depository Participant Identification numbers and client identity numbers. In cases where applications bear the same numbers, these will be treated as multiple applications.

5. After the aforesaid procedures, a print-out of the multiple master will be taken out and the applications physically verified to tally signatures and also the father's / husband's names. On completion of this, the applications will be identified as multiple applications.

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.

Eligible Employees bidding in the Employee Reservation Portion and Eligible Shareholders bidding in the Listed Promoter Group Companies Shareholders' Reservation Portion can also Bid in the "Net Issue Portion and such Bids shall not be treated as multiple Bids.

Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

PERMANENT ACCOUNT NUMBER (PAN)

SEBI had issued a circular directing that with effect from July 2, 2007 PAN would be the sole identifiable number for participants transacting in the securities market, irrespective of the amount of transaction. Pursuant to amendments to the SEBI Guidelines dated November 29, 2007, it has been stipulated that all applicants are

required to disclose their PAN allotted under the I.T. Act in the Bid-cum-Application Form, irrespective of the amount of the Bid. Applications in which PAN so allotted is not mentioned would be rejected.

Therefore, irrespective of the amount of the Bid, the Bidder or in the case of a Bid in joint names, each of the Bidders should mention his/her PAN allotted under the I.T. Act.

Bid-cum-Application Forms without PAN number 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**.

UNIQUE IDENTIFICATION NUMBER - MAPIN

SEBI has, with effect from July 2, 2007, declared that the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. Thus, the use of Unique Identification Number has been discontinued.

OUR RIGHT TO REJECT BIDS

In case of QIB Bidders, our Company, in consultation with the BRLMs and the Co-BRLM may reject a Bid, provided that such rejection shall be made at the time of acceptance of the Bid and the reasons therefor shall be disclosed to the QIB Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company, in consultation with the BRLMs and the Co-BRLM, would have a right to reject such Bids only on technical grounds. Consequent refunds shall be made in accordance with the Draft Red Herring Prospectus.

GROUNDS FOR TECHNICAL REJECTIONS

Bidders are advised to note that Bids are liable to be rejected, *inter alia*, on the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest number of Equity Shares bid for;

2. Age of First Bidder is not given;

3. Bids are submitted by persons not competent to contract under the Indian Contract Act, 1872, including minors and insane persons;

4. Bidder's PAN number is not mentioned in the Bid. It is to be specifically noted that the Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground;

5. The Bid is for a lower number of Equity Shares than the minimum number specified for that category of investors;

6. Bids are submitted at a price less than lower end of the Price Band;

7. Bids are submitted at a price more than the higher end of the Price Band;

8. Bids are submitted at Cut-off Price by Non-Institutional Bidders, QIB Bidders and Bidders in the Employee Reservation Portion or Listed Promoter Group Companies Shareholders' Reservation Portion whose Bid Amount exceeds Rs. 100,000;

9. Bids are submitted for number of Equity Shares which are not in multiples of [●];

10. Bidder's category is not ticked;

11. Bids amount to multiple bids as defined in the Red Herring Prospectus;

12. In case of Bids under power of attorney or by limited companies, corporate, trust etc., the requisite documents are not submitted;

13. Bids are accompanied by stockinvest/ money order/postal order/cash;

14. The signature of the sole and / or joint bidders is missing;

15. The Bid-cum-Application Form does not have the stamp of the BRLMs, the Co-BRLM or Syndicate Members;

16. The Bid-cum-Application Form does not have Bidder's depository account details;

17. In case no corresponding record is available with the Depository that matches three parameters: name of Bidder (including sequence of names of joint holders), Depository Participant Identification number and beneficiary account number;

18. Bid-cum-Application Forms are not delivered by the Bidders within the time prescribed as per the Bid-cum-Application Form, 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 Form;

19. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;

20. Bids by QIBs are not submitted through Syndicate Members;

21. Bids by OCBs;

22. Bid by U.S. residents or U.S persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the U.S. Securities Act of 1933 or other than in reliance on Regulation S under the U.S. Securities Act of 1933;

23. 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;

24. Bids by Non-Residents if not in compliance with applicable foreign and Indian laws, or by any person who is not eligible to acquire Equity Shares in terms of the applicable laws, rules, regulations, guidelines and approvals.

25. If GIR number is mentioned instead of PAN Number

26. Bids by employees or directors of our Company or our holding company Bidding in the Employee Reservation Portion who are not eligible to apply in the Employee Reservation Portion; and

27. Bids by shareholders of our Promoter and Promoter Group Companies Bidding in the Listed Promoter Group Companies Shareholders' Reservation Portion who are not eligible to apply in the Listed Promoter Group Companies Shareholders' Reservation Portion.

28. Bids in the Listed Promoter Group Companies Reservation Portion by persons other than Eligible Shareholders.

29. Bids by Non-Residents for partly paid shares applying under Payment Method-1 without RBI approval for subscribing to such partly paid shares.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialised form, (i.e. not in the form of physical certificates but fungible statements issued in an electronic mode).

In this context, two agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

a) a tripartite agreement dated [●] with NSDL, us and Registrar to the Issue;

b) a tripartite agreement dated [●] with CDSL, us and Registrar to the Issue

As our current shareholding is in dematerialised form, we have entered into an agreement with NSDL and Alankit Assignments Limited dated February 2, 2002 in relation to the same.

Bidders will be Allotted Equity Shares only in dematerialised mode. Bids from any investor 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, 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) Equity shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder

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) Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Issue.

f) 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.

g) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid-cum-Application Form vis-à-vis those recorded with his or her Depository Participant.

h) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

i) The trading of the Equity Shares of our Company would be in dematerialised form only for all investors.

COMMUNICATIONS

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first Bidder, Bid-cum-Application Form number, number of Equity Shares applied for, date, of the Bid-cum-Application Form and the name and addresses of the Syndicate Member with whom the Bid was submitted and cheque, number and issuing bank thereof.

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

Disposal of Applications and Applications Money and Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders

Or Company shall ensure dispatch of Allotment advice and/or refund orders/refund advice (in case refunds made through ECS/ Direct Credit, RTGS, NEFT) as the case may be giving credit to the Beneficiary Account of the Bidders with their respective Depository Participant and submission of the Allotment and listing documents to the Stock Exchanges within two (2) working days of the date of Allotment of the Equity Shares. The mode of dispatch of refunds shall be as mentioned in the paragraph titled "Mode of Making Refunds" beginning on page 397 of the Draft Red Herring Prospectus.

Where refunds are made through electronic transfer of funds, a suitable communication will be sent to the Bidders within fifteen (15) days of closure of the issue, giving details of the Bank where refund will be credited along with amount and expected date of electronic credit of refund.

The bank account details for ECS, Direct Credit, RTGS, National Electronic Funds Transfer (NEFT) credit will be directly taken from the Depositories' database and hence bidders are required to ensure that bank details including the nine digit MICR code (Magnetic Ink Character Recognition) maintained at the Depository level are updated and correct.

Our Company shall use its best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven (7) working days of finalisation of the basis of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, our Company further undertakes that:

- Allotment of the Equity Shares shall be made only in dematerialised form within fifteen (15) days of the Bid/Issue Closing Date;

- Dispatch refund orders shall be made within fifteen (15) days of the Bid/Issue Closing Date ; and

- Our Company shall pay interest at 15% (fifteen percent) per annum for any delay beyond the 15 (fifteen) day time period as mentioned above, if Allotment is not made and refund orders are not dispatched to investors or if, in case that the refund or a portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the Guidelines issued by GoI, Ministry of Finance pursuant to their letter no. F/8/S/79 dated July 31, 1983, as amended by their letter no. F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Our Company shall provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Impersonation

Attention of the Bidders 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, a Bid 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 Bidders in the Employee Reservation Portion

- Bids received from Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allocation to all successful Bidders in the Employee Reservation Portion will be made at the Issue Price.

- If the aggregate demand in the Employee Reservation Portion is less than or equal to [●] Equity Shares at or above the Issue Price, full Allocation shall be made to such Bidders in the Employee Reservation portion to the extent of the demand.

- If the aggregate demand in the Employee Reservation Portion is more than [●] Equity Shares at or above the Issue Price the Allocation shall be made on a proportionate basis [of a minimum of [●]

Equity Shares and in multiples of [●] Equity Shares thereafter,] [up to a maximum of [●] Equity Shares] For the method of proportionate basis of allotment refer below.

- Only Eligible Employees may apply under the Employee Reservation Portion.

- For the definition of term "Eligible Employee" for the purposes of the Employee Reservation Portion please refer to section titled "Definitions and Abbreviation" beginning on page i of the Draft Red Herring Prospectus.

B. For Bidders in the Listed Promoter Group Companies Shareholders' Reservation Portion

- Bids received from Eligible Shareholders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allocation to all successful Bidders in the Listed Promoter Group Companies Shareholders' Reservation Portion will be made at the Issue Price.

- If the aggregate demand in the Listed Promoter Group Companies Shareholders' Reservation Portion is less than or equal to [●] Equity Shares at or above the Issue Price, full Allocation shall be made to such Bidders in the Listed Promoter Group Companies Shareholders' Reservation Portion to the extent of the demand.

- If the aggregate demand in the Listed Promoter Group Companies Shareholders' Reservation Portion, is more than [●] Equity Shares at or above the Issue Price, the Allocation shall be made on a proportionate basis [of a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter,] [up to a maximum of [●] Equity Shares]. For the method of proportionate basis of allotment refer below.

- Only Eligible Shareholders may apply under the Listed Promoter Group Companies Shareholders Reservation Portion.

- For the definition of term "Eligible Shareholders" for the purposes of the Listed Promoter Group Companies Shareholders' Reservation Portion please refer to section titled "Definitions and Abbreviation" beginning on page i of the Draft Red Herring Prospectus.

C. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allocation to all the successful Retail Individual Bidders will be made at the Issue Price.

- The Issue less Allocation to Non-Institutional and QIB Bidders(subject to Allotment of at least 60% of the Net Issue to QIBs), Eligible Employees and Eligible Shareholders shall be available for Allocation to Retail Individual Bidders who have Bid in the Issue at a price, which is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allocation shall be made to the Retail Individual Bidders to the extent of their demand.

- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allocation shall be made on a proportionate basis of not less than [•] Equity Shares and in multiples of [•]. Equity Shares thereafter. For the method of proportionate basis of allotment, refer below.

D. For Non Institutional Bidders

- Bids received from Non Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allocation to all successful Non-Institutional Bidders will be made at the Issue Price.

- The Issue less Allocation to QIBs (subject to Allotment of at least 60% of the Net Issue to QIBs), Retail Individual Bidders, Eligible Employees and Eligible Shareholders shall be available for

Allocation to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allocation shall be made to Non-Institutional Bidders to the extent of their demand.

- In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allocation shall be made on a proportionate basis of not less than [•] Equity Shares and in multiples of [•] Equity Shares thereafter. For the method of proportionate basis of Allotment refer below.

E. For QIBs

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allocation to all the QIB Bidders will be made at the Issue Price.

- At least 60% of the Net Issue, that is [●] Equity Shares, shall be available for Allotment to QIBs who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

- In terms of Rule 19(2)(b) of the SCRR, this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be Allotted on a proportionate basis to QIB Bidders, out of which 5% of the QIB Portion shall be available for Allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for Allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above Issue Price. If at least 60% of the Net Issue cannot be Allotted to QIB Bidders, then the entire application money will be refunded forthwith.

- The QIB Portion shall be available for Allocation to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

- Allotment shall be undertaken in the following manner:

  - In the first instance Allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows;
    - i) In the event that Bids from Mutual Fund exceed 5% of the QIB Portion, Allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
    - ii) In the event that the aggregate demand for 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 at or above the Issue Price.
    - iii) Equity Shares remaining unsubscribed, if any, not Allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;

  - In the second instance Allocation to all QIBs shall be determined as follows:

    - i) In the event of over subscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
    - ii) Mutual Funds, who have received Allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
    - iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for Allocation to the remaining QIB Bidders on a proportionate basis.

    Except for any shares Allocated to QIB Bidders due to under subscription in the Retail Portion Non Institutional Portion, Employee Reservation Portion and/or Listed Promoter Group Companies Shareholders' Reservation Portion, the aggregate Allocation to QIB Bidders shall be made on a proportionate basis at least to the extent of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate basis of Allocation refer below.

- The aggregate Allocation to QIB Bidders shall not be less than [●] Equity Shares.

The BRLMs, the Co-BRLM, the Registrar to the Issue and the Designated Stock Exchange shall ensure that the basis of Allotment is finalised in a fair and proper manner in accordance with the SEBI Guidelines. The drawing of lots (where required) to finalise the basis of Allotment shall be done in the presence of a public representative of the Governing Board of the Designated Stock Exchange.

PROCEDURE AND TIME SCHEDULE FOR ALLOTMENT OF EQUITY SHARES AND DEMAT CREDIT OF EQUITY

The Issue will be conducted through a "100% Book Building Process" pursuant to which the Syndicate Members will accept Bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on [●] and expire on [●]. Following the expiration of the Bidding Period, our Company, in consultation with the BRLMs and the Co-BRLM, will determine the Issue Price, and, in consultation with the BRLMs and the Co-BRLM, the basis of Allocation and entitlement to Allotment based on the Bids received and subject to the confirmation by the BSE/NSE. Successful Bidders will be provided with a CAN (subject to a revised CAN) and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The SEBI Guidelines require our Company to complete the allotment to successful bidders within fifteen (15) days of the expiration of the Bidding Period. The Equity Shares will then be credited and Allotted to the investors' demat accounts maintained with the relevant Depository Participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence. This typically takes three (3) trading days from the date of crediting the investor's demat account, subject to final approval by the Stock Exchanges.

METHOD OF PROPORTIONATE BASIS OF ALLOTMENT

In the event the Issue is over-subscribed, the basis of allotment shall be finalised by our Company in consultation with the the BRLMs, the Co-BRLM and the Designated Stock Exchange. The executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs, the Co-BRLM and the Registrar to the Issue shall be responsible for ensuring that basis of Allotment is finalised in a fair and proper manner. Allotment to Bidders shall be as per the basis of Allocation as set out in the Draft Red Herring Prospectus under "Issue Structure".

a) Bidders will be categorised according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be Allotted to each category, as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) The number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis which is the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio in that category subject to minimum allotment of [●] Equity Shares. The minimum Allotment lot shall be the same as the minimum application lot irrespective of any revisions to the Price Band.

d) In all Bids where the proportionate allotment is less than [●] 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 (c) above.

f) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of 1 (which is the marketable lot), the number in excess of the multiple of 1 would be rounded off to the higher multiple of 1 if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower multiple of 1. All Bidders in such categories would be Allotted Equity Shares arrived at after such rounding off.

g) If the Equity Shares Allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising of Bidders applying for minimum number of Equity Shares.

h) The basis of Allocation on a proportionate basis shall be finalised in consultation with the Designated Stock Exchange

Illustration of Allotment to QIBs and Mutual Funds (MF) (this illustration is not specific to this Issue)

I Issue details

Sr. No.	Particulars	Issue Details
1.	Issue size	200 million equity shares
2.	Allocation to QIB (60% of the Net Issue) Of which: a. Reservation for Mutual Funds (5%) b. Balance for all QIBs including Mutual Funds	120 million equity shares 6 million equity shares 114 million
3.	Number of QIB applicants	10
4.	Number of Equity Shares applied for	500 million equity shares

II Details of QIB Bids

Sr. No.	Type of QIB bidders#	No. of shares bid for (in million)
1.	A1	50
2.	A2	20
3.	A3	130
4.	A4	50
5.	A5	50
6.	MF1	40
7.	MF2	40
8.	MF3	80
9.	MF4	20
10.	MF5	20
	TOTAL	**500**

A1-A5: (QIB Bidders other than Mutual Funds), MF1-MF5 (QIB Bidders which are Mutual Funds)

Details of Allotment to QIB Bidders/Applicants

(Number of equity shares in million)

Type of QIB Bidder	Shares bid for	Allocation of 6 million equity shares	Allocation of balance 114 million equity shares to MFs proportionately	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	11.54	0
A2	20	0	4.62	0
A3	130	0	30.00	0
A4	50	0	11.54	0
A5	50	0	11.54	0
MF1	40	1.2	8.95	10.15
MF2	40	1.2	8.95	10.15
MF3	80	2.4	17.91	20.31
MF4	20	0.6	4.48	5.08

Type of QIB Bidder	Shares bid for	Allocation of 6 million equity shares	Allocation of balance 114 million equity shares to MFs proportionately	Aggregate allocation to MFs
MF5	20	0.6	4.48	5.08
	500	6	114.00	50.77

Please note:

i) *The illustration presumes compliance with the requirements specified in the Draft Red Herring Prospectus in the chapter titled "Issue Structure" beginning on page 364 of the Draft Red Herring Prospectus.*

ii) *Out of 120 million equity shares allocated to QIBs, 6 million (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200 million shares in the QIB Portion.*

iii) *The balance 114 million equity shares [i.e. 120 - 6 (available for Mutual Funds only)] will be allocated on proportionate basis among 10 QIB Bidders who applied for 500 equity shares (including five Mutual Fund applicants who applied for 200 million equity shares).*

iv) *The figures in the fourth column titled "Allocation of balance 114 million equity shares to QIBs proportionately" in the above illustration are arrived as under:*

- *For QIBs other than Mutual Funds (A1 to A5) = Number of equity shares Bid for (i.e. in column II of the table above) X 114/494.*
- *For Mutual Funds (MF1 to MF5) = [(No. of shares bid for (i.e., in column II of the table above) less equity shares allotted (i.e., column III of the table above)] X 114/494.*

The numerator and denominator for arriving at allocation of 114 million Equity Shares to the 10 QIBs are reduced by 6 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

LETTERS OF ALLOTMENT OR REFUND ORDERS

Our Company shall give credit of the Equity Shares Allotted, if any, to the beneficiary account of the successful bidder with Depositary Participants and submit the documents pertaining to the listing of the equity shares to the Stock Exchanges within two (2) working days of finalization of the date of allotment of Equity Shares. Bidders having bank accounts at any of the 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) and who have registered the nine digit MICR code of their bank branch with their depository participant will get refunds through Electronic Credit Service (ECS) only, except where a Bidder is otherwise disclosed as eligible to get refunds through direct credit or Real Time Gross Settlement (RTGS). In case of other Bidders, we shall despatch refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and will despatch refund orders above Rs. 1,500, if any, by registered post only at the sole or First Bidder's sole risk within fifteen (15) days of the Bid/Issue Closing Date and adequate funds for the purpose shall be made available to the Registrar by us. Bidders to whom refunds are made through electronic transfer of funds will be send a letter through "Under Certificate of Posting" within fifteen (15) days of the Bid / Issue Closing Date, intimating them about the mode of credit of refund, the bank where refunds shall be credited along with the amount and the expected date of electronic credit of refund.

Our Company shall ensure despatch of refund orders / refund advice, if any, by "Under Certificate of Posting" or registered post or speed post or Direct Credit or RTGS, as applicable, only at the First Bidder's sole risk within fifteen (15) days of the Bid/Issue Closing Date, and adequate funds for postage and expenses for making refunds to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar by the Issuer.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, our Company undertakes that:

(a) Allotment of Equity Shares will be made only in dematerialised form within fifteen (15) days from the Bid/Issue Closing Date;
(b) Dispatch of refund orders will be done within fifteen (15) days from the Bid/Issue Closing Date;
(c) It shall pay interest at 15% per annum (for any delay beyond the fifteen (15) day time period as mentioned above), if allotment is not made, refund orders / credit intimation are not despatched and in case the where a refund is made through electronic mode, the refund instructions have not been given to the refund bank, and demat credit within the 15 day time prescribed above provided that the beneficiary particulars relating to such Bidders as given by the Bidders is valid at the time of the initiating the corporate action for the same.

Our Company will provide adequate funds required for the cost of dispatch of refund orders/ refund advice/ allotment advice to the Registrar to the Issue.

Save and except refunds effected through the electronic mode i.e. ECS, direct credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders. However, charges levied by the Refund Bank for electronic payments such as ECS, direct credit, RTGS or NEFT would be borne by our Company.

PAYMENT OF REFUND

Bidders should note that on the basis of the name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depositories the Bidders bank account details including nine digit MICR code , if any, registered with them. 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 credit of refunds to Bidders at the Bidders sole risk and none of the BRLMs, the Co-BRLM, the Refund Bank, our Company or the Registrar shall have any responsibility or undertake any liability for the same.

Mode of Making Refunds

The payment of refund, if any, would be done through various modes in the following order of preference

(a) **ECS** - Payment of refund would be done through ECS for Bidders having an account at one of the 15 centres, where clearing houses for ECS are managed by Reserve Bank of India namely Ahmedabad, Bangalore, Bhuvaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This would be subject to availability of complete bank account details including MICR code from the Depository. The payment of refund through ECS is mandatory for Bidders having a bank account at any of the 15 centres named herein above, except where the Bidder is otherwise disclosed as eligible to get refunds through Direct Credit or RTGS.

(b) **Direct Credit** – Investors having their Bank Account with the Refund Bank(s), i.e. [•], shall be eligible to receive funds, if any, through Direct Credit. The refund amount, if any, would be credited directly to their Bank Account with the Refund Bank(s).

(c) **RTGS** – Bidders having a bank account at any of the 15 centres detailed above, and whose refund amount exceeds Rs. 5 million ***[Please confirm]***, shall be eligible to exercise the option to receive refunds, if any, through RTGS. All Bidders that exercise this option shall mandatorily provide the IFSC code in the Bid-cum-Application Form, in the boxes meant for furnishing the same. In the event of failure to provide the IFSC code in the Bid-cum-Application Form, the refund shall be made through the ECS or Direct Credit, if eligibility is disclosed.

(d) **NEFT (National Electronic Fund Transfer)** – Payment of refund shall be undertaken through NEFT wherever the branch of the applicants' bank is NEFT enabled and has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), of that 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 numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat

account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.

(e) For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched 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 centres will be payable by the Bidders.

Please note that only Bidders having a bank account at any of the 15 centres where clearing houses for ECS are managed by RBI are eligible to receive refunds through the modes detailed in (a), (b) and (c) hereinabove. For all the other Bidders, including Bidders who have not updated their bank particulars along with the nine digit MICR Code, the refund orders would be despatched "Under Certificate of Posting" for refund orders of value up to Rs. 1,500 and through Speed Post / Registered Post for refund orders of Rs. 1,500 and above.

BID / ISSUE PROGRAMME

BID/ISSUE OPENS ON:	[●], 2008
BID/ISSUE CLOSES ON:	[●], 2008

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 3.00 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid-cum-Application Form **except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 1.00 p.m. (Indian Standard Time)** and uploaded till (i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) till such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders, Eligible Employees and Eligible Shareholders where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue 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 under the Issue. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders, Eligible Employees and Eligible Shareholders 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 and the Co-BRLM to the Stock Exchange within half an hour of such closure.

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid /Issue Opening Date.

In case of revision in the Price Band, the Issue Period will be extended for three (3) additional days after revision of the Price Band, subject to the Bidding Period/Issue Period not exceeding ten (10) working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the websites of the BRLMs and the Co-BRLM and at the terminals of the other members of the Syndicate.

UNDERTAKING BY OUR COMPANY

Our Company undertakes as follows:

- that the complaints received in respect of this Issue shall be attended to expeditiously and satisfactorily;

- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven (7) working days of finalisation of the basis of Allotment;

- that funds required for making refunds to unsuccessful Bidders as per the mode(s) disclosed under the paragraph titled "Disposal of Applications and Application Money" on page 390 of the Draft Red Herring Prospectus, shall be made available to the Registrar to the Issue by our Company;

- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Bidder within fifteen (15) days of Bid / Issue Closing Date giving the details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund.

- that the refund orders or Allotment advice to Non-Resident Bidders shall be dispatched within specified time; and

- that no further issue of Equity Shares shall be made till the Equity Shares issued through the Draft Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

- that our Company shall not have any recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Our Company will provide adequate funds required for dispatch of refund orders / electronic transfer of funds for refunds or allotment advice to the Registrar to the Issue.

UTILIZATION OF ISSUE PROCEEDS

The Board of Directors of our Company certifies that:

(a) all monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

(b) details of all monies utilised out of this Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;

(c) details of all unutilised monies out of this Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been utilised; and

(d) the details of all unutilised monies out of the funds received under the Employee Reservation Portion and Listed Group Companies Shareholders Reservation Portion shall be disclosed under a separate head in the balance sheet of our Company indicating then form in which such unutilised monies have been invested.

Our Company shall not have recourse to the Issue proceeds until final listing and trading approvals have been obtained from the Stock Exchange.

Rectification of Register of Members

Our Company, under Section 111A of the Act will have the right to rectify the register of members to comply with the Act.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Under the current foreign investment policy applicable to us, foreign equity participation up to 100% is permissible under the automatic route.

Further, Non-Residents can bid for partly paid Equity Shares only if they have obtained the approval of the RBI to subscribe to partly paid Equity Shares and the said approval is submitted along with the Bid-cum-Application Form.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. At the Extraordinary General Meeting held on December 18, 2007 we have increased the limit for FII investments in our Company to 45%.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, Indian law does not prohibit an FII or its sub-account to issue, deal or hold, offshore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "Know Your Client" requirements, which stipulate fortnightly disclosures by the FII to SEBI informing them about the name, location, type of investor (hedge fund, corporate, individual, pension fund or trust), quantity and value of investment made on behalf of the investor. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Note:

There is no reservation for Non-Residents, Eligible NRIs, FIIs, foreign venture capital investors, multilateral and bilateral development financial institutions and any other foreign investor. All Non-Residents, Eligible NRIs, FIIs and foreign venture capital investors, multilateral and bilateral development financial institutions and any other foreign investor applicants will be treated on the same basis with other categories for the purpose of Allocation.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

Registration of Equity Shares under US Laws

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only

(i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and
(ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders and neither our Company nor the BRLMs or the Co-BRLM are liable for any changes in the regulations after the date of the Draft Red Herring Prospectus.

SECTION IX - MAIN PROVISION OF THE ARTICLES OF ASSOCIATION

MAIN PROVISION OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

CAPITAL & INCREASE/REDUCTION OF CAPITAL

Further Issue of Shares

3A. (1.) Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares 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 nearly as circumstances admit, to the capital paid-up on those shares at that date;

(b) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;

(c) The offer aforesaid shall e deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right;

(d) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the company.

(2) Notwithstanding anything contained in subclause (1) the further shares aforesaid may be offered to any persons (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 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 that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Director 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 authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(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 debentures issued by the company :

(i) To convert such debentures or loans into shares in the company; or

(ii) To subscribe for shares in the company

PROVIDED THAT the terms of issue of such debentures or 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 debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and

(b) In the case of debentures or loans or other than debentures issued to, or loans obtained from the government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the company in General Meeting before the issue of the loans.

Redeemable Preference Shares

4. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

4A. (i) Unless the Company in General Meeting otherwise determine or the terms of issue of Redeemable Preference shares otherwise provide, the redemption of Redeemable Preference shares shall be effected in the manner set out below:-

(a) The redemption shall be made by repayment of capital paid up on such shares, together with premium, if any, agreed to be paid on redemption at any time or times after such date or dates as the Board of Directors may determine.

(b) Such shares may be redeemed in entirety or in parts. In the latter case, the Board of Directors may decide the number of shares and the individual shares to be redeemed on each occasion in such manner as they may deem fit.

(c) The registered holders of the shares to be redeemed shall be given one month's notice of the intention of the Directors to redeem the same as aforesaid at their registered address and also by public notice in at least two newspapers, of which one should be in the regional language and other in English, circulating in and around the place where the Registered Office of the Company is situated. The notice for redemption to the registered shareholders shall specify the particulars of the shares to be redeemed, the date fixed for redemption and the place at which the certificates for such shares are to be presented for redemption. On or before the date fixed for redemption, the holder of such shares shall be bound to deliver to the Company at the specified place the related share certificate/s for cancellation. If any certificate so delivered to the Company includes shares not redeemable on that date, a fresh certificate for unredeemed shares shall be issued to the registered holder of the shares.

(d) Upon surrender of the shares as aforesaid and after the expiry of the date fixed for redemption, the Company shall pay to such holder the amount paid up thereon together with premium, if any, agreed to be paid on redemption and accumulated dividend, subject to deduction of income-tax at the prescribed rates, whether declared or not on the capital paid up upto the date of redemption, whereafter dividend shall cease to accrue on the shares so redeemed.

(ii) In the event of winding up, the holders of preference shares of the Company will be entitled to receive all arrears of dividend accrued upto the commencement of the winding up, whether such dividends have been earned or declared or not.

Allotment of Shares

5. Subject to the provisions of these Articles, the shares shall be under the control of the Board who may allot or otherwise dispose off the same to such person, on such terms and conditions, at such times, either at par or at a premium, for such consideration whether in cash or in kind as the Board thinks fit, provided that the option or right to make call on shares shall not be given to any person or persons

except with the sanction of the Company in general meeting. The Company shall issue shares in physical form or in dematerialized form in accordance with applicable law.

Issue of Shares on Preferential basis

5A. Subject to the applicable provisions of the Act and/or any other applicable Rules, Guidelines or other statutory provisions, the Company acting through its Board of Directors shall have power to issue shares on preferential basis and/or through private placement, to such person or persons, whether shareholders of the Company or not, including the Promoters and their associates and in such manner and on such terms and conditions as may be prescribed by the resolution authorising such issue.

Commission for Placing shares, debentures etc.

6. The Company may, subject to and in accordance with the provisions of Section 76 and other applicable provisions (if any) of the Act, at any time, pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in or debentures of the company or his procuring or agreeing to procure subscription, whether absolute or conditional for any share in, or debentures of the Company. The commission may be satisfied by the payment of the cash or the allotment of fully or partly paid shares or debentures or partly in one way and partly in the other subject to applicable provisions, if any, of the Act. The Company may also on any issue of shares or debentures, pay such shares or debentures, pay such brokerage as may be lawful, and usual or reasonable.

Shares of discount

7. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par of subject to the compliance with the provision of section 79 o the Act) at a discount and at such time as they may from time to time thing fit and with sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

Power to offer Shares/options to acquire Shares

7A (i) Without prejudice to the generality of the powers of the Board under Article 13 or in any other Article of these Articles of Association, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not), whether at par, at discount or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force.

(ii) In addition to the powers of the Board under Article 13A(i), the Board may also allot the Shares referred to in Article 13A(i) to any trust, whose principal objects would *inter alia* include further transferring such Shares to the Company's employees [including by way of options, as referred to in Article 13A(i)] in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit.

The Board, or any Committee thereof duly authorised for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 13A(i) and (ii) above.

(a) The Company, may from time to time, by special resolution increase the authorised Share Capital by such sum to be divided into Shares of such amount as may be specified in the resolution.

(b) Except so far as otherwise provided by the conditions of issue or by these presents, any Capital raised by the creation or issue of new shares shall be considered to be part of the then existing capital, and shall be subject to the provisions herein contained.

13. The Company may, subject to the provisions of Sections 100 to 104 (both inclusive) and other applicable provisions, if any, of the Act, from time to time by special resolution, reduce its capital and any capital redemption reserve account or premium account in any manner for the time being authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise, and the Company may, if and as far as is necessary, alter its Memorandum and Articles of Association by reducing the amount of its Share Capital and of its shares accordingly. Provided that such special resolution shall not be necessary in case of application of share premium account in the manner authorized by Section 78 of the Act.

Sub-division and consolidation of shares

14. Subject to and in accordance with provisions of Sections 94 and 95 of the Act, the Company in General Meeting may, by ordinary resolution from time to time, sub-divide or consolidate or cancel any of its shares, in such manner as it may think fit. The Company in General Meeting may also subject to the provisions of the Act, determine by ordinary resolution that as between the holders of the shares resulting from each sub-division, one or more of such shares shall have some preferential or special rights as regards dividends, payment of capital or otherwise.

Purchase of own Shares

14 A. The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid Shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.

DEBENTURES

Debentures with voting rights not to be issued

15 B (a) The Company shall not issue any debentures carrying voting rights at any Meeting of the Company whether generally or in respect of particular classes of business.

(b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.

(c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.

(d) Certain charges (which expression includes mortgage) mentioned in Section 125 of the Act, shall be void against the Liquidator or creditor unless registered as provided in Section 125 of the Act.

(e) A contract with the Company to take up and pay debentures of the Company may be enforced by a decree for specific performance.

(f) Unless the conditions of issue thereof otherwise provide, the Company shall (subject to the provisions of Section 113 of the Act) within three months after the allotment of its debentures or debenture-stock and within two months after the application for

the registration of the transfer of any such debentures or debentures-stock have completed and ready for delivery the certificate of all debenture-stock allotted or transferred.

(g) The Company shall comply with the provisions of Section 118 of the Act, as regards supply of copies of debenture Trust Deed and inspection thereof.

(h) The Company shall comply with the provisions of Section 124 to 145 (inclusive) of the Act as regards registration of charges.

(i) 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.

Power to issue share warrants

15 C. The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.

(a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant

(b) Not more than one person shall be recognized as depositor of the Share warrant

(c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor

(a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.

(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.

The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than n absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their

sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.

Share may be converted into stock

15 D. The Company may, by Ordinary Resolution:

(a) Convert any fully paid up Share into stock, and reconvert any stock into fully paid-up Shares.

Transfer of stock

15E. The several holders of such stock may transfer there respective interest therein or any part thereof in the same manner and subject to the same regulations under which the stock arose might before the conversion, have been transferred, or as near thereto as circumstances admit.

PROVIDED THAT the Board may, form time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the Shares from which stock arose.

Right of stock holders

15 F. The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meeting of the Company, and other matters, as if they held them Shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred those privileges or advantages.

Regulation applicable to stock and share warrant

15 G Such of the regulations of the Company as are applicable to the paid up Shares shall apply to stock and the words "Share" and "Share holder" in these regulations shall include "stock" and "stock holder" respectively.

VARIATION OF SHAREHOLDERS' RIGHTS

Power to vary rights

16. (a) If at any time the Share Capital is divided into different classes of shares, rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourth of the issued shares of that class, or with the sanction of a special resolution passed at a separate General Meeting of the holders of the shares of that class. To every such separate General Meeting, the provisions of these Articles relating to General Meeting shall, to the extent consistent, apply.

(b) The rights conferred upon the holders of the shares of any class with preferred or other rights shall not, unless otherwise expressly provided by terms of the issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari-passu therewith.

Members' right to certificates

17. Every member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division,

consolidation or renewal of any of its shares as the case may be. Every certificates of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holder.

As to issue of new certifcates, in place of one defaced, lost or destroyed

18. If any certificate be worn out, defaced, mutilated or torm or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act 1956 or any other Act, or rules applicable thereof in this behalf.

The provision of this Article shall mutatis mutandis apply to debentures of the company.

Dematerialisation of securities

18 A Definitions

Beneficial Owner "Beneficial Owner" means a person whose name is recorded as such with a Depository.

SEBI "SEBI" means the Securities and Exchange Board of India.

Bye-Laws "Bye-Laws" mean bye-laws made by a depository under Section 26 of the Depositories Act, 1996;

Depositories Act. "Depositories Act" means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force;

Depository "Depository" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992;

Record "Record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI;

Regulations "Regulations" mean the regulations made by SEBI;

Security "Security" means such security as may be specified by SEBI.

18 B. Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.

Options to receive security certificates or hold securities with depository

18 C. Every person subscribing to securities offered by the Company shall have the option to receive the Security certificates or hold securities with a depository.

Where a person opts to hold a Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allotted as the Beneficial Owner of that Security.

Securities in depositories to be in fungible form

18 D. All Securities held by a Depository shall be dematerialised and shall be in a fungible form; nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.

Rights of depositories and beneficial owners

18. E. (1) Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of Security on behalf of the Beneficial Owner;

(2) Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it;

(3) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository.

Depository To Furnish Information

18 F. Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

Option to Opt out in respect of any security

18. G If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its Records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

Sections 83 and 108 of the Act not to apply

18.H. Notwithstanding anything to the contrary contained in the Articles, (1) Section 83 of the Act shall not apply to the Shares held with a Depository; (2) Section 108 of the Act shall not apply to transfer of Security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the Records of a Depository.

Share certificate

18 I. (a) Every Member or allotee of Shares is entitled, without payment, to receive one certificate for all the Shares of the same class registered in his name.

(b) Any two or more joint allottees or holders of Shares shall, for the purpose of this Article, be treated as a single Member and the certificate of any Share which may be the subject of joint ownership may be delivered to any one of such joint owners, on behalf of all of them.

CALLS

Power to make Calls

19. The Board may, from time to time, subject to the provisions of Section 91 of the Act, make such calls as the Board thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times, and such Member shall subject to his having been given at least thirty days notice specifying the time or times and place of payment, pay the amount of every call so made on him to the persons and at the times and places so appointed by the Board. A call may be made payable by instalments and shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed at a meeting of the Board.

When amount payable

20. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by instalments at fixed times whether on account of the nominal amount of the share or by way of premium, every such amount or instalment shall be payable as if it were a call duly made by the Board and of which due notice has been given, and all the provisions herein contained in respect of calls, forfeiture or otherwise shall relate to such amount or instalment accordingly.

Payment of interest calls or instalment

21. If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof, the holder for the time being of the shares in respect of which the call shall have been made, or the instalments shall be due, shall pay interest for the same at the rate of fifteen per cent per annum or such lower rate of interest as the Board may determine from time to time from the day appointed for the payment thereof till the time of actual payment. The Board shall be at liberty to waive payment of any such interest either wholly or in part.

Evidence in action by company against shareholder

22. On the trial or hearing of any action or suit brought by the Company against any shareholder or his legal representatives to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of defendant is, or was, when the claim arose, on the Register of Members of the Company as a holder, or one of the holders of the number of shares in respect of which such claim is made, that the resolution making the call is duly recorded in the Minutes Book and that the amount claimed is not entered as paid in the books of the Company, and it shall not be necessary to prove the appointment of the Board who made any call, or that a quorum was present at the Board meeting at which any call was made nor that such meeting was duly convened or constituted, nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Initial payment not to preclude forfeiture

23. Neither a judgement in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from proceeding to enforce forfeiture of such shares as hereinafter provided.

Voting right when calls are in arrears

24. No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company, has and has exercised, any right of lien.

Payment of calls in advance

25. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the company.

FORFEITURE AND LIEN

If call or instalment not paid, notice may be given

26. If any Member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same, the Board may, at any time, thereafter during such time as the call or instalment remains unpaid, serve notice on such Member requiring him to pay the same, together with interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Form of notice

27. The notice shall name a day (not being less than thirty days from the date of the notice) and a place or places on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is payable will be liable to be forfeited.

If notice is not complied with share may be forfeited

28. If the requirements of any such notice as aforesaid be not complied with, any share in respect of which such notice has been given may, at any time thereafter before payment of all calls or instalments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

Notice after forfeiture

29. When any share shall have been so forfeited, notice of the resolution shall be given to the Member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

Forfeited share to become property of the company

30. Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, reallot or otherwise dispose of the same in such manner as it thinks fit.

Power to annual forfeiture

31. The Board may, at any time before any share so forfeited shall have been re-allotted or otherwise disposed of, annual the forfeiture thereof upon such conditions as it thinks fit.

Liability on forfeiture

32. A person whose share has been forfeited shall cease to be a Member in respect of the share, but shall notwithstanding such forfeiture, remain liable to pay, and shall forthwith pay to the Company, all calls, or instalments, interests and expenses, owing upon or in respect of such share, at the time of the forfeiture together with interest thereon, from the time of the forfeiture, until payment at fifteen per cent per annum or at such lower rate as the Board may from time to time determine and the Board may enforce the payment thereof, or any part thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.

Evidence of forfeiture

33. A duly verified declaration in writing that the declarant is a Director, Manager or Secretary of the Company and has been authorised by a Board resolution to act as declarant and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company, for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares and the person to whom any such share is sold shall be registered as the holder of such share and shall not be bound to see the application of purchase money, nor shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.

Forfeiture Provisions to apply to non-payment in terms of issue

34. The forfeiture provisions of these articles shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Company's lien

35. The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/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.

As to enforcing lien by sale

36. For the purpose of enforcing such lien, the Board may sell the shares in such manner as it thinks fit, but no sale shall be made until the sum in respect of which such lien exists is presently payable and until a notice in writing of the intention to sell has been served on such Member, the executor or administrator or other legal representative as the case may be and default has been made by him or them in the payment of the money called or payable at a fixed time in respect of such share for thirty days after the date of such notice.

Application of proceeds of sales

37. The net proceeds of the sale shall be received by the Company and after payment of the costs of such sale, applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the share before the sale) be paid to the persons entitled to the share at the date of the sale.

Validity of sales in exercise of lien and after forfeiture

38. Upon any sale after forfeiture or for enforcing lien in the purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the share sold and cause the purchasers name to be entered in the Register in respect of the share sold, and the purchaser

shall not be bound to see to the regularity of the proceedings or to the application of the purchase money and after his name has been entered in Register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only.

Board may issue certificate

39. Where any share under the powers in that behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered to the Company by the former holder of such share, the Board may issue a new certificate for such share distinguishing it in such manner as it may think fit from the certificate not so delivered up. On the issue of such certificate the original certificate in respect of such share shall stand automatically cancelled and be void.

TRANSFER AND TRANSMISSION OF SHARES

Execution of transfers etc.

40. Save as provided in Section 108 of the Act, transfer of a share shall not be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with the certificate, or, if no such certificate is in existence, with the Letter of Allotment of the share and such other evidence as the Board may require to prove the title of transferor and transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof. Each signature to such transfer deed shall be duly attested by the signature of one credible witness who shall add his name and address.

Company not to register transfer of less than such number of shares as may be fixed

41. The Company shall not accept application for transfer of shares less than the minimum lot/trading lot as may be prescribed under applicable laws including stock exchange regulations.

Form of transfer

42. The instrument of transfer for all members holding shares in physical form shall be in writing and shall be common for all shareholders holding shares in physical form 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.

No Fee on Transfer or Transmission

42 A. 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.

Directors may refuse to register transfer

43. Subject to the provisions of Section 111A these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall be refused on the ground of the transferor being either alone or jointly with any person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

No transfer to minor etc

44. No transfer shall be registered in favour of a person of unsound mind and no transfer of partly paid shares shall be registered in favour of a minor.

Instrument of transfer to be deposited at office

45. Every instrument of transfer shall be deposited at the Office of the Company or at such other place in the same city, town or village in which the Registered Office of the Company, is situated, as the Board may from time to time determine for registration, accompanied by the documents and evidence as required under these Articles. The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Board of Directors may decline to register shall on demand be returned to the person depositing the same. The Board of Directors may cause to be destroyed all transfer deeds lying with the Company for a period of three years or more.

Power to close Register of Members

46. On giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the Registered Office of the Company is situated, and subject to the provisions of Section 154 of the Act, registration of transfer may be closed or suspended during such time and for such periods not exceeding in the aggregate forty five days in each year, but not exceeding thirty days at any one time as the Board may from time to time determine.

Persons entitled to shares by transmission

47. In case of the death of a Member, the survivor, where the deceased was a joint holder, and his legal representative, executor or administrator where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons. The Board may require any persons becoming entitled to shares in consequence of the death of any Member to obtain a Grant of Probate or Letter of Administration or other legal representation, as the case may be, from a Competent Court. Provided it shall be lawful for the Board in its absolute discretion to dispense with the production of Probate or Letter of Administration or such other legal representation upon such terms as to indemnity or otherwise as the Board may think fit, without in any case being bound to do so. The powers and discretions of the Board under this Article may be delegated and exercised by a Committee of Directors or an officer of the Company duly authorised in this regard.

As to transfer of shares of insane, infant, deceased or bankrupt Members

48. Any committee or guardian of a person of unsound mind or minor or any person becoming entitled to the transfer of a share in consequence of the death or bankruptcy or insolvency of any Member or by any other lawful means, upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Board thinks sufficient, may subject to the right of the Board to decline registration under Article 43 of these Articles, elect, either:

(i) To be registered himself as a holder of the shares, or

(ii) To make such transfer of the shares as the deceased or the insolvent Member could have made.

Rights of persons entitled to shares by reason of death etc.

49. The Board may, subject to the provisions of the Act, retain the dividends payable upon a share to which any person becomes entitled under Article 48 of these Articles, until such person or his transferee shall become a Member in respect of such shares.

Election under the transmission Article

50. (1) If the person so becoming entitled under the Transmission Article shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

(2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing an instrument of transfer of the share.

(3) All the limitations, restriction and provisions of these Articles relating to the right of transfer and the registration of instrument of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the Member or transmission or devolution of his share by any other lawful means had not occurred and the notice of transfer was a transfer signed by that Member.

Board may require evidence of transmission

51. Every transmission of a share shall be verified in such manner as the Board may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration, which the Board at its discretion shall consider sufficient, provided nevertheless there shall not be any obligation on the Company or the Board to accept any indemnity.

Right of person entitled to shares under the Transmission Article

52. A person so becoming entitled under the Transmission Article to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder thereof or by any other lawful means shall, subject to the provisions of these Articles be entitled to the same dividends and other advantages to which he would be entitled as if he were the registered holder of the share except that no such person shall, before being registered as a Member in respect of the share, being entitled to exercise in respect thereof any right conferred by membership in relation to meetings of the Company. Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself as a Member in respect of such share or elect to have some person nominated by him registered is a Member in respect of such share subject to the right of the Board to decline registration under Article 43 of these Articles and, if such notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of' the share, until the requirements of the notice have been complied with.

The Company not liable for disregarding of a notice prohibiting registration of transfer

53. Neither the Company nor any of its Directors or other Officers shall incur any liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of a share made or purporting to be made by any apparent or legal owner thereof is shown or appearing in the Register of Members to the prejudice of persons having or claiming any equitable right, title or interest to or in such share, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered any such notice or referred thereto in any book or record of the Company, and the Company shall not be bound or required to regard to attend or give effect to any such notice nor be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book or record of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Board shall so think fit.

Transfer of debentures

54. The provisions of these Articles shall mutatis mutandis apply to the debentures or other securities issued by the company.

Joint holders

55. Where two or more persons are registered as the holder of any share, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship but so that:

(a) The Company shall be entitled to decline to register more than three persons as joint-holders of any share, and

(b) The joint-holders of any share shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments which ought to be made in respect of such shares.

56. Any one of the joint-holders of a share may give effectual receipts for any dividends or other moneys payable in respect of such share or bonus share.

57. (1) Only the person whose name stands first in the Register of Members as one of the joint-holders of any shares shall unless otherwise directed in writing by all joint holders and confirmed in writing by the Company be entitled to delivery of the certificate relating to such share or to receive notices (which expression be deemed to include all documents) from the Company and any notice given to or served on such persons shall be deemed as a notice or service to all the joint-holders.

(2) Subject to the provisions of these Articles, the person first named in the Register as one of the joint-holders shall be deemed as a sole holder thereof for all the matters connected with the Company.

58. Any one of the joint-holders of a share may vote at any meeting personally or by proxy as if he were a sole holder thereof provided that if more than one joint-holder of the share is present personally or by proxy then such of them whose name stands higher in the Register in respect of such share shall alone be entitled to vote in respect thereof.

BORROWING POWERS

59. The Board may, from time to time at its discretion, subject to the provisions of Sections 58A, 292 and 293 of the Act, and of these Articles, accept, deposits from Members either in advance of calls or otherwise and generally raise or borrow moneys, either from the Directors, their friends and relatives or from others for the purposes of the Company and/or secure the payment of any such sum or sums of money, provided however, where the moneys to be borrowed together with the moneys already borrowed (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) and then remaining outstanding and undischarged at that time exceed the aggregate, for the time being, of the paid up capital of the Company and its free reserves, that is to say, reserves, not set apart for any specific purposes, the Board shall not borrow such money without the consent of the Company in General Meeting by an ordinary resolution. The Board may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular by receiving deposits, issue of bonds, debentures, perpetual, redeemable, debenture stock, or any security of the Company or by mortgage or charge or other security upon all or any part of the property or undertaking of the Company (both present and future), including its uncalled capital for the time being; provided that the Board shall not give any option or right to any person for making calls on the shareholders of the Company in respect of the amount unpaid for the time being on the shares held by them, without the previous sanction of the Company in General Meeting.

60. Subject to the provisions of the Act, and these Articles, the debentures, debenture stock, bond or other securities may be issued at a discount, premium or otherwise and with any special privileges and conditions as to redemption, surrender, drawings, attendance at General Meeting of the Company, allotment of share, appointment of Directors and otherwise, Debentures, debenture stock bond and other securities may be made assignable, free from any equities between the Company and the person to whom the same may be issued.
Provided that debenture/debenture stock, loan/loan stock with the right of conversion into equity shares, shall not be issued except with the sanction of the Company in General Meeting.

61. Subject to the provisions of the Act, if the Directors or any of them or any other person shall incur or be about to incur any liability or become personally liable, whether as principal or as surety, for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

GENERAL MEETING

Annual General Meeting

62. The Company shall in addition to any other meetings, each year hold a General Meeting as, its Annual General Meeting in accordance with the provisions of Section 166 of the Act, at such time and place as may be determined by the Board and shall specify the Meeting as such in the notices calling it. Provided that an Annual General Meeting or Extra Ordinary General meeting shall be called by giving at least twenty-one (21) days written notice or at a shorter notice in accordance with the provisions of the Act, to the shareholders. All General Meetings other than Annual General Meetings shall be called Extra-Ordinary General Meetings. If for any reason beyond the control of the Board, the General Meeting (including an Annual General Meeting) can not be held on the appointed day, the Board shall have the power to postpone the General Meeting of which a notice should be given to the Members through advertisement in at least two newspapers, of which one should be in the language of the region in which the Office of the Company is situated.

Extra-Ordinary General Meeting

63. The Board may whenever it thinks fit, and shall on the requisition of the members in accordance with the provisions, of Section 169 of the Act, proceed to call an Extra-Ordinary General Meeting of the Company. The requisitionists may, in default of the Board convening the same, convene. the Extra-Ordinary General Meeting as provided by section 169 of the Act. Provided that unless the Board shall refuse in writing to permit the requisitionists to hold the said meeting at the Office, it shall be held at the Office.

PROCEEDINGS OF GENERAL MEETING

Notice of business to be given

64. The ordinary business of an Annual General Meeting shall be to receive and consider the Profit and Loss Account, the Balance Sheet and the reports of the Directors and of the Auditors, to elect Directors in place of those retiring by rotation, to appoint Auditors and to fix their remuneration and to declare dividends. All other business transacted at an Annual General Meeting and all business transacted at an Extra-Ordinary General Meeting shall be deemed as Special Business.

Quorum to be present when business commenced

65. (a) No business shall be transacted at General Meeting unless quorum is present at the time of the commencement of the business. Save as herein otherwise provided, at least five members present in person shall constitute a quorum.

(b) If within half an hour from the time appointed for holding the meeting a quorum shall not be present, the meeting, if convened by or upon the requisition of Members shall stand dissolved, but in any other case, the meeting shall stand adjourned, in accordance with the provisions of sub-sections (3), (4) and (5) of Section 174 of the Act.

(c) If the proposed general meeting with respect to any agenda is not validly constituted as required by Article 65(a) or if a quorum is not maintained throughout such meeting, the meeting shall be adjourned in accordance with the provisions of the Act.

Business at adjourned meeting

66. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

Resolution passed

67. Any act or resolution, which under these Articles or the Act is permitted or required to be done or passed by the Company in General Meeting, shall be done or passed by an ordinary resolution as defined in Section 189(1) of the Act, unless either the Act or these Articles specifically require such act to be done or resolution to be passed by a special resolution as defined in Section 189(2) of the Act.

Provided that, the following matters shall require the approval of the shareholders of the Company:

(a) any amendments to the Articles;

(b) any increase or decrease in the amount of the authorised or paid-up capital of the Company, and any public issue or private placement of Shares;

(c) any merger or consolidation or any other manner of reorganisation involving the Company;

(d) winding up or dissolution of the Company, or making of any composition or arrangement with creditors whether generally or specifically;

(e) other than in the ordinary course of business, sale, transfer, assignment, lease, creation of any right, title or interest in favour of any other person or other disposal of any part of the Company's undertaking, property or assets (or any interest therein) or entry into a contract to do so, or creation of any pledge, encumbrance or any security interest over the whole or substantial part of the Company's undertaking, property or assets.

Chairman of the General Meeting

68. (1) The Chairman of the Board shall preside as Chairman at every General Meeting of the Company. If the Chairman is not present, the shareholders present may elect any other Director present as the Chairman of the said Meeting.

(2) No business shall be discussed at any General Meeting except the election of the Chairman, whilst the Chair is vacant.

(3) If a poll is demanded on the election of the Chairman it shall be taken forthwith in accordance with the provisions of the Act and these Articles and the Chairman so elected on the show of hands will exercise the power of the Chairman under the Act and these Articles.

If some other person is elected Chairman as a result of the poll, he shall be Chairman for the rest of meeting.

Chairman with consent may adjourn meeting

69. (1) The Chairman may, with the consent of the meeting and shall, if so directed by the meeting adjourn the same from time to time, and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

Notwithstanding the provisions of this clause, the Chairman of a validly convened general meeting may adjourn the meeting in the event of disorder provided that such an adjournment shall not be for a period longer than the Chairman considers necessary to bring order at the meeting and the Chairman communicates his decision to those present in so far as it is possible.

(2) When meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting and save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Votes by show of hands

70. (1) Every question submitted to a meeting shall be decided, in the first instance unless a poll is demanded, in accordance with Section 179 of the Act, by a show of hands and in the case of an equality of votes, either on a show of hands or on a poll, the Chairman of the meeting shall be entitled to a second or casting vote in addition to the vote to which he may be entitled as a Member.

(2) A declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minutes shall be conclusive evidence of the fact without further proof.

(3) Any business other than that upon which a poll has been demanded may be proceeded with pending the taking of a poll.

Votes of Members

71. (1) On a show of hands, every Member present in person and being a holder of equity shares shall have one vote and every person present as a duly authorised representative of a body corporate being a holder of an equity share shall, if he is not entitled to vote in his own right, have one vote.

(2) On a poll, the voting rights of a holder of an equity share shall be as provided in Section 87 of the Act.

Representation of Corporation

72. A company or a body corporate which is a member of the Company (hereinafter called "Member Company") may vote by proxy or by representative duly appointed in accordance with Section 187 of the Act. A person duly appointed to represent the Member Company at any meeting of the Company or at any meeting of any Class of Members of the Company, shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the Member Company which he represents is that Member Company could exercise if it were an individual Member.

Vote in respect of deceased and insolvent Members

73. Any person entitled under Article 48 of these Articles to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty eight hours at least before the time of holding the meeting or the adjourned meeting, as the case may be, at which he proposes to vote he shall satisfy the Board of the right to transfer such shares, or the Board shall have previously admitted his right to vote at such meeting in respect thereof. If any member be a lunatic, idiot or non-composment is, he may vote whether on a show of hands or at Poll by his committee curator bonis or other legal curator and such last mentioned persons may give their votes in person or by proxy on a poll.

Votes by joint executors etc.

74. Where there are several executors or administrators of a Deceased Member in whose sole name any share is registered, any one of such executors or administrators may vote in respect of such share unless any other of such executors or administrators is present at the meeting at which such a vote is tendered and objects to the vote. In such case, the provisions relating to votes of joint-holders contained in Article 58 of these Articles shall apply.

When vote by Proxy valid though authority revoked

75. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing shall have been received by the Company at the Office before the vote is given provided, nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

Forms of proxy

76. Every instrument of Proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in either of the forms set out in Schedule IX of the act.

Custody of the instrument

77. If any such instrument of appointment be confined to the object of appointing an attorney or proxy, it shall remain permanently, or for such time as the Board may determine, in the custody of the Company,

if embracing other objects, a copy thereof accompanied with the original, shall be delivered to the Company to remain in their custody.

Objections as to qualifications of votes

78. No objection shall be raised as to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote disallowed at such meeting shall be valid for all purposes. Any such objection or objections as to the admission or rejection of a vote, either on a show of hands, or on a poll made in due time, shall be referred to the Chairman of the meeting who shall forthwith decide the same and such decision shall be final and conclusive.

DIRECTORS

Number of Directors

79. (a) The Board of Directors shall consist of not less than three Directors and not more than twenty Directors including Nominee Directors. Provided that the Company may from time to time increase or reduce within the maximum limit permissible the number of Directors.

Provided further that any increase in the number of Directors exceeding the number prescribed under Section 259 of the Act shall not have any effect unless approved by the Central Government and shall become void if and so far it is disapproved by the Government.

(b) The First Directors of the Company shall be:

1. Shri Jaiprakash Gaur
2. Shri Sarat Kumar Jain
3. Shri Nanak Chand Sharma

Not less than two-thirds (any fraction to be rounded off to the next number) of the total number of Directors of the Company shall be persons whose period of office shall be liable to determination by retirement by rotation and save as otherwise expressly provided in the Act and these Articles be appointed by the Company in General Meeting.

Appointment of Nominee Director

80. Notwithstanding anything to the contrary contained in these Articles, so long as any money remains owing by the Company to the Senior Lenders under the Facilities granted by the Senior Lenders to the Company, the Senior Lenders and the Debenture Trustee shall have a right to appoint, from time to time, subject to the maximum extent of four (4) directors, any person or persons as a Director or Directors, non-whole-time, or whole-time (which director or directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and/or an observer for each of the Senior Lenders (other than the Debentureholders) and Debenture Trustee (each an "Observer" and together the "Observers") and to remove from such office any person or persons, so appointed, and to appoint any person or persons in his or their place/s. Notwithstanding anything provided above, upon the occurrence of an Event of Default (as defined in the Financing Documents), each of the Senior Lenders shall have a right to appoint a Nominee Director.

The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s or any Observer(s) appointed by the Senior Lenders. The Nominee Director/s shall not be required to hold any qualification shares in the Company. The Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same right and privileges and be subject to the same obligations as any other Directors of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Senior Lenders under the Facilities and the Nominee Director/s, so appointed in exercise of the said power, shall also ipso facto vacate such office immediately upon complete repayment by Company to the Senior Lenders of all moneys owing by the Company to the Senior Lenders under the Facilities.

The Nominee Director/s and the Observer(s) appointed under this Article shall be entitled to receive all agenda for the meetings, notices of kind, attend all General Meetings, Board Meetings and the Meetings of the Committee, of which the Nominee Director/s is/are Members, as also the minutes of such meetings. The Security Trustee, the Debenture Trustee and the Senior Lenders shall also be entitled to receive all such agendas, notices and minutes. If the Nominee Director is unable to attend a meeting of the Board or any of its committees, the Senior Lenders (other than the Debentureholders) and or the Debenture Trustee may depute an Observer to attend the meeting. Any expenses incurred by the Senior Lenders and/or the Debenture Trustee in this connection shall be reimbursed by the Company to the Senior Lenders or the Debenture Trustee.

The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled but if any other fees, commission, moneys or remuneration in any form is payable to the Directors of the Company, the fees, commissions, moneys, and the remuneration in relation to such Nominee Director/s shall accrue to the Senior Lender and the same shall accordingly be paid by the Company directly to the Senior Lenders. Any expenses that may be incurred by any Senior Lender, the Debenture Trustee or such Nominee Director/s in connection with their appointment or directorship shall also be paid or reimbursed by the Company to such Senior Lender, or to such Nominee Director/s, as the case may be.

Provided that if any such Nominee Director/s is an officer of such Senior Lender, the sitting fees, in relation to such Nominee Director/s shall also accrue to such Senior Lender and the same shall accordingly be paid by the Company directly to such Senior Lender.

Provided further that if such Nominee Director/s is an/are officer/s of the Reserve Bank of India, the sitting fees in relation to such Nominee Director(s) shall also accrue to IDBI and the same shall accordingly be paid by the Company directly to IDBI.

81. Subject to the provisions of Section 313 of the Companies Act, 1956, the Board of the Company may appoint an Alternate Director to act for one or more Directors (hereinafter called the "Original Director/s) during his/their absence for a period of not less than three months from the Union Territory of Delhi and such appointment shall have effect and such appointee, whilst he holds office as an Alternate Director, shall be entitled to notice of meetings of the Board and attend and vote thereat accordingly. An Alternate Director/s appointed under this Article shall vacate office if and when the Original Director/s return/s to the Union Territory of Delhi. If the term of the office of the Original Director/s is determined before he/they so return/s to the Union Territory of Delhi, any provision in the Act, or in these Articles for the automatic re-appointment of Retiring Directors in default of another appointment shall apply to the Original Director/s and not to the Alternate Director. Provided always that no person shall be appointed by the Board as an Alternate Director who shall not have been previously approved in writing by the Original Director/s.

Appointment of Additional Director

82. Subject to the provisions of Section 260 of the Companies Act, 1956 and other applicable provisions, if any of the Act, the Board shall have power at any time and from time to time, to appoint a person as an Additional Director but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. The Additional Director so appointed shall retire from Office at the next following Annual General Meeting but shall be eligible for election by the Company at that meeting as a Director.

Casual vacancy

83. Subject to the provisions of Sections 262(2) and 284(6) and other applicable provisions, if any, of the Act, any casual vacancy occurring in the office of a Director whose period of office is liable to determination by retirement by rotation may be filled up by the Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date upto which the Directors in whose place he is appointed would have held office, if the vacancy had not occurred.

Qualification of Directors

84. A Director shall not be required to hold any qualification share.

Remuneration of Directors

85. (1) Subject to the provisions of the Sections 198, 309, 310 and 311 of the Act, the remuneration of the Directors of the Company shall be as determined by the Company in general meeting from time to time.

(2) The remuneration of a director for attending the meeting of the Board or a Committee thereof shall be such sum as may be determined by the Board, keeping in view the provision of the Act and the rules made thereunder from time to time.

(3) The Directors shall also be entitled to payment of actual expenditure for travelling, boarding, lodging and other expenses incurred for attending the meetings of the Board or any Committee thereof or General Meetings of the Company or for any journeys performed in connection with the business of the Company.

Special Remuneration of Directors performing extra service

86. (1) If any Director, being willing, shall be called upto to perform extra services or entrusted with any extra work or to make special exertions for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a Committee of Directors or otherwise, such Director may be remunerated in such manner as may be determined, subject to the provisions of the Section 309 and 314 of the Act.

(2) If any Director be called upon or is required to go or reside out of his usual place of residence for Company's business, he shall be entitled to be paid travelling and/or other expenses incurred in connection with the business of the Company.

Directors may act notwithstanding vacancy

87. (1) The continuing Directors may act notwithstanding any vacancy in their body, but so that if and so long as their number is below the number Minimum fixed by the Articles of the Company as the necessary quorum for the Board, the continuing Director or Directors as the case may be, shall, except for the purposes of increasing the number of Directors to that number or for summoning a General Meeting, not act for any other purposes.

(2) All acts done by any meeting of the Board or a Committee thereof by any person acting as Director, shall notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or of any persons acting as aforesaid, or that they or any of them were disqualified, be valid as if every such Director or such person had been duly appointed and was qualified to be a Director.

When office of Director to become vacant

88. (1) Subject to the provisions of Section 283(2) of the Act, the office of a Director shall become vacant, if

(a) he is found to be of unsound mind by a Court of competent jurisdiction; or

(b) he applies to be adjudicated an insolvent; or

(c) he is adjudicated an insolvent; or

(d) he fails to pay any call made on him in respect of shares of the Company held by him, whether alone or jointly with others within six months from the last date fixed for the payment of the call unless the Central Government has by notification in the Office Gazette, removed the disqualification incurred by such failure;

(e) any office or place of profit under the Company or any subsidiary thereof is held by him in contravention of Section 314 of the Act; or

(f) he absents himself from three consecutive meetings of the Board of Directors or from all meetings of the Board of Directors for a continuous period of three months, whichever is longer without obtaining leave of absence from the Board of Directors; or

(g) he becomes disqualified by an order of the Court under Section 203 of the Act, or

(h) he is removed in pursuance of Section 284 of the Act; or

(i) he (whether by himself or by any person for his benefit or on his account) or any firm in which he is a partner or any private company of which he is a Director, accepts a loan or any guarantee or security for a loan from the Company in contravention of Section 295 of the Act; or

(j) he acts in contravention of Section 299 of the Act and by virtue of such contravention shall have been deemed to have vacated office; or

(k) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months; or

(l) he having been appointed a Director by virtue of his holding any office or other employment in the company ceases to hold such office or other employment in the Company.

(2) Subject to the provisions of the Act, a Director may resign his office at any time by giving notice in writing addressed to the company or to Board of Directors.

Appointment of Chairman

89. At every meeting of the Board the Chair shall be taken by the Chairman of the Board of Directors.

Provided that in the absence of the Chairman at any meeting , the Vice Chairman of the Board of Directors would act as Chairman of the Meeting and if Vice Chairman of the Board of Directors is not present or, though present, is unwilling to act as Chairman, the Directors present shall appoint one of their members to chair the meeting in question.

Managing Director(s)/ Whole-time Director(s)

90. The Board may, from time to time appoint one or more of their body to be Managing Director(s) or whole-time Director(s) of the Company, and may, from time to time, remove or dismiss him from office, and appoint another in his place but his appointment shall be subject to determination ipso facto if he ceases for any cause to be a Director of the Company provided however that the appointee shall, so long as Jaiprakash Associates Limited holds 51% or more of the paid up equity capital of the company, always be the nominee of the said Jaiprakash Associates Limited.

The Board may, from time to time, entrust to and confer upon a managing director or a whole-time Director for the time being, such of the powers exercisable under these presents by the Directors as it may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions as it thinks expedient, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

The remuneration of a managing directors/Whole-time Director shall be such as may from time to time be fixed by the Board subject to the provisions of Sections 269 and 309 of the Act.

PROCEEDING OF THE BOARD OF DIRECTORS

Meeting of Directors

91. The Directors may meet together as a Board for the despatch of business from time to time and shall so meet at least once in every three calendar months, and the Board may adjourn and otherwise regulate its meetings and proceedings as it may think fit.

91A. The Company shall normally give seven (7) business days notice to the Directors for convening and holding of a meeting, specifying the place, date and time thereof, together with the Agenda and details of business to be transacted at the meeting.

Any resolution passed at a Board meeting shall not be binding on the Company if the notice of the Board meeting has not been given in the manner prescribed herein.

Quorum

92. Subject to Section 287 of the act, the quorum for a meeting of the Board shall be one-third of its total strength (excluding Directors if any, whose places may be vacant at the time and any fraction contained in the one-third being rounded off as one), or two Directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two-third of the total strength, the number of Directors who are not interested, and are present at the meeting, being not less than two, shall be the quorum for such time.

Adjournment of meeting for want of quorum

93. If at a meeting of the Board, a quorum shall not be present then the meeting shall stand adjourned to such day, time and place as the Chairman and in his absence, the vice-Chairman and failing both of them, the Director or Directors present at the meeting may fix.

When meeting to be convened

94. A Director may, and the Manager or Secretary on the requisition of a Director shall, at any time, summon a meeting of the Board.

Question at Board Meeting how decided

95. Questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of an equality of votes, the Chairman of the meeting shall have a second or casting vote.

Board may appoint Committee

96. Subject to the provisions of the Act and the restrictions contained in Section 292 of the Act and these Articles, the Board may from time to time and at any time, delegate any of its powers to a Committee(s) consisting of such Director or Directors as it think fit, and it may from time to time revoke and discharge any such Committee of the Board either wholly or in part, and either as to persons or purposes, but every Committee of the Board so formed shall, in the exercise of the power so delegated conform to any regulations that may from time to time be imposed on it by the Board. All the matters at any meeting of a Committee(s) shall be decided by a majority of votes. all acts done by any such Committee of the Board in conformity with such regulations and in fulfilment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

96A. The Company shall during the tenure of the Facilities, constitute and maintain a project management /procurement committee and an audit sub-committee, each comprised of appropriate directors of the Company (which shall include the Nominee Directors and/or Observers), satisfactory to the Senior Lenders, for the purpose of supervising and monitoring the progress (including both the construction and operating phases) of the Project. The responsibilities of such committee shall be fixed to the satisfaction of the Facility Agent and shall include, without limitation, management of the Project during construction, civil engineering, placement of orders for supply of Plant, and other assets, and oversight of operation and maintenance of the Project. Such committee shall meet not less than once each calendar quarter.

Meeting of the Committee, how to be governed

97. The meetings and proceedings of any such Committee of the Board shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto and are not superseded by any regulations made by the Board under these Articles.

Resolution by circulation

98. (1) Subject to the provisions of the Sections 289, 292 and 297 of the Act, a resolution passed by circulation, without a meeting of the Board or a committee of the Board shall be as valid and effectual as a resolution duly passed at a meeting of the Board or a committee thereof duly called and held.

(2) A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, if the resolution has been circulated in draft together with the necessary papers, if any, to all the Directors or to all the Members of the Committee at their respective addresses registered with the Company and has been approved by a majority of Directors or members of the Committee as are entitled to vote on the resolution.

POWERS OF DIRECTORS

Power of Directors

99. Subject to the provisions of the Act, the Board shall be entitled to exercise all such powers of the Company and to do all such acts and things as the Company is authorised to exercise or do and as are not, by the Act, or any other statute or by the Memorandum or Articles of Association of the Company required or directed to be exercised or done by the Company in General Meeting, subject nevertheless to these Articles, the Act or any other statute and to such regulations, not inconsistent therewith including regulations made by the Company in General Meeting, but no regulation made by the Company in General meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

Certain power of the Board

100. Without prejudice to the general powers conferred by the foregoing Articles and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions and provisions contained in the Articles and the Act, it is hereby declared that the Board shall have the following powers, that is to say, power:

(a) To pay donations to any individuals or institutions or contribute to any charitable, religious, benevolent, national, political, public or general and other funds not directly related to the business of the company or the welfare of its employees, any sums the aggregate of which will, in any financial year, not exceed fifty thousand rupees or five per cent of the average net profits of the Company during the three financial years immediately preceding, whichever is greater, and may with the consent of the Company in General Meeting, contribute any sums in excess of such limits.

(b) To authorise or empower any Director or Managing Director or Secretary or any other officer of the Company either by name, in virtue of office or otherwise or any other person or persons, either singly or jointly to exercise or perform all or any of the powers, including the power to sub-delegate authorities and duties conferred or imposed on the Board by way of these Articles subject to such restrictions and conditions, if any, and either generally or in specific cases as the Board may think proper.

(c) To appoint and at their discretion, remove or suspend such officers, by whatever designation called managers, engineers, experts, legal advisors, solicitors, clerks, agents, salesmen, workmen and other servants or professionals, for permanent, temporary or special services as the Board may from time to time think fit and determine their duties, fix their salaries,

emoluments and delegate to or confer upon them such powers, including the power to sub-delegate authorities and discretions as the Board may think fit.

(d) To provide for the welfare of employees or ex-employees of the Company and the wives, widows and families of the dependant or connections of such persons, by building or contributing to the building of houses, dwelling or by grants of moneys, pensions, gratuities, allowances, bonuses or other payment; or by creating and from time to time subscribing or contributing to provident fund and other funds, associations, institutions or trust and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance, as the Board shall think fit.

SECRETARY

101. The Board may from time to time appoint, and at its discretion subject to applicable provisions of the Act, if any, remove any person as the Secretary of the Company (hereinafter called "The Secretary") to perform such duties and functions, which by the Act or otherwise are to be performed by the Secretary of the Company, and to execute any other duties and functions, which may from time to time be assigned to the Secretary by the Board. A Director may be appointed as Secretary provided that any provision of the Act or these presents requiring or authorising a thing to be done by or to a director and the Secretary shall not be satisfied by its being done or to the same person acting both as Director and as, or in place of the Secretary.

THE SEAL

102. The Board shall provide for a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof, and the Board shall provide for the safe custody of the seal for the time being, and the seal shall never be used except by the authority of the Board or a Committee of the Board previously given.

Deeds how executed

103. Subject to the provisions of the Act and these Articles every deed or other instrument, to which the seal of the Company is required to be affixed, by the authority of the resolution of the Board shall, unless the same is executed by a duly constituted attorney of the Company, be signed by at least one Director or the Secretary or some other person appointed by the Board for the purpose, on every such deed or instrument.

DIVIDENDS AND RESERVES

Division of profits

104. The profits of the company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles, shall be divisible among the Members in proportion to the amount of capital paid up on the share held by them respectively. Provided always that subject as aforesaid any capital paid up on a share during the period in respect of which a dividend is declared shall unless the Board otherwise determine, only entitle the holder of such share to a proportionate amount of such dividend as from the date of payment.

Divided to registered shareholders only

105. No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his banker.

Reserves

106. (1) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising

dividends, and pending such application, may at the like discretion, either be employed in the business of the company or be invested in such investments as the Board may, from time to time think fit.

(2) The Board may also carry forward any profits which it may think prudent not to divide, without setting them aside as a reserve.

Notice of dividend

107. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act and these Articles.

Dividend not to bear interest

108. No dividend shall bear interest against the Company.

Unclaimed dividend

109. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank, to be called "_____ *(name of company)* Unpaid Dividend Account".

Any money transferred to the unpaid dividend account of a company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Fund known as Investor Education and Protection Fund established under section 205C of the Act.

No unclaimed or unpaid divided shall be forfeited by the Board.

Loss of dividend warrants etc.

110. The Company may issue a duplicate cheque or dividend warrant or interest warrant on shareholder or holder of debenture furnishing such indemnity or otherwise as the Board may think proper.

Declaration of dividend

111. The Company in General Meeting may declare a dividend to be paid to the Members according to their respective rights and interests in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment.

Restrictions on amount of dividend

112. No larger dividend shall be declared than is recommended by the Board, but the company in general Meeting may declare a smaller dividend.

Declarations of interim dividends

113. The Board may from time to time pay to the Members such interim dividends as appear to the Board to be justified by the financial position of the Company.

Dividend to be paid in cash only

114. Subject to the provisions of the Act and these Articles, no dividend shall be payable except in cash, Provided that nothing in this Article shall be deemed to prohibit the capitalization of profits or reserves including share premium, if any, of the Company for the purposes of issuing fully paid up Bonus Shares or paying up any amount for the time being unpaid on any shares or increasing the par value of any shares held by the Member of the Company.

Dividend how remitted

115. Dividend may be paid by cheques or warrant or by a pay slip or receipt having the force of a cheque or warrant sent through the post to the registered address of the Member or person entitled or in case of joint holders to that one of them first named in the Register in respect of the joint holding or in case of registered shareholder having registered address outside India by telegraphic transfer to such bank as may be designated from time to time by such Members. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission, or for any dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other person by any means whatsoever.

Adjustment of dividend due

116. Any dividend due from the Company to a Member, may without the consent of such member, be applied by the Company in or towards payment of any money due from time to time to the Company for calls.

CAPITALISATION

Capitalisation

117. (1) Any General Meeting may, upon the recommendation of the Board, resolve any moneys standing to the credit of the Share Premium Account or Capital Redemption Reserve Account or any moneys, investments or other assets forming part of the undivided profit of the Company (including profits or surplus moneys realised on sale of capital assets of the Company) standing to the credit fund or reserve of the Company or in the hands of the Company and available for dividend, to be capitalised and distributed:-

(a) By the issue and distribution, among the holders of the shares of the Company or any of them on the footing that they become entitled thereto as capital in accordance with their respective rights and interests and in proportion to the amount paid or credited as paid thereon of paid up shares, bonds or other obligations of the Company; or

(b) By crediting shares of the Company which may have been issued and are not fully paid sup, in proportion to the amounts paid or credited as paid thereon respectively, with the whole or any part of the same remaining unpaid thereon.

(c) By increasing the par value of the shares which have been issued by the Company.

(2) The Board shall give effect to such resolution and apply such portion of the profits or Reserve Fund or any other fund as may be required for the purposes of making payments in full or in part for the shares, of the Company so distributed or (as the case may be) for purpose of paying in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid up provided that no such distribution or payment shall be made unless recommended by the Board and if so recommended, such distribution and payment shall be accepted by such shareholders in full satisfaction of their interest in the paid capitalised sum.

(3) For the purpose of giving effect to any such resolution, the Board may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates and generally may make such arrangements for the acceptance, allotment and sale of such shares, bonds or otherwise as they may think fit, and may make cash payment to any holders of shares, on the footing of the value so fixed in order to adjust rights and may vest any shares, bonds or other obligations in trustees upon such trust for adjusting such rights as may seem expedient to the Board.

(4) In cases where some of the shares of the Company are fully paid and others are partly paid, only such capitalisation may be effected by the distribution of further shares in respect of the fully paid shares and by crediting the partly paid shares with the whole or part of the unpaid liability thereon, but so that as between the holders of the fully paid shares and the partly paid shares, the sums so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares is in direct proportion to the amounts then already paid or credited as paid on the existing fully paid and partly paid shares respectively.

(5) Where deemed requisite, a proper contract shall be filed in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund, such appointment shall be effective.

Distribution of the realisation of capital assets etc.

118. A General Meeting may resolve that any surplus money arising from the realisation of any capital assets of the Company or any investments representing the same or any other undistributed profits of the Company be distributed amongst the members on the footing that they receive the same as capital.

INSPECTION OF REGISTERS

Inspection by Members

119. (1) The Board shall from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members not being Directors.

(2) No Member, not being a Director, shall have any right of inspecting any accounts or books or documents of the Company except as conferred by law or authorised by the Board or by the Company in General Meeting.

NOTICES & DOCUMENTS

Right of Auditor to attend General Meeting

120. All notices of and other communications relating to any General Meeting of the Company or adjourned meeting as the case may be which any Member of the Company or any other person is entitled to have sent to him shall also be forwarded to the Auditors of the Company and each of the Auditors shall be entitled to attend any General Meeting and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor.

Services of notices on Company

121. A notice may be served on the Company or an officer thereof by delivering it at its Registered Office or by sending it to the Company or officer at the Registered Office of the Company by registered post or cable confirmed by registered post. The term notice in these Articles shall include summons, notice, requisition, order or legal process and any document in relation to or in the winding up of the Company.

Service of notice on Members by Company

122. A notice may be served by the Company on any Member either personally or by sending it by post to him to his registered address, or if he has no registered address in India to the address, if any, within India supplied by him to the company for giving of notice to him.

Persons entitled to notice of General Meeting

123. Notice of every General meeting shall in addition to the Members and Auditors of the Company in accordance with the provisions of the Act, be given to Directors of the Company.

Omission of notice not to invalidate proceedings

124. Any accidental omission to give notice to or the non-receipt of notice by any Member or other person to whom it should be given shall not invalidate the proceedings at the meeting.

Service of document by advertisement

125. A document advertised in a newspaper circulating in the neighbourhood of the Registered Office of the Company shall be deemed to be fully served on the day on which the advertisement appears, on every Member of the Company who has no registered address in India and has not supplied to the Company an address within India for giving of notice to him.

Where a document is sent by post, service thereof shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document and to have been effected in the case of a notice of meeting at the expiration of 48 hours after the letter containing the same is posted and in any other case, the time at which the letter would be delivered in the ordinary course of post.

Service of documents on legal representatives

126. A document may be served by the Company to the persons entitled to a share in consequence of the death or insolvency of a Member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or assignees of the insolvent or by any like description, at the address, if any in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by serving the document in any manner in which the same might have been served if the death or insolvency had not occurred.

Document or notice by Company and signature thereto

127. Any document or notice to be served or given by the Company may be signed by a Director or secretary or some person duly authorised by the Board of Directors for such purposes and the signature thereto may be written, printed or lithographed or stamped.

Authentication of documents and proceedings

128. Save as otherwise expressly provided in the Act, or these Articles a document or proceeding requiring authentication by the Company may be signed by a director, Chief Executive, the Manager, the Secretary or a duly Authorised Officer of the Company and need not be under its Common Seal.

Transferee etc. bound by prior notices

129. Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which previously to his name and address being entered on the Register has been duly given to the person from whom he derived his title to such share.

Notice valid though Members deceased

130. Subject to the provisions of Articles herein mentioned, any notice or document delivered or sent by post to or left at the registered address of any Member in pursuance of these Articles shall, notwithstanding such Member be then deceased and whether or not Company has notice of his demise, be deemed to have been duly served, in respect of any registered share, whether held solely or jointly with other persons by such Member, until some other person be registered in his stead as the holder or joint-holder thereof, and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators and all persons, if any, jointly interested with him or her in any share.

Minutes to be made

131. (1) The Company shall cause minutes of all proceedings of General Meeting and of all proceedings of every meeting of the Board of Directors or every Committee thereof within

thirty days of the conclusion of every such meeting concerned by making entries thereof in books kept for that purpose with their pages consecutively numbered.

(2) Each page of every such books shall be initialed or signed and the last page of the record of proceedings of each Meeting in such books shall be dated and signed:

(a) in the case of minutes of proceedings of a meeting of Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.

(b) in the case of minutes of proceeding of the General Meeting, by the Chairman of the said meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period by a Director duly authorized by the Board for the purpose.

Minutes to be evidence of the proceeds

132. (a) The minutes of proceedings of every General Meeting and of the proceedings of every meeting of the Board or every Committee kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.

Books of minutes of General Meeting to be kept

133. The books containing the aforesaid minutes shall be kept at the Registered Office of the Company and be open to the inspection of any Member without charge as provided in Section 196 of the Act and any Member shall be furnished with a copy of any minutes in accordance with the terms of that Section.

Presumptions

134. Where the minutes of the proceedings of any General Meeting of the Company or of any meeting of the Board or of a Committee of Directors have been kept in accordance with the provisions of Section 193 of the Act, until the contrary is proved, the meeting shall be deemed to have been duly called and held, all proceedings thereat to have been duly taken place and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid.

WINDING UP

Distribution of assets

135. Subject to the provisions to the Act, and these Articles, if the Company shall be wound up and the assets available for distribution among the Members as 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, or which ought to have been 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 capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital, at the commencement of the winding up, paid up on the shares held by them respectively. This clause is, however, without prejudice to the rights of the holders of shares issued upon preferential or special terms and conditions.

Distribution in specie or kind

136. If the Company shall be wound up, whether voluntarily or otherwise, the liquidator may, with the sanction of a special resolution, divide amongst the contributories, in specie or kind, the whole or any part of the assets of the Company, and may, with the like sanction, vest the whole or any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories, or any of them as the liquidator, with the like sanction, shall think fit.

SECRECY CLAUSE

Secrecy

137. Every Director, Manager, Auditor, Trustee, Member of Committee, Officer, Agent, Servant, Accountant or other Person employed in the business of the Company shall, if so required by the Board, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with the customers and the state of accounts with individuals and in matters relating thereto, and shall by such declarations pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by any meeting or by a court of law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

No shareholder to enter the premises of the Company without permission

138. Subject to Article 119, no member or other person (other than a Director) shall be entitled, to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or communicate.

INDEMNITY

Indemnity

139. Every officer or agent for time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act, in which relief is granted to him by the court.

Subject to the Section 201 of the Act, no Director other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Directors or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency of title to any property acquired by order of the Directors for or on behalf of the company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency, or tortuous act of any person with whom any moneys, securities or effects shall be deposited for any loss occassioned by any error or judgement or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto.

SECTION X - 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 contracts entered into more than two (2) years before the date of filing of the Draft Red Herring Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Draft Red Herring Prospectus will be delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at 113, Rajpur Road, Dehradun – 248 001, Uttarakhand, from 10.00 a.m. to 4.00 p.m. on working days from the date of filing of the Draft Red Herring Prospectus until the date of closure of this Issue.

Material Contracts

1. Letter of Engagement dated January 8, 2008 among our Company, the BRLMs and the Co-BRLM offering their services to act as BRLMs and Co-BRLM and Company's acceptance thereto.

2. Memorandum of Understanding dated January 8, 2008 between us the BRLMs and the Co-BRLM.

3. Memorandum of Understanding datedJanuary 8, 2008 between us and Karvy Computershare Private Limited as Registrar to this Issue.

4. Escrow Agreement dated [●] between us, the BRLMs, the Co-BRLM, Syndicate Member and the Registrar to this Issue.

5. Syndicate Agreement dated [●] between us, BRLMs, the Co-BRLM, and the Syndicate Member.

6. Underwriting Agreement dated [●] between us, BRLMs, the Co-BRLM, and the Syndicate

Material Documents

1. The Memorandum and Articles of Association of our Company, as amended from time to time.

2. Certificate of Incorporation of our Company dated May 18, 1995.

3. Extraordinary General Meeting resolution dated December 18, 2007 and the resolution of the Board dated December 14, 2007 authorizing this Issue.

4. Copies of the Annual Reports of our Company for the years ended March 31 2003, 2004, 2005, 2006 and 2007

5. Copy of the tax benefit report dated December 24, 2007 of M/s. Awatar & Co., Chartered Accountants.

6. Copy of Certificate of funds deployment for the Nigrie Thermal project dated December 18, 2007 from M/s. M. P. Singh & Associates, Chartered Accountants, for the Karcham project dated December 21, 2007 from M/s. M.P.Singh & Associates, Chartered Accountants and for the Transmission project dated December 22, 2007 from M/s. Awatar & Co., Chartered Accountants

7. Report of the Statutory Auditors dated January 4, 2008 from M/s. Awatar & Co., Chartered Accountants on the restated financial statements of our Company for the years ended March 31, 2003, 2004, 2005, 2006, 2007 and for the six (6) months ended September 30, 2007

8. Consents in writing of: our Directors; our Company Secretary; Compliance Officer; the Auditors; Bankers to our Company; Escrow Collection Banks*; BRLMs; the Co-BRLM; Syndicate Members*; IPO Grading Agency*; Monitoring Agency*; the Registrar; Domestic Legal Counsel to our Company, International Legal Counsel to our Company, Domestic Legal Counsel to the Underwriters, International Legal Counsel to the Underwriters , to act in their respective capacities

* The aforesaid will be appointed prior to filing the Red Herring Prospectus with the RoC, and their consents as above would be obtained prior to the filing of the Red Herring Prospectus with the RoC.

9. Consents in writing from our lenders for the Issue as under:

Sr. No.	Name of lender/ financial institutions	Date of approval/ NOC
1.	ICICI Bank Limited	December 20, 2007
2.	Industrial Development Bank of India Limited	December 24, 2007
3.	Power Finance Corporation Limited	January 1, 2008
4.	Rural Electrification Corporation Limited	December 19, 2007
5.	Life Insurance Corporation of India	December 28, 2007
6.	Punjab National Bank	December 27, 2007

10. Certified true copies of General meeting resolutions appointing/varying the terms of current appointment of all our whole-time Directors.

11. Letter of Intent dated December 26, 2007 by which ICICI Bank Limited has agreed to provide our Company an underwritten assistance for an amount of Rs. 35,000 million by way of a rupee term loan.

12. Resolution of the Finance Committee dated December 27, 2007 accepting the financial assistance of Rs. 35,000 million by way of a rupee term loan.

13. The Memorandum and Articles of Association of JKHCL, as amended from time to time.

14. Copies of the Annual Reports of JKHCL for the years ended March 31 2003, 2004, 2005, 2006 and 2007.

15. Report of the statutory auditors dated December 31, 2007 from M/s. M. P. Singh & Associates, Chartered Accountants on the restated financial statements of JKHCL for the years ended March 31, 2003, 2004, 2005, 2006, 2007 and for the six (6) months ended September 30, 2007.

16. Initial listing applications dated [●] and [●] filed with the BSE and the NSE

17. In-principle listing approvals from BSE dated [●] and the NSE dated [●].

18. Tripartite agreement among the NSDL, our Company and Karvy Computershare Private Limited dated [●].

19. Tripartite agreement among the CDSL, our Company and Karvy Computershare Private Limited dated [●].

20. Due Diligence Certificate dated [●] to SEBI from the BRLMs and the Co-BRLM.

21. IPO Grading Report of [●] dated [●].

22. SEBI observation letter no. [●] dated [●].

23. Consent of [●] (IPO Grading Agency) to act as "expert" in relation to the Issue for the purposes of the Issue.

Any of the contracts or documents mentioned in the Draft 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 our Company, hereby declare that, all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all the disclosures and statements made in the Draft Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF JAIPRAKASH POWER VENTURES LIMITED

Mr. Jaiprakash Gaur, Director

Mr. Suresh Kumar, Executive Chairman and Chief Executive Officer

Mr. N.C. Sharma, Vice-Chairman

Mr. Suren Jain, Managing Director

Mr. Arun Gupta, Whole-time director

Dr. B. Samal, Additional Director

Mr. Bal Krishna Taparia, Director

Mr. Basant Kumar Goswami, Director

Mr. Dharmendar Nath Davar, Director

Mr. Gopi K. Arora, Director

Mr. Gunjit Singh, Additional Director

Mr. Harish Chandra Jain, Nominee Director

Mr. M. J. Subbaiah, Additional Director

Mr. Manoj Gaur, Director

Mr. P. G. Sastry, Additional Director

Mr. R. N. Bhardwaj, Additional Director

Mr. Raj Kumar Kapoor, Nominee Director

Mr. Rangi Lal Gupta, Director

Mr. Subhash Chandra Bhargava, Director

Mr. Sunil Kumar Sharma, Director

SIGNED BY THE CHIEF EXECUTIVE OFFICER

Mr. Suresh Kumar

SIGNED BY THE MANAGING DIRECTOR

Mr. Suren Jain

SIGNED BY THE CHIEF FINANCIAL OFFICER

Mr. Mahesh Chand Maheshwari

Date: January 8, 2008
Place: New Delhi