DRAFT RED HERRING PROSPECTUS
Dated March 30, 2010
Please read Section 60B of the Companies Act, 1956
(The Draft Red Herring Prospectus will be updated upon filing with the RoC)
100% Book Building Issue

AVANTHA
POWER & INFRASTRUCTURE

AVANTHA POWER & INFRASTRUCTURE LIMITED

Our Company was incorporated on July 20, 2005 as 'BILT Power Limited' under the Companies Act, 1956, as amended (the "**Companies Act**"), with the Registrar of Companies ("**RoC**"), National Capital Territory of Delhi and Haryana. For details of our change in name, see, "***History and Certain Corporate Matters***" on page 101.
Registered Office: Thapar House, 124 Janpath, New Delhi 110 001, India; **Tel**: + (91 11) 2336 8096; **Fax**: + (91 11) 2336 8729.
Corporate Office: Centrum Plaza, Second Floor, Golf Course Road, Sector 53, Gurgaon, Haryana 122 002, India; **Tel**: + (91 124) 439 2000; **Fax**: + (91 124) 437 6496;
Website: www.avanthapower.com.
Company Secretary and Compliance Officer: Mr. Sandeep Pathak; **Tel**: + (91 124) 409 9425; **Fax**: + (91 124) 437 6496; **Email**: complianceofficer@avanthapower.com.
Promoters: Mr. Gautam Thapar, Crompton Greaves Limited ("**Crompton Greaves**"), Ballarpur Industries Limited ("**BILT**"), BILT Paper Holdings Limited ("**BPHL**"), Solaris Industrial Chemicals Limited ("**SICL**"), Salient Financial Solutions Limited ("**SFSL**") and Avantha Holdings Limited ("**AHL**").

PUBLIC ISSUE OF UP TO [●] EQUITY SHARES OF RS. [●] EACH OF AVANTHA POWER & INFRASTRUCTURE LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING UP TO RS. 12,500 MILLION (THE "ISSUE"). THE ISSUE WILL CONSTITUTE [●] % OF THE POST-ISSUE PAID-UP EQUITY CAPITAL OF THE COMPANY.

*Our Company is considering a Pre-IPO Placement of up to 65,000,000 Equity Shares and/or aggregating up to Rs. 3,000 million with certain investors ("**Pre-IPO Placement**"). The Pre-IPO Placement is at the discretion of our Company. Our Company will complete the issuance and allotment of such Equity Shares, if any, prior to the filing of the red herring prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement.*

THE PRICE BAND WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND ADVERTISED AT LEAST TWO WORKING DAYS PRIOR TO THE BID OPENING DATE.

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

This Issue is being made through the 100% Book Building Process wherein at least 50% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("**QIBs**" and such portion the "**QIB Portion**") (including Mutual Funds), provided that our Company may allocate up to 30% of the QIB Portion to Anchor Investors, on a discretionary basis (the "**Anchor Investor Portion**"). For details, see ***"Issue Procedure"*** on page 229. Further 5% of the QIB Portion less the Anchor Investor Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 50% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10 per Equity Share and the Floor Price is [●] times the face value and Cap Price is [●] times the face value. The Issue Price has been determined and justified by the BRLMs and the Company (as stated in "***Basis for Issue Price***" on page 44) and 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 or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

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

IPO GRADING

This Issue has been graded by [●] as [●], indicating [●]. The IPO Grading is assigned on a five-point scale from 1 to 5, with IPO Grade 5/5 indicating strong fundamentals and IPO Grade 1/5 indicating poor fundamentals. For details, see "***General Information***" on page 13.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this 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 Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. We have received in-principle approvals from the BSE and the NSE for the listing of our Equity Shares pursuant to their letters dated [●] and [●], respectively. For the purposes of this Issue, the Designated Stock Exchange shall be [●].

BOOK RUNNING LEAD MANAGERS				**REGISTRAR TO THE ISSUE**
ENAM	AXIS BANK	citi	kotak® Investment Banking	LINK INTIME INDIA PVT LTD (Formerly INTIME SPECTRUM REGISTRY LTD)
ENAM SECURITIES PRIVATE LIMITED 801, Dalamal Towers Nariman Point Mumbai 400 021 Maharashtra, India Tel: + (91 22) 6638 1800 Fax: + (91 22) 2284 6824 E-mail: avantha.ipo@enam.com Investor Grievance E-mail: complaints@enam.com Website: www.enam.com Contact Person: Mr. Akash Aggarwal SEBI Registration No.: INM000006856	**AXIS BANK LIMITED** 111, Central Office Cuffe Parade, Colaba Mumbai 400 005 Maharashtra, India Tel: + (91 22) 6707 1312 Fax: + (91 22) 6707 1264 Email: avantha.ipo@axisbank.com Investor Grievance E-mail: axbmbd@axisbank.com Website: www.axisbank.com Contact Person: Mr. Dipen Kapadia / Mr. Sandeep Walawalkar SEBI Registration No.: INM000006104	**CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED** 12th Floor, Bakhtawar Nariman Point Mumbai 400 021 Maharashtra, India Tel: + (91 22) 6631 9999 Fax: + (91 22) 6646 6192 Email: avantha.ipo@citi.com Investor Grievance E-mail: investors.cgmib@citi.com Website: www.citibank.co.in Contact Person: Mr. Akhilesh Poddar SEBI Registration No.: INM000010718	**KOTAK MAHINDRA CAPITAL COMPANY LIMITED** 1st Floor, Bakhtawar 229, Nariman Point Mumbai 400 021 Maharashtra, India Tel: + (91 22) 6634 1100 Fax: + (91 22) 2283 7517 E-mail: avantha.ipo@kotak.com Investor Grievance E-mail: kmccredressal@kotak.com Website: www.kmcc.co.in Contact Person: Mr. Chandrakant Bhole SEBI Registration No.: INM000008704	**LINK INTIME INDIA PRIVATE LIMITED** C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West) Mumbai 400 078, India Tel: +(91 22) 2596 0320 Fax: +(91 22) 2596 0329 Email: apil.ipo@linkintime.co.in Website: www.linkintime.co.in Contact Person: Mr. Sachin Achar SEBI Registration No: INR000004058

BIDDING PROGRAMME*	
BID OPENS ON [●]	BID CLOSES ON [●]

Our Company may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid Opening Date.

TABLE OF CONTENTS

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Draft Red Herring Prospectus, and references to any statute, regulation or policy shall include amendments notified thereto, from time to time.

Company-Related Terms

Term	Description
"APIL", "the Issuer", "the Company" or "our Company"	Avantha Power & Infrastructure Limited, a public limited company incorporated under the Companies Act
"we", "us" or "our"	Avantha Power & Infrastructure Limited and our Subsidiaries on a consolidated basis
AHL	Avantha Holdings Limited
AoA /Articles of Association	Articles of Association of our Company, as amended
APR Sacks	APR Sacks Limited
Arizona Printers	Arizona Printers & Packers Private Limited
Asia Aviation	Asia Aviation Limited
ASA Agencies	ASA Agencies Private Limited
Audit Committee	The committee of the Board of Directors constituted as our Company's Audit Committee in accordance with Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges
Auditor	The statutory auditors of our Company, K.K.Mankeshwar & Company, Chartered Accountants
Avantha Group	Group of companies which are controlled by Mr. Gautam Thapar
Avantha Realty	Avantha Realty Limited
Axis Bank	Axis Bank Limited
Ballarpur Unit	Our 67.50 MW captive power plant located at Ballarpur, Maharashtra
BBEL	Biltech Building Elements Limited
BGPPL	BILT Graphic Paper Products Limited
Bhigwan Unit	Our 60 MW captive power plant located at Bhigwan, Maharashtra
BILT	Ballarpur Industries Limited
BILT Packaging	BILT Industrial Packaging Company Limited
Board/ Board of Directors	The board of directors of our Company, or a duly constituted committee thereof
Blue Horizon	Blue Horizon Investments Limited
BPHL	BILT Paper Holdings Limited
BTTL	BILT Tree Tech Limited
Brand Agreement	Brand equity and business promotion agreement dated October 20, 2009 between our Company and AHL, one of our Promoters, as described in "***History and Certain Corporate Matters-Material Agreements***" on page 106.
Brook Crompton	Brook Crompton Greaves Limited
Captive Power Units	Our captive power plants of 67.50 MW located at Ballarpur, Maharashtra, 60 MW located at Bhigwan, Maharashtra, 24.50 MW located at Yamuna Nagar, Haryana and 13 MW located at Sewa, Orissa
CG Actaris	CG Actaris Electricity Management Private Limited
CG Americas	CG Sales Networks Americas Inc
CG Electric Hungary	CG Electric Systems Hungary Zrt.
CG Holdings Belgium	CG Holdings Belgium NV
CG Hungary	CG Holdings Hungary Kft
CG Ireland	CG Power Holdings Ireland Limited
CG Lucy	CG Lucy Switchgear Limited
CG PPI	CG PPI Adhesive Products Limited
CG Power Belgium	CG Power Systems Belgium NV
CG Power Canada	CG Power Systems Canada Inc.
CG Power Ireland	CG Power Systems, Ireland
CG Power USA	CG Power Systems USA Inc
CG Sales France	CG Sales Network France S.A.
Chhattisgarh Power Project	Collectively, Chhattisgarh Power Project Phase I and Chhattisgarh Power Project Phase II
Chhattisgarh Power Project Phase I	The first unit of a coal based thermal power plant with a planned power generation capacity of 600 MW, located in Raigarh in the State of Chhattisgarh

Term	Description
Chhattisgarh Power Project Phase II	The second unit of a coal based thermal power plant with a planned power generation capacity of 600 MW, located in Raigarh in the State of Chhattisgarh
Corporate Office	The corporate office of our Company located at Centrum Plaza, Second Floor, Golf Course Road, Sector 53, Gurgaon, Haryana 122 002, India
Crompton Greaves	Crompton Greaves Limited
Directors	Directors of our Company
ESOP 2010	Employee Stock Option Plan, 2010 of our Company as approved by our shareholders on February 2, 2010
Global Green	Global Green Company Limited
Gyanodaya	Gyanodaya Prakashan Private Limited
Grant Date	The date on which the options are granted to an eligible employee (as such term is defined under ESOP 2010) by the Compensation & Remuneration Committee of our Board
Group Entities	The companies and entities mentioned in ***"Our Promoter and Group Entities"*** on page 130, promoted by our Promoters, irrespective of whether such entities are covered under Section 370(1)(B) of the Companies Act
Gujarat Power Project	Our project to build a coal based thermal power plant with a planned power generation capacity of 1,320 MW (comprising two units of 660 MW each) located in Amreli, in the State of Gujarat
ICIL	International Components India Limited
IDFCL	Infrastructure Development Finance Company Limited
Intergarden India	Intergarden (India) Private Limited
Intergarden NV	Intergarden NV, Aaist, Belgium
JPIPL	Jhabua Power Investments Private Limited
JPL	Jhabua Power Limited
KCTBL	Karam Chand Thapar & Bros. Limited
Key Management Personnel	Officers vested with executive powers and officers at the level immediately below the Board of Directors, including any other person whom our Company may declare as key management personnel. See "***Our Management – Key Management Personnel***" on page 126.
Krebs & CIE	Krebs & CIE (India) Limited
KWPCL	Korba West Power Company Limited
Leading Line	Leading Line Merchant Traders Private Limited
Madhya Pradesh Power Project	Collectively, Madhya Pradesh Power Project Phase I and Madhya Pradesh Power Project Phase II
Madhya Pradesh Power Project Phase I	The first unit of a coal based thermal power plant with a planned power generation capacity of 600 MW, located in Seoni in the State of Madhya Pradesh
Madhya Pradesh Power Project Phase II	The second unit of a coal based thermal power plant with a planned power generation capacity of 600 MW, located in Seoni in the State of Madhya Pradesh
Malanpur Power Plant	The gas-fired power plant of an installed capacity of 26.19 MW located in Malanpur, District Bhind, Madhya Pradesh, operated by Malanpur Captive Power Limited
MoA / Memorandum of Association	Memorandum of Association of our Company, as amended
MCPL	Malanpur Captive Power Limited
NewQuest	NewQuest Services Private Limited
Paperbase	T H E Paperbase Company Limited
Pauwels Trafo	Pauwels Trafo Gent N.V.
Phase I	The first unit of a coal based thermal power plant with a planned power generation capacity of 600 MW
Phase II	The second unit of a coal based thermal power plant with a planned power generation capacity of 600 MW
Pioneer	The Pioneer Limited
Promoters	Mr. Gautam Thapar, Crompton Greaves Limited, Ballarpur Industries Limited, BILT Paper Holdings Limited, Solaris Industrial Chemicals Limited, Salient Financial Solutions Limited and AHL
Promoter Group	Includes such persons and entities constituting our promoter group pursuant to Regulation 2(1)(zb) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, other than Ms. Shalini Waney, Mr. Karan Thapar and Ms. Renate Hempal
Registered Office	The registered office of our Company located at Thapar House, 124 Janpath, New Delhi 110 001, India
Sabah	Sabah Forest Industries Sendirian Berhad
Salient Business	Salient Business Solutions Limited

Term	Description
Scheme of Demerger	Scheme of arrangement and demerger dated April 1, 2006 between Bilt Power Limited, BILT and Janpath Investments and Holdings Limited (currently Avantha Realty Limited) and which was approved by the High Court of Delhi by an order dated May 25, 2006 and the Mumbai High Court (Nagpur Bench) by an order dated April 25, 2006
Sewa Unit	Our 13MW captive power plant located at Sewa, Orissa
SFSL	Salient Financial Solutions Limited
SHL	Solaris Holdings Limited
Solaris Chemtech	Solaris Chemtech Industries Limited
Yamuna Nagar Unit	Our 24.50 MW captive power plant located at Yamuna Nagar, Haryana
SECL	South Eastern Coalfields Limited
SICL	Solaris Industrial Chemicals Limited
Subsidiary(ies)	Subsidiaries of our Company, being Jhabua Power Investments Private Limited, Jhabua Power Limited, Korba West Power Company Limited, TKS Developers Limited and Malanpur Captive Power Limited. See "***History and Certain Corporate Matters - Our Subsidiaries***" on page 104
Toscana Footwear	Toscana Footwear Components Limited
Toscana Lasts	Toscana Lasts Limited
TKS	TKS Developers Limited
UHL Power	UHL Power Company Limited
Ultima Hygiene	Ultima Hygiene Products Private Limited
Varun Prakashan	Varun Prakashan Private Limited
Venus	Venus Financial Services Limited
Zenith	Zenith Drugs and Allied Enterprises

Issue Related Terms

Term	Description
Allotted/Allotment/Allot	Unless the context otherwise requires, the issue and allotment of Equity Shares pursuant to this Issue to the successful Bidders
Allottee	A successful Bidder to whom Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, who applies under the Anchor Investor Portion with a minimum Bid of Rs. 100 million
Anchor Investor Bid	Bid made by an Anchor Investor
Anchor Investor Bidding Date	The date which is one Working Day prior to the Bid Opening Date, prior to or after which the Syndicate will not accept any Bids from Anchor Investors
Anchor Investor Issue Price	The final price at which Equity Shares will be issued and Allotted in terms of the Red Herring Prospectus and the Prospectus to the Anchor Investors, which will be a price equal to or higher than the Issue Price but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by our Company in consultation with the BRLMs
Anchor Investor Margin Amount	An amount representing 25% of the Bid Amount payable by Anchor Investors at the time of submission of their Bid
Anchor Investor Portion	Up to 30% of the QIB Portion or a maximum of [●] Equity Shares of our Company, which may be allocated to Anchor Investors by our Company in consultation with the BRLMs, on a discretionary basis. One third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Anchor Investor Bids being received from domestic Mutual Funds at or above the price at which allocation will be made to Anchor Investors
ASBA / Application Supported by Blocked Amount	The application (whether physical or electronic) used by an ASBA Bidder to make a Bid authorizing the SCSB to block the Bid Amount in his/her specified bank account maintained with the SCSB
ASBA Account	Account maintained by an ASBA Bidder with an SCSB which will be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder
ASBA Bid cum Application Form	The form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
ASBA Bidder	Any Bidder (other than a QIB) who intends to apply through ASBA
ASBA Revision Form	The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous revision form(s)
Banker(s) to the Issue	The bank(s) which is / are clearing member and registered with the SEBI as Bankers to the Issue with whom the Escrow Account will be opened, in this case being [●]
Basis of Allotment	The basis on which the Equity Shares will be Allotted, described in "***Issue Procedure***" on page 229.

Term	Description
Bid	An indication to make an offer during the Bidding Period by a Bidder, or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of a Bid cum Application Form to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto For the purposes of ASBA Bidders, a Bid means an indication to make an offer during the Bidding Period by an ASBA Bidder pursuant to the submission of an ASBA Bid cum Application Form to subscribe to the Equity Shares
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by a Bidder on submission of a Bid in the Issue
Bid Closing Date	Except in relation to Anchor Investors, the date after which the Syndicate and SCSBs will not accept any Bids, which shall be notified in an English national newspaper and a Hindi national newspaper, each with wide circulation
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to purchase Equity Shares and which shall be considered as the application for the issue of Equity Shares pursuant to the terms of the Red Herring Prospectus and the Prospectus including the ASBA Bid cum Application as may be applicable
Bid Opening Date	Except in relation to Anchor Investors, the date on which the Syndicate and SCSBs shall start accepting Bids, which shall be notified in an English national newspaper and a Hindi national newspaper, each with wide circulation
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form, including an ASBA Bidder and an Anchor Investor
Bidding Period	The period between the Bid Opening Date and the Bid Closing Date, inclusive of both days during which prospective Bidders (excluding Anchor Investors) can submit their Bids, including any revisions thereof
Book Building Process	Book building process as provided in Schedule XI of the ICDR Regulations, in terms of which this Issue is being made
BRLMs / Book Running Lead Managers	The merchant bankers appointed by our Company to undertake the Book Building Process in respect of the Issue, being Enam Securities Private Limited, Kotak Mahindra Capital Company Limited, Citigroup Global Markets India Private Limited and Axis Bank Limited
CAN / Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to successful Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revisions thereof In relation to Anchor Investors, the note or advice or intimation of allocation of Equity Shares sent to the successful Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Issue Price, including any revisions thereof
Cap Price	The higher end of the Price Band, above which the Issue Price and Anchor Investor Issue Price will not be finalized and above which no Bids will be accepted, including any revisions thereof
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate Bids in the Issue by ASBA Bidders with the BRLMs, the Registrar to the Issue and the Stock Exchanges, a list of which is provided on www.sebi.gov.in
Cut-off Price	The Issue Price finalized by our Company in consultation with the BRLMs which shall be any price within the Price Band. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available at www.sebi.gov.in
Designated Date	The date on which funds are transferred from the Escrow Account(s) to the Public Issue Account and the amount blocked by the SCSBs are transferred from the bank account of the ASBA Bidders to the Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to the Allottees
Designated Stock Exchange	[●]
Draft Red Herring Prospectus	This Draft Red Herring Prospectus dated March 30, 2010, filed with the SEBI and issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars on the price at which the Equity Shares are offered and the size (in terms of value) of the Issue
Eligible NRI	A Non-Resident Indian in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus will constitute an invitation to subscribe for the Equity Shares

Term	Description
Equity Shares	Equity Shares of our Company of face value Rs. 10 each
Escrow Account (s)	Account(s) opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (excluding ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount
Escrow Agreement	Agreement to be entered into among our Company, the Registrar, the BRLMs, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and remitting refunds, if any of the amounts to the Bidders (excluding ASBA Bidders) on the terms and conditions thereof
Escrow Collection Bank(s)	The bank(s) which is / are clearing members and registered with the SEBI as Bankers to the Issue with whom the Escrow Account will be opened, in this case being [●]
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form or the ASBA Bid cum Application Form
Floor Price	The lower end of the Price Band, at or above which the Issue Price and Anchor Investor Issue Price will be finalized and below which no Bids will be accepted including any revisions thereof
Issue	This public issue of [●] Equity Shares of Rs. [●] each at the Issue Price by our Company aggregating up to Rs. 12,500 million Our Company is considering a Pre-IPO Placement, which is at the discretion of our Company. Our Company will complete the issuance and allotment of such Equity Shares, if any, prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement
Issue Agreement	The agreement entered into on March 27, 2010 amongst our Company and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Price	The final price at which Equity Shares will be issued and Allotted to successful Bidders, which may be equal to or lower than the Anchor Investor Issue Price, in terms of the Red Herring Prospectus and the Prospectus. The Issue Price will be decided by our Company in consultation with the BRLMs on the Pricing Date
Margin Amount	The amount paid by the Bidder (excluding Anchor Investors) at the time of submission of the Bid, being 10% to 100% of the Bid Amount
Monitoring Agency	[●]
Mutual Fund Portion	5% of the QIB Portion (excluding Anchor Investor portion) equal to a minimum of [●] Equity Shares available for allocation to Mutual Funds only on a proportionate basis
Mutual Fund(s)	A mutual fund registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Proceeds	Proceeds of the Issue that are available to our Company, excluding Issue-related expenses. See "***Objects of the Issue***" on page 35
Non-Institutional Bidders	All Bidders, including sub-accounts of FIIs registered with the SEBI, which are foreign corporate or foreign individuals that are not QIBs (including Anchor Investors) or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000
Non-Institutional Portion	The portion of the Issue being not less than [●] Equity Shares available for allocation to Non Institutional Bidders
Non-Resident Indian / NRI	Non Resident Indian, is a person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended
Pay-in Date	With respect to QIB Bidders, the Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable and which shall with respect to the Anchor Investors, be a date not later than two days after the Bid Closing Date
Pay-in-Period	Except with respect to ASBA Bidders, those Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the Bid Closing Date; and With respect to Bidders, except Anchor Investors whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the last date specified in the CAN With respect to Anchor Investors, the period commencing on the Anchor Investor Bidding Date and extending until the last date specified in the CAN which shall not be later than two days after the Bid Closing Date
Pre-IPO Placement	Proposed preferential issue of up to 65,000,000 Equity Shares and/or aggregating up to Rs. 3,000 million to certain investors is being considered by our Company, and will be completed prior to the filing of the Red Herring Prospectus with the RoC

Term	Description
Price Band	Price band of a minimum Floor Price of Rs. [●] and a maximum Cap Price of Rs. [●] including revisions thereof
Pricing Date	The date on which our Company in consultation with the BRLMs will finalize 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 and including any corrigendum thereof
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account on the Designated Date
QIB Margin Amount	An amount representing at least 10% of the Bid Amount payable by QIBs (other than Anchor Investors) at the time of submission of their Bid
QIB Portion	The portion of the Issue being a minimum of [●] Equity Shares to be Allotted to QIBs (including the Anchor Investor Portion) at the time of submission of their Bid
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in Section 4A of the Companies Act, FIIs and sub-accounts registered with the SEBI, other than a sub-account which is a foreign corporate or foreign individual, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with the SEBI, foreign venture capital investors registered with the SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI published in the Gazette of India, and insurance funds set up and managed by the army, navy or air force of the Union of India
Red Herring Prospectus / RHP	The Red Herring Prospectus to be issued in accordance with Section 60B of the Companies Act, which will not have complete particulars of the price at which the Equity Shares shall be issued and which shall be filed with the RoC at least three days before the Bid Opening Date and will become the Prospectus after filing with the RoC after the Pricing Date
Refund Account(s)	Account(s) opened with the Refund Bank(s) from which refunds of the whole or part of the Bid Amount (excluding to the ASBA Bidders), if any, shall be made
Refund Bank(s)	The bank(s) which is a/ are clearing member(s) and registered with the SEBI as Bankers to the Issue, at which the Refund Accounts will be opened, in this case being [●]
Registrar / Registrar to the Issue	Registrar to the Issue in this case being Link Intime India Private Limited
Retail Individual Bidder(s)	Individual Bidders (including HUFs and NRIs) who have submitted Bids for Equity Shares for an aggregate amount less than or equal to Rs. 100,000 in all of the bidding options in the Issue
Retail Portion	The portion of the Issue being up to [●] Equity Shares available for allocation to Retail Bidder(s)
Revision Form	The form used by Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	Registrar of Companies, National Capital Territory of Delhi and Haryana, located at New Delhi
Self Certified Syndicate Bank/ SCSB	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offer services of ASBA, including blocking of bank account, a list of which is available on http://www.sebi.gov.in
Stock Exchanges	The BSE and the NSE
Syndicate	Collectively, the BRLMs and the Syndicate Members
Syndicate Agreement	Agreement among the Syndicate and our Company in relation to the collection of Bids (excluding Bids from ASBA Bidders) in this Issue
Syndicate Member(s)	Intermediary appointed in respect of the Issue, registered with the SEBI and permitted to carry on activities as an underwriter, in this Issue being [●]
TRS / Transaction Registration Slip	The slip or document issued only on demand by the Syndicate or the SCSB to the Bidder as proof of registration of the Bid
Underwriters	BRLMs and the Syndicate Member(s)
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date
Working Day	Any day other than Saturday and Sunday on which commercial banks in Mumbai and New Delhi are open for business

Conventional and General Terms

Term	Description
Air Act	The Air (Prevention and Control of Pollution) Act, 1981
CERC Tariff Regulations	The Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009
CERC Trading Margin Regulations	The Central Electricity Regulatory Commission (Fixation of Trading Margin) Regulations, 2010
CLRA	Contract Labour (Regulation and Abolition) Act, 1970
Companies Act	Companies Act, 1956
Competition Act	Competition Act, 2002
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
EPA	The Environment (Protection) Act, 1986
EIA Notification	The Environment Impact Assessment Notification S.O. 1533(E), 2006
Electricity Act	The Electricity Act, 2003
ERC Act	Electricity Regulatory Commissions Act, 1998
FEMA	Foreign Exchange Management Act, 1999
Factories Act	The Factories Act, 1948, as amended
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
FIRs	First Information Reports
Financial Year/ fiscal/ fiscal year	Period of 12 months ended March 31 of that particular year
GoI	Government of India
GDP	Gross domestic product
GIR No	General index register number
Hazardous Waste Rules	The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
I.T. Act	Income Tax Act, 1961
Indian GAAP	Generally accepted accounting principles in India
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
Press Note 2 of 2009	Press Note No. 2 (2009 Series), dated February 13, 2009, issued by the DIPP
Press Note 4 of 2009	Press Note No. 4 (2009 Series), dated February 25, 2009, issued by the DIPP
P/E Ratio	Price/earnings ratio
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
Rs.	Indian Rupees
Securities Act	U.S. Securities Act of 1933, as amended
Supply Act	Electricity (Supply) Act, 1948
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
SEBI Act	Securities and Exchange Board of India Act 1992
State Government	The government of a state of the Republic of India
Supply Act	The Electricity (Supply) Act, 1948
Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997
Water Act	The Water (Prevention and Control of Pollution) Act, 1974
Water Cess Act	The Water (Prevention and Control of Pollution) Cess Act, 1977
US GAAP	Generally accepted accounting principles in the United States of America
USD / US$	United States Dollars

Technical/Industry Related Terms

Term	Description
APDRP	Accelerated Power Development Reform Programme
AT&C	Aggregate Technical and Commercial Losses
Bidding Guidelines	Guidelines for Determination of Tariff by Bidding Process for Procurement of Power by Distribution Licensees, 2005
BOO	Build own and operate
BTG	Boiler, Turbine and Generator

Term	Description
CDM	Clean Development Mechanism
CDSL	Central Depository Services (India) Limited
CEA	Central Electricity Authority
CEA January 2010 Report	CEA Power Scenario At A Glance, dated January 2010
CER	Certified Emission Reduction
CERC	Central Electricity Regulatory Commission
COD	Commercial Operation Date
CTU	Central Transmission Utility as defined in the Electricity Act
EPS	17th Electric Power Survey, May 2007
ERC	Electricity Regulatory Commission
ERU	Electricity Reduction Unit
IAEA	International Atomic Energy Agency
IEX	India Energy Exchange
IPP	Independent Power Producers
JI	Joint Implementation
KW	Kilo Watt
kWh	Kilo Watt Hour
LoA	Letter of Assurance
MCL	Mahanadi Coalfields Limited
MoC	Ministry of Coal, GoI
MPCB	Maharashtra Pollution Control Board
mtpa	Million tonnes per annum
MU	Million units where one unit is one kWh
MPP	Merchant power plants
NTP	National Tariff Policy
MW	Megawatts
NLDC	National Load Dispatch Centre
NTPC	National Thermal Power Corporation Limited
PCA	Power Consumption Agreement
PGCIL	Power Grid Corporation of India Limited
PLF	Plant Load Factor
PPA	Power Purchase Agreement
PXIL	Power Exchange India Limited
RFP	Request for Proposal
RFQ	Request for Qualification
RLDC	Regional Load Dispatch Centre
sq. km.	Square kilometre
STU	State Transmission Utility as defined in the Electricity Act, 2003
Trading License Regulations	CERC (Procedure, Terms and Conditions for grant of trading license and other related matters) Regulations, 2009
UMPP	Ultra Mega Power Project
Units	kWh
VERs	Verified Emission Reductions

Abbreviations

Term	Description
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CBI	Central Bureau of Investigation
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CPCB	Central Pollution Control Board
CSEB	Chhattisgarh State Electricity Board
CSPHCL	Chhattisgarh State Power Holding Company Limited
CSO	Central Statistical Organisation
CSR	Corporate Social Responsibility
CIN	Company Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce, GoI

Term	Description
DP ID	Depository Participant's Identity
ECS	Electronic Clearing Service
EEA	European Economic Area
EGM	Extraordinary General Meeting
EPS	Earnings per share, i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares at the end of that fiscal year
FDI	Foreign Direct Investment
FI	Financial Institutions
FII(s)	Foreign Institutional Investors as defined under the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995 registered with the SEBI
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000 registered with SEBI
GoI / Government	Government of India
GoCH	Government of Chhattisgarh
GoMP	Government of Madhya Pradesh
HNI	High Net worth Individual
HUF	Hindu Undivided Family
IDC	Interest during commission
IFRS	International Financial Reporting Standards
IPC	Indian Penal Code, 1860
I.T. Act	Income Tax Act, 1961
IPO	Initial Public Offering
MoEF	Ministry of Environment and Forests, GoI
MoU	Memorandum of understanding
NA	Not Applicable
NAV	Net Asset Value
NGOs	Non-governmental organizations
NEFT	National Electronic Fund Transfer
NIA	Negotiable Instruments Act, 1881
NOC	No Objection Certificate
NR / Non-Resident	A person residing outside India, as defined under the FEMA and includes a Non-Resident Indian
NRI	Non Resident Indian, is a person resident outside India, as defined under the FEMA and the FEMA Regulations
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
O&M	Operation and Maintenance
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the FEMA Regulations. OCBs are not allowed to invest in this Issue.
PAN	Permanent Account Number allotted under the I.T. Act
PIO	Persons of Indian Origin
PLR	Prime Lending Rate
RFQ	Request for qualification
RFP	Request for proposal
RoNW	Return on Net Worth
RTGS	Real Time Gross Settlement
Supreme Court/SC	Supreme Court of India
SEBs	State Electricity Boards
SERC	State Electricity Regulatory Commission
SEZ	Special Economic Zone
SGO	State Government of Orissa
SPV	Special Purpose Vehicle
UIN	Unique Identification Number
US / USA	United States of America
VAT	Value added tax
w.e.f./wef	With effect from

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless indicated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our financial statements as on the end of and for the six months ended September 30, 2009 and fiscal 2009, fiscal 2008 on a consolidated basis and for the nine months period ended March 31, 2007 on an unconsolidated basis, prepared in accordance with the Generally Accepted Accounting Principles in India (the "**Indian GAAP**") and the Companies Act, and restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "**ICDR Regulations**"). Our fiscal year commences on April 1 and ends on March 31, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year, unless stated otherwise.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All decimals have been rounded off to two decimal points.

Our consolidated financial statements and reported earnings could be different in a material manner from those which would be reported under IFRS or U.S. GAAP. There are significant differences between Indian GAAP, IFRS and U.S. GAAP. This Draft Red Herring Prospectus does not contain a reconciliation of our consolidated financial statements to IFRS or U.S. GAAP nor does it include any information in relation to the differences between Indian GAAP, IFRS and U.S. GAAP. Had the financial statements and other financial information been prepared in accordance with IFRS or U.S. GAAP, the results of operations and financial position may have been materially different.

Accordingly, the degree to which the financial information prepared in accordance with Indian GAAP and restated in accordance with the ICDR Regulations, included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian standards and accounting practices, Indian GAAP, the Companies Act and the ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the ICDR Regulations on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. In making an investment decision, investors must rely upon their own examination of our Company, the terms of the Issue and the financial information relating to our Company. Potential investors should consult their own professional advisors for an understanding of these differences between Indian GAAP and IFRS or U.S. GAAP, and how such differences might affect the financial information contained herein.

Currency and Units of Presentation

All references to "**Rupees**" or "**Rs.**" are to Indian Rupees, the official currency of the Republic of India. All references to "**EUR**" are to Euro, the official currency of the European Union. All references to "**US$**" or "**USD**" or "**U.S. Dollar**" are to United States Dollars, the official currency of the United States of America. All references to "**CAD**" are to Canadian Dollars, the official currency of the Republic of Canada. All references to "**MYR**" are to Malaysian Ringgit, the official currency of the Republic of Malaysia.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Draft Red Herring Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

Exchange Rates

The following table shows the relevant exchange rates:

Currency	Exchange rate as on March 31, 2009	Exchange rate as on September 30, 2009

Currency	Exchange rate as on March 31, 2009	Exchange rate as on September 30, 2009
US$	52.17	48.34
EUR	68.91	70.54
CAD	41.78	44.53
MYR	14.31	13.89

Source:www.oanda.com

NOTICE TO INVESTORS

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Draft Red Herring Prospectus. Any representation to the contrary is a criminal offence in the United States.

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

This Draft Red Herring Prospectus has been prepared on the basis that all offers of Equity Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area ("**EEA**"), from the requirement to produce a prospectus for offers of Equity Shares. The expression "Prospectus Directive" means Directive 2003/71/EC of the European Parliament and Council and includes any relevant implementing measure in each Relevant Member State (as defined below). Accordingly, any person making or intending to make an offer within the EEA of Equity Shares which are the subject of the placement contemplated in this Draft Red Herring Prospectus should only do so in circumstances in which no obligation arises for the Company or any of the Underwriters to produce a prospectus for such offer. None of the Company and the Underwriters has authorized, nor do they authorize, the making of any offer of Equity Shares through any financial intermediary, other than the offers made by the Underwriters which constitute the final placement of Equity Shares contemplated in this Draft Red Herring Prospectus.

FORWARD-LOOKING STATEMENTS

This 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", "contemplate", "expect", "estimate", "future", "goal", "intend", "propose", "may", "objective", "plan", "project", "seek", "will", "will continue", "will seek to" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have our businesses and our ability to respond to them, technological changes, our exposure to market risks, general economic and political conditions in India, which have an impact on our business activities or investments, the performance of the financial markets in India and globally, and changes in competition in our industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Outcome of outstanding litigation, including any criminal litigation, in which we, our Subsidiaries, our Directors, our Promoters or our Group Entities are involved;
- Our ability to commence operations as expected because of delays or otherwise;
- Our ability to obtain or renew necessary approvals, licenses, registrations and permits for our business;
- Potential liability to a third party for the sale of power from our power project under implementation in Seoni in Madhya Pradesh (the "**Madhya Pradesh Power Project**");
- Our ability to raise additional capital to fund the construction and development of our projects and future capital expenditure requirements or to obtain the necessary funds on commercially acceptable terms or in a timely manner;
- Our indebtedness and the impact of the conditions and restrictions imposed on us by our debt financing arrangements on our ability to conduct our business operations and maintain our financial condition;
- The exercise by lenders, in the event of a default on our part, of their rights with respect to equity interests in our Subsidiaries that we have pledged;
- Our lack of a track record in implementing and operating large-scale power projects;
- Availability of water, quality fuel at competitive prices or at all, power evacuation facilities, land or transportation infrastructure for our power plants;
- Our ability to enter into off-take arrangements in a timely manner and on terms that are commercially acceptable to us;
- Our ability to effectively manage our growth and expansion or to successfully implement our power projects and growth strategy;
- Changes in tariffs, custom duties and government assistance and changes in applicable laws and regulations;
- Our inability to acquire land in connection with our power projects in a timely manner or at all and/or the increase in the cost of acquisition of such land;
- Our ability to retain our senior management team and other key personnel and hire and retain sufficiently skilled labour to support our operations;
- Changes in foreign exchange rates, equity prices or other rates or prices;
- Worldwide economic and business conditions and political or general economic instability in India;
- Costs of compliance with environmental laws or damage due to natural or man-made disasters or events;
- Increasing competition in the Indian power sector;
- The monetary and interest policies of India, inflation, deflation and unanticipated increases in interest rates; and
- Terrorist attacks and other acts of violence, natural calamities and other environmental conditions in India and around the region.

For further discussion of factors that could cause our actual results to differ from our expectations, see "***Risk Factors***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages xv, 67 and 154, respectively.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Our Company, the BRLMs, the Syndicate Members or their respective affiliates do not have any obligation to, and do not intend 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 the requirements of SEBI and applicable law, we will ensure that investors are informed of material developments until the time of the grant of final listing and trading approvals by the Stock Exchanges.

SECTION II – RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of the Issue, including the merits and risks involved.

Unless otherwise stated, the financial information of the Company used in this section is derived from our restated audited consolidated financial statements under Indian GAAP. Unless otherwise stated, we are not in a position to quantify the financial or other risks described in any risk factor.

INTERNAL RISK FACTORS

1. Certain criminal proceedings have been instituted against two of our Promoters, Crompton Greaves and BILT and some of our Group Entities.

Our Promoters, Crompton Greaves and BILT, are involved in certain criminal proceedings. The brief details of which are as follows:

- There are two criminal proceedings against Crompton Greaves, including one against Mr. Sudhir Mohan Trehan, Managing Director of Crompton Greaves, in his capacity as a factory occupier, for alleged non-maintenance of health records and other documents for hazardous processes. This proceeding has been challenged before the High Court of Bombay at Goa.

- There are eight criminal proceedings against BILT, among others, alleging forgery, contempt of court, wrongfully withholding property and violations of provisions of the Standards of Weights and Measures Act, 1976, as amended.

In addition, some of our Group Entities are involved in criminal proceedings. The brief details of these criminal proceedings are as follows:

- There is one criminal proceeding against BILT Tree Tech Limited ("**BTTL**") and its employees alleging negligence on the part of an employee of BTTL that caused an accident.

- There is one criminal proceeding against KCTBL alleging pollution of the river Ganga due to discharge of effluent from its distillery.

We cannot provide any assurance that these matters will be decided in favour of our Promoters or in the favour of the respective Group Entities, as the case may be. Further, there is no assurance that similar proceedings will not be initiated against our Promoters or our Group Entities in the future. For further details of the cases described above, see "***Outstanding Litigation and Material Developments***" on page 182.

2. Delays in the completion of our power projects currently under implementation for any reason could have adverse effects on our business, results of operations and financial results and we cannot assure you that these projects will reach commercial operation on a timely basis, if at all.

We currently have two power projects under implementation. Each of these projects will be implemented in two phases i.e., Phase I and Phase II in Raigarh, Chhattisgarh ("**Chhattisgarh Power Project**") and Phase I and Phase II in Seoni, Madhya Pradesh (Madhya Pradesh Power Project). The proposed aggregate capacity of these two projects is 2,400 MW. Further, we have one project under planning with expected capacity of 1,320 MW (divided into two units of 660 MW each) located in Gujarat (the "**Gujarat Power Project**"). Our power projects will have long gestation periods due to the process involved in the commissioning of power projects. Additionally, power projects typically require months or even years after being commissioned before positive cash flows can be generated, if at all. The scheduled completion targets for our power projects are estimates and are subject to delays as a result of, among other things, the performance shortfall of one or more contractors, unforeseen engineering problems, an inability or delay with respect to leasing or acquiring any of the required land, disputes with workers, force majeure events, availability of adequate financing, delays in entering into definitive power purchase agreements ("**PPA**"), unanticipated cost increases, changes in the plans for a project, or failure or delay in obtaining fuel and water supplies or approvals from government authorities. If any of these risks materialize, it could give rise to delays, cost overruns, lower or no returns on capital, erosion of capital and reduced revenue for the Company and failure to meet scheduled debt service payment dates. There can be no assurance that our power projects will be completed in the time expected, or at all, or that their gestation period will not be affected by any or all of these factors. We cannot assure you that all potential liabilities that may arise from delays or shortfall in performance will be covered or that the damages that may be claimed from such contractors will be adequate to cover any loss of profits resulting from such delays, shortfalls or disruptions. In addition, failure to complete a power project according to its original specifications or schedule, if at all, may give rise to potential liabilities. Moreover, a delay in the completion of a project would increase the length of time preceding the commissioning of a project during which a fall in merchant tariffs could occur. If any delay in completion of our power projects were to occur, such delay could adversely affect our business, results of operations and financial condition.

3. It may be difficult for investors to evaluate the probable impact of our current and proposed development activities on our financial performance.

Our revenues in previous fiscal years, including for the fiscal year ended March 31, 2009, have been derived primarily from our four wholly-owned captive power and steam power plants situated in Ballarpur (the "**Ballarpur Unit**"), Bhigwan (the "**Bhigwan Unit**"), Yamuna Nagar and Sewa (collectively, the "**Captive Power Units**"). These four captive power plants had an aggregate operational capacity of 95 MW through March 31, 2009. During the six months ended September 30, 2009, we expanded our capacity at our Ballapur Unit by 40 MW and our capacity at our Bhigwan Unit by 30 MW increasing our current aggregate operational capacity by 70 MW to 165 MW. Further, pursuant to a share purchase agreement dated March 1, 2010, we acquired from Crompton Greaves, one of our Promoters, 59% stake in Malanpur Captive Power Limited ("**MCPL**"), which owns and operates a gas-fired power plant located in the Malanpur Industrial Area, Bhind district, Madhya Pradesh (the "**Malanpur Power Plant**"). The Malanpur Power Plant is a gas fired power plant with 3 engines of 8.73 MW each, aggregating to an installed capacity of 26.19 MW (out of which two engines aggregating to 17.46 MW are operating as a captive power plant while one engine of 8.73 MW is operating as an independent power plant), bringing our operating capacity to 191 MW. We currently have two power generation projects under implementation (i.e., the Chhattisgarh Power Project and the Madhya Pradesh Power Project) and one project under planning (i.e., the Gujarat Power Project), which are expected to aggregate to 3,720 MW of capacity, which are significantly more than the combined capacity of 191 MW of the Captive Power Units and the Malanpur Power Plant. Due to the high levels of current and proposed development activity, and due to the long gestation periods before projects achieve commercial operation, our historical financial results may not accurately predict our future performance. Further, we do not expect the projects currently under implementation or planning, with a combined capacity of 3,720 MW, to be commissioned until the following dates:

- Chhattisgarh Power Project Phase I — Second quarter of fiscal year 2013;
- Chhattisgarh Power Project Phase II — Second quarter of fiscal year 2014;
- Madhya Pradesh Power Project Phase I — Fourth quarter of fiscal year 2013;
- Madhya Pradesh Power Project Phase II — Fourth quarter of fiscal year 2014; and
- Gujarat Power Project — Fourth quarter of fiscal year 2016.

Therefore, it may be difficult for investors to evaluate the probable impact of the completed power projects on our financial performance or to make meaningful comparisons between reporting periods until we have operating results for a number of reporting periods for these facilities and assets. We anticipate that our financial condition and results of operations will increasingly depend on the performance of these new power projects. Any inability to effectively develop our power projects could adversely affect our business, prospects, results of operations and financial condition.

In addition, the viability of our power projects that are currently under implementation or planning is based on assumptions and estimates regarding the probable demand for, and deficits of, power in India for the foreseeable future, especially in Western India. However, the significant investment in power generation assets being made across India coupled with the long gestation period before power projects achieve commercial operation means that by the time our power projects achieve commercial operation, there may be a surplus of power in certain regions of India. As a result, we may not realize the returns that we have estimated. Further, we cannot predict either the competition or the environment in which we may then be required to operate. Moreover, you should not evaluate our prospects and viability based on the performance or capabilities of our Promoters or other affiliates. Any evaluation of our business and our prospects must be considered in light of the risks and uncertainties inherent in new business ventures.

4. We require a number of approvals, licenses, registrations and permits for our business and the failure to obtain or renew them in a timely manner may adversely affect our operations.

Our business is subject to extensive government regulation. To conduct our business we are required to obtain various approvals, licenses, registrations and permits for our business. Certain approvals that we have applied for in connection with the construction and development of our power projects are pending.

The following applications made by us in relation to our business and our Captive Power Units are pending:

- An application submitted to the Joint Director (Industrial Safety and Health) for renewal of a license under the Factories Act, 1948, for the Ballarpur Unit.
- An application submitted to the Ministry of Coal, GoI, ("**MoC**") for a long-term coal linkage for the Ballarpur Unit to meet the additional coal needs resulting from the 40 MW capacity expansion of this unit.
- An application submitted to the MoC, for a long-term coal linkage for the Bhigwan Unit to meet the additional coal needs resulting from the 30 MW capacity expansion of this unit.
- An application submitted to the Joint Director (Industrial Safety and Health) for renewal of a license under the Factories Act, 1948, for the Bhigwan Unit.
- An application submitted to the Director of Factories and Boilers, Orissa for renewal of a license under the Factories Act, 1948 for the Sewa Unit.

The following application made by us in relation to the Malanpur Power Plant is pending:

- An application submitted to the Madhya Pradesh Pollution Control Board for obtaining authorization for collection/reception/reception/treatment/transport/storage of disposal of hazardous waste.

The following application made by us in relation to the Chhattisgarh Power Project is pending:

- An application submitted to the MoC, for a long-term coal linkage for Chhattisgarh Power Project Phase II.
- An application submitted to the Ministry of Environment and Forests, GoI, ("**MoEF**") for environmental clearance for Chhattisgarh Power Project Phase I.

The following applications made by us in relation to the Madhya Pradesh Power Project are pending:

- An application submitted to the Airports Authority of India for a no-objection certificate for the construction of building/structures around airports for the Madhya Pradesh Power Project.
- An application submitted to the MoC, for a long-term coal linkage for Madhya Pradesh Power Project Phase II.
- An application submitted to the MoC, to amend the letters of assurance ("**LoAs**") for Madhya Pradesh Power Project Phase I to reflect that the Madhya Pradesh Power Project will be located in the Seoni district, Madhya Pradesh instead of in the Jhabua district as currently contemplated in such LoAs.

- An application submitted to the MoEF, to permit us to acquire tribal land as the MoEF clearance for the Madhya Pradesh Project Phase I restricts us from acquiring tribal land.

- An application submitted to the Water Resource Department, Government of Madhya Pradesh ("**GoMP**") for the allotment of water for Madhya Pradesh Power Project Phase II.

- An application submitted to the Chief Transportation Planning Manager, South East Central Railway for in-principle approval for providing a railway siding at Binaki railway station in Seoni, Madhya Pradesh for the Madhya Pradesh Power Project.

- An application submitted to MoEF for environmental approval for Madhya Pradesh Power Project Phase II.

In addition, we have not yet applied for registration under the Factories Act, 1948 and environmental clearance under the Environmental Impact Assessment Notification, 2006 for Chhattisgarh Power Project Phase II. In addition, we have not yet applied for any approvals, licenses and registrations required for implementation of the Gujarat Power Project. For more information, see "***Government and Other Approvals***" on page 206. Moreover, some of these approvals are subject to certain conditions, the non-fulfilment of which may result in revocation of such approvals.

Even after such required licenses, permits and approvals have been obtained, our operations will be subject to continued review and the governing regulations may change. Further, certain of our contractors and other counterparties are required to obtain approvals, licenses, registrations and permits with respect to the services they provide to us. We cannot assure you that such contractors or counterparties have obtained and will maintain the validity of such approvals, licenses, registrations and permits. We cannot assure you that we or any other party will be able to obtain or comply with all necessary licenses, permits and approvals required for our power plants in a timely manner to allow for the uninterrupted construction or operation of our power plants, or at all.

Furthermore, our government approvals and licenses, including environmental approvals, are subject to numerous conditions, some of which are onerous and require us to incur substantial expenditure, specifically with respect to compliance with environmental laws. We cannot assure you that the approvals, licenses, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. 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, be subject to penalties and suffer a disruption in our operations, any of which could materially and adversely affect our business and results of operations. Any failure to renew the approvals that have expired or apply for and obtain the required approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations and permits that have been or may be issued to us, may adversely affect our operations.

5. We may be liable to a third party for the sale of power from our Madhya Pradesh Power Project.

Prior to our acquisition of Jhabua Power Limited ("**JPL**") in 2008, JPL entered into a PPA in July 2007 ("**2007 PPA**") with a third party for the sale of net power output of 530 MW of power for a period of 25 years from the date of commercial operation of a proposed coal based thermal power project in District Jhabua in Madhya Pradesh. While certain conditions set forth in the 2007 PPA to make it effective have neither been fulfilled nor waived by either party, and we believe that there are circumstances that exist that, in our opinion, have made the 2007 PPA impossible to be performed, the 2007 PPA has not been terminated as of the date of this Draft Red Herring Prospectus. In the absence of termination of the 2007 PPA, the purchaser under the 2007 PPA may sue us for compensation for any loss or damage suffered by it or may seek specific performance of the 2007 PPA, which we would not be able to perform due to our obligations to the GoMP pursuant to the Implementation Agreement for the Madhya Pradesh Power Project. This may impact our ability to sell power generated at our Madhya Pradesh Power Project or to sell power at tariffs favourable to our Company, or we may be required to pay liquidated damages to such third party under the terms of the 2007 PPA. Any such eventuality would have a material adverse effect on our business, prospects, results of operations and financial condition.

6. The Net Proceeds of the Issue may be inadequate and we may not be able to raise additional capital to fund the balance costs for power projects that are a part of the "Objects of the Issue", which could adversely affect our business, results of operations and financial condition.

The Net Proceeds of the Issue are expected to be used to partly finance the cost of construction and development of Chhattisgarh Power Project Phase I and Madhya Pradesh Power Project Phase I. However, at least approximately Rs 1,874.42 million (in addition to debt that has been tied up) will still be needed to completely finance phase I of each of these projects. Since the Net Proceeds of the Issue and debt currently tied up will be insufficient to finance the implementation of Chhattisgarh Power Project Phase I and Madhya Pradesh Power Project Phase I, we will need to raise additional amounts through equity issuances or contributions from our Promoters to fund the balance cost of these power projects. There can be no assurance that we will be able to fund such additional amounts from internal accruals or raise additional capital or arrange additional financing on terms that would be acceptable to us, or at all, which could adversely affect our business, results of operations and financial condition.

7. ***Our operations will have significant fuel requirements, and we may not be able to ensure the availability of fuel at competitive prices, which could have an adverse effect on our business, results of operations and financial condition. Further, shortages of gas could negatively affect the productivity of the Malanpur Power Plant.***

The success of our operations will depend on, among other things, our ability to source fuel at competitive prices. We have received LoAs from South Eastern Coalfields Limited ("**SECL**") for the majority of the supply of coal for Chhattisgarh Power Project Phase I and LoAs from SECL and Mahanadi Coalfields Limited ("**MCL**") for the majority of the supply of coal for Madhya Pradesh Power Project Phase I (The LoAs for Madhya Pradesh Power Project Phase I contemplate this project being located in the Jhabua district. We applied to the MoC on January 11, 2010 to amend these LoAs to reflect that the Madhya Pradesh Power Project will be located in the Seoni district, Madhya Pradesh. Approval for this change is pending. If the approvals to amend these LoAs are not granted, coal will not be delivered to Madhya Pradesh Power Project Phase I in Seoni and we will not have a coal supply for Madhya Pradesh Power Project Phase I.) Each letter of assurance allows us to enter into a long-term fuel supply agreements with the relevant coal supplier within three months of fulfilling certain conditions precedent, including obtaining the relevant approvals and debt financing within specified timelines, as long as these conditions precedent are fulfilled within the 24-month term of the letter of assurance. There can be no assurance that we will be able to satisfy these conditions in a timely manner or that we will be able to enter into such fuel supply agreements. In addition, failure to achieve such milestones within the specified timelines under the LoAs would result in us having to provide additional commitment guarantees. We have in the past provided such additional commitment guarantees to the relevant coal suppliers. We cannot assure you that we will not have to provide additional commitment guarantees in the future. Further, we have recently submitted an application to the MoC for coal linkage for Chhattisgarh Power Project Phase II and for Madhya Pradesh Power Project Phase II. In addition, we have applied to the MoC for long-term coal linkages for the additional capacity of 40 MW at our Ballarpur Unit and 30 MW at our Bhigwan Unit. Pending the execution of the fuel supply agreements to cover the expanded capacity of these units, we are purchasing coal in the open market. We will also have to secure sources of fuel for the Gujarat Power Project. There can be no assurance that our applications to MoC for coal linkages will be approved or that we will secure sources of fuel for the Gujarat Power Project. Failure to enter into fuel supply agreements or in receiving in a timely manner, or at all, coal linkages in respect of any of the additional capacity of our Captive Power Units or power projects under implementation or planning may require us to procure coal at a significantly higher spot price from the market in order to undertake our operations. There can be no assurance that we will be able to obtain coal supplies in sufficient quantities, of acceptable quality and/or on commercially acceptable terms for the expanded captive power plant capacity or power plants under implementation or planning. Any such failure or inability could have an adverse effect on our business, results of operations and financial condition.

The success of our operations at the Malanpur Power Plant also depend on, among other things, our ability to source fuel at all and at competitive prices. MCPL entered into a gas sale agreement with GAIL (India) Limited ("**GAIL**") dated December 31, 2008, for the supply of gas which supports capacity utilization up to approximately 18.93 MW at 100% utilization. GAIL is the only supplier of gas available to the Malanpur Power Plant. Therefore, the operating capacity of the Malanpur Power Plant is currently restricted by its gas supply. If MCPL is unable to obtain gas supplies from GAIL on the agreed terms or if GAIL were to otherwise be unable to supply us with the amount of gas agreed to, we cannot obtain gas supplies from alternative supplies and the productivity of the Malanpur Power Plant would be severely affected, which in turn would adversely affect our business, results of operations and financial condition. There can also be no assurance that we can increase our gas supply from GAIL so as to allow the Malanpur Power Plant to operate at full capacity. For further details on the gas sale agreement, and the LoAs for the Chhattisgarh Power Project and the Madhya Pradesh Power Project, see "***History and Certain Corporate Matters- Material Agreements***" on page 106.

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

As of December 31, 2009, we had total outstanding indebtedness of Rs. 5,412.94 million. For further details regarding our indebtedness, see "***Financial Statements***" and "***Financial Indebtedness***" on pages F1 and 176, respectively. In addition, increasing our level of indebtedness has important consequences to us such as:

- Increasing our vulnerability to general adverse economic, industry and competitive conditions;
- Dedicating a significant portion of our cash flows to repayment of existing debt;
- Limiting our flexibility in planning for, or reacting to, changes in our business and the industry;
- Limiting our ability to borrow more money for our power projects; and
- Increasing our interest expenditure, since most of our debt bears interest at floating rates.

Further, our financing arrangements contain restrictive covenants whereby we are required to obtain approval from our lenders, regarding, among other things, any reorganization, amalgamation or merger, incurrence of additional indebtedness, the disposition of assets and the expansion of our business. We cannot assure you that we will receive such approvals in a timely manner, or at all. These agreements also require us to maintain certain financial ratios. In addition, some of our financing arrangements may contain cross default provisions that could automatically trigger defaults under other financing arrangements. Moreover, we have obtained unsecured loans for which the lenders may demand repayment at any time.

Also, if interest rates were to increase, our debt service cost would increase. However, our revenues under PPAs might not correspondingly increase and we might not be able to negotiate higher rates under our PPAs. Such occurrence may have an adverse effect on our business, financial condition and results of operations.

Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flow generated by our business over time, as well as capital markets as a source of capital. If we fail to meet our debt service obligations or breach our financial or other covenants required under the financing documents, the relevant lenders could declare us in default under the terms of our borrowings, accelerate the maturity of our obligations, either in whole or in part, require us to pay any costs related to our default or take over and/or sell the assets that have been used to secure our loans, which may include immovable and movable properties, book debts, operating cash flows, project receivables, commissions and revenues. 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 an adverse effect on our cash flows, business and results of operations.

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

As our power business is capital intensive, we are seeking to finance 75% of our expected capital expenditure through debt financing. Most of the debt facilities we currently have in place have variable interest rates thereby exposing us to interest rate risk. Any increase in interest rates would increase our interest expense, which in turn may have an adverse effect on our financial results and business prospects.

In addition, due to the number of large-scale infrastructure projects currently under development in India and increased lending by banks and institutions to these projects, we may not be able to receive adequate debt funding on commercially reasonable terms in India and may be required to seek funding internationally, which may result in exposure to higher interest rates and foreign exchange risks.

We are not currently a party to any interest rate hedging or swap arrangements. We cannot assure you that we will be able to enter into any hedging or swap arrangements against interest rate risks in the future on commercially acceptable terms, or at all, or that any such arrangements would successfully protect us from losses due to fluctuations in interest rates.

In view of the high debt to equity ratios of the power projects, typically 3:1, an increase in interest expense is likely to have a significant adverse effect on our financial results and also increase our cost of capital, which will, in turn, reduce the value of projects to us.

10. We have pledged a significant portion of our equity interest in our Subsidiaries in favour of lenders. Such lenders may exercise their rights under the respective pledge agreements in the event of a default.

Our Company has pledged 51% of the equity interest that we hold in each of Korba West Power Company Limited ("**KWPCL**") and JPL, the project Subsidiaries that are implementing the Chhattisgarh Power Project and the Madhya Pradesh Power Project, respectively, in favour of security trustees as security for the loans provided to these Subsidiaries. If any of these Subsidiaries were to default in its obligations under the relevant financing agreement, the lenders may exercise their rights under such agreements, have the equity interests transferred into their names and, depending on the percentage of shares pledged and transferred to the lenders, take management control over the relevant Subsidiary. If this were to occur, we would lose the value of any such equity interest in the relevant Subsidiary and managerial control over such Subsidiary, which could adversely affect our business, prospects, results of operations and financial condition. For further details on the negative covenants under our financing arrangements, see "***Financial Indebtedness***" on page 176.

11. Our projects under implementation or planning will require significant capital expenditures and if we are unable to obtain the necessary funds on acceptable terms, we may not be able to fund our power projects and our business may be adversely affected.

The development of power projects is capital intensive and we believe that our power projects require significant capital expenditure. As of January 31, 2010, the total amount deployed by us for the Chhattisgarh Power Project Phase I was Rs. 2,295.99 million, and Rs. 44.45 million for Chhattisgarh Power Project Phase II. Further, as on January 31, 2010, the total amount deployed by us for Madhya Pradesh Power Project Phase I was Rs. 578.51 million and Rs. 31.95 million for Madhya Pradesh Power Project Phase II. Thus, the total amount deployed by us as on January 31, 2010, aggregated to Rs. 2,950.90 million for both of the Chhattisgarh Power Project and the Madhya Pradesh Power Project. Currently, we estimate that we will need to raise a total of Rs. 86,960 million in debt (including undisbursed debt amounts) to finance our Chhattisgarh Power Project and our Madhya Pradesh Power Project. Thus far we have entered into a term loan agreement dated June 24, 2009, with a consortium of 16 banks for the amount of Rs. 21,500 million in connection with the Chhattisgarh Power Project Phase I and a term loan agreement dated December 30, 2009, with a consortium of 15 banks for an amount of Rs. 21,800 million in connection with the Madhya Pradesh Power Project Phase I. As of December 31, 2009, we had Rs.1,168 million outstanding under the term loan agreement entered into in connection with the Chhattisgarh Power Project Phase I, but we had not drawn any amount under the term loan agreement entered into in connection with the Madhya Pradesh Project Phase I. For further information regarding the conditions set forth in the various loan agreements, see "***Financial Indebtedness***" on page 176. Nevertheless, the Rs. 21,500 million term loan in connection with the Chhattisgarh Power Project Phase I will only partially finance the estimated cost of Rs. 28,720 million for the Chhattisgarh Power Project Phase I and the Rs. 21,800 million term loan in connection with the Madhya Pradesh Power Project Phase I will only partially finance the estimated cost of Rs. 29,100 million for the Madhya Pradesh Power Project Phase I. The remaining expenditure will have to be financed through equity issuances and other forms of financing. Moreover, we have yet to enter into term loan agreements with respect to Chhattisgarh Power Project Phase II and the Madhya Pradesh Power Project Phase II and we also do not have a firm underwritten commitment for the Gujarat Power Project. Further, we may also have to obtain other forms of financing for the Chhattisgarh Power Project Phase II and the Madhya Pradesh Power Project Phase II in addition to any term loans that we may enter into. We cannot assure you that we will be able to obtain all of the remaining financing on acceptable terms, or at all, for either the Chhattisgarh Power Project Phase I or the Madhya Pradesh Power Project Phase I or enter into definitive loan agreements or other forms of financing in connection with any of the Chhattisgarh Power Project Phase II, the Madhya Pradesh Power Project Phase II or the Gujarat Power Project. Any inability to obtain adequate financing may have an adverse effect on our ability to complete our power projects under implementation, our cash flows, financial condition and business prospects.

We currently intend to finance approximately 25% of the costs of our power projects from equity contributions or contributions from our Promoters and approximately 75% of the costs of our power projects through debt financing. While we believe that this division reflects the current market trend for financing power projects in India, this market trend may change or financial institutions or investors may require additional contributions from us. If this occurs, it will reduce the leverage of the project being financed and may negatively impact our expected returns. If we are unable to raise the capital needed to fund the costs of our power projects or if we experience any delays in raising such funds, there could be an adverse effect on our cash flows, our ability to complete these power projects, our business prospects and on our revenues and profitability.

The implementation of our power projects is also subject to a number of variables and the actual amount of capital required to implement these power projects may differ from our estimates. We may face cost overruns during the construction of our power generation projects. This may require us to revise our project cost estimates. If the funding requirements of a particular power project increases, we will need to look for additional sources of financing, which may not be readily available, or may not be available on commercially reasonable terms, which may have an adverse effect on the profitability of that particular power project. Any significant change in the contemplated financial requirements and development costs may have an adverse effect on our cash flows, financial condition and business prospects.

Further, some of our debt must be continuously rated by credit rating agencies. Any downgrading of our credit ratings for existing debt may impact the cost of our existing debt, impact our ability to raise additional financing and result in higher interest rates for any debt raised by us in the future.

Our ability to finance our capital expenditure plans is also subject to a number of risks, contingencies and other factors, some of which are beyond our control. These risks include tariff regulations, borrowing or lending restrictions imposed by applicable government regulations and general economic and capital market conditions. We cannot assure you that we will be able to raise sufficient funds to meet our capital expenditure requirements on terms acceptable to us. Our planned and any proposed future expansions and projects may be materially and adversely affected if we are unable to obtain funding for such capital expenditures on satisfactory terms, or at all, for any reason. Further, future debt financing, if available, may result in increased finance charges, increased financial leverage, decreased income available to fund further acquisitions and expansions, decreased working capital and the imposition of restrictive covenants on our business and operations.

12. If power evacuation facilities are not made available to us by the time our power projects are ready to commence operations, our ability to generate and evacuate power from our plants could be impacted, which would adversely affect our business, prospects, results of operations and financial condition.

Evacuation or "wheeling" power from our power plants to our consumers poses significant challenges due to transmission constraints on account of congestion in the transmission system among other things. Evacuating power to a purchaser is either our responsibility or the responsibility of the purchaser, depending upon the terms of the PPA that we have entered into with such purchaser and the type of purchaser (i.e., state electricity board, distribution company or power trading company). For the power to be generated from the Chhattisgarh Power Project, we expect to evacuate power through a 400 kV pooling sub-station being established by the Power Grid Corporation of India Limited ("**PGCIL**") located approximately 20 km from the project site, and have also entered into a Bulk Power Tranmission Agreement ("**BPTA**") with PGCIL dated February 24, 2010. We expect to connect the Chhattisgarh Power Project with a 20 km long 400 kV double circuit transmission line to be laid by us. For power generated from the Madhya Pradesh Power Project, we intend to evacuate power through a 400 kV pooling sub-station of PGCIL located at a distance of around 60 km from the project site in Jabalpur. Alternatively, power can also be evacuated through a sub-station of PGCIL located in Seoni at a distance of around 90 km from the project site. The dedicated transmission line for the Madhya Pradesh Power Project is to be constructed by PGCIL in compliance with the Central Electricity Regulatory Commission ("**CERC**") regulations in effect as on January 1, 2010. Therefore, we are in the process of applying to PGCIL for connectivity and long-term open access for the Madhya Pradesh Power Project. Plans to use a PGCIL pooling sub-station to evacuate power from our Madhya Pradesh Power Project remain subject to execution of bulk power transmission agreements with PGCIL on mutually agreeable terms and in a timely manner. Further, the construction of the evacuating transmission corridor may not be completed in a timely manner, or at all, or PGCIL may not construct or suitably upgrade the pooling points in a timely manner, or at all, which may severely hinder our generation and evacuation operations. This could adversely affect our capacity to generate and earn revenues due to constraints beyond our control, which, in turn could adversely affect our business, prospects, results of operations and financial condition.

13. Failure to enter into off-take arrangements in a timely manner and on terms that are commercially acceptable to us could adversely affect our business, results of operations and financial condition.

We are implementing or planning power projects with combined installed capacity of 3,720 MW (the Chhattisgarh Power Project, the Madhya Pradesh Power Project and the Gujarat Power Project). In this regard, Chhattisgarh State Power Trading Company Limited, a Government of Chhattisgarh ("**GoCH**") undertaking, has confirmed its consent to purchase 30% of the power generated at Chhattisgarh Power Project Phase I by a letter of comfort dated October 6, 2009 in addition to the 5% of the net power to be supplied to it as per the MoU dated January 24, 2007 and the implementation agreement dated July 28, 2008. We have also entered into a term sheet with Reliance Energy Trading Limited for sale of 210 MW of the power generated at Chhattisgarh Power Project Phase I for 15 years. Additionally, the Energy Department, GoMP, by a letter dated January 29, 2010, has also conveyed its "in principle" expression of interest in purchasing 30% of the power generated at the Madhya Pradesh Power Project Phase I for a period of 20 years in addition to the 5% power to be supplied to the GoMP or its nominated agency as per the MoU dated January 17, 2007, the implementation agreement dated January 14, 2008, and the amendments to the MoU and implementation agreement each dated January 14, 2010. However, we have not yet entered into any definitive PPAs with the respective state power trading companies or state electricity boards, or otherwise, for any of our power projects and there can be no assurance that the consents or in-principle expression of interest as conveyed by the respective state government or its entities will be converted into binding PPAs. Moreover, we expect to sell the balance power from these power plants on a long-term basis, short-term basis, including sale through power exchanges, and merchant basis. As power plants are currently not permitted to sell electricity directly to retail power consumers, the consumer base for our power projects without PPAs is limited to distribution companies, state electricity boards and power trading companies and participants in power exchanges in India. In addition, we intend to continue to sell power from the Malanpur Power Plant not sold to its captive customer, SRF Limited, under the relevant power consumption agreement to power traders and/or through short-term arrangements. In the event distribution companies, state electricity boards and power trading companies do not purchase the power produced by us, we may not be able to find alternate consumers for the purchase of such power in a timely manner or at all. Further, increased competition may have an adverse effect on the sale of power under short-term PPAs or on a merchant basis. We cannot assure you that we will be able to enter into off-take arrangements on terms that are favourable to us, or at all. Failure to enter into off-take arrangements in a timely manner and on terms that are commercially acceptable to us could adversely affect our business, results of operations and financial condition.

14. We have no track record in implementing and operating large-scale power projects. We may not be able to efficiently handle the managerial, technical and logistical challenges that we will face while implementing our large-scale power projects, which may have a material adverse effect on our business, results of operations and financial condition.

We have no track record in implementing and operating large-scale power projects. We will face managerial, technical and logistical challenges while implementing our large-scale power projects, and in the absence of prior experience, we may not be able to efficiently handle such challenges. Any failure on our part to effectively meet the challenges posed by technical and other processes involved in implementation and operation of large-scale power projects could cause disruptions to our business, which could be detrimental to our long-term business outlook. Additionally, in view of the factors stated above, we may not be able to meet our implementation schedules and may face delays in commencement of commercial operations of one or more of our power projects. Further, disruptions could occur at one or more power plants after commercial operations have commenced. Any of the foregoing may have a material adverse effect on our business, prospects, results of operations and financial condition.

15. We do not own the "AVANTHA" trademark and our Promoters have not yet obtained registration for the "AVANTHA" logo. If we lose the right to use the "AVANTHA" trademark or logo, our reputation, goodwill, business, prospects and results of operations would be materially and adversely affected.

We do not own the "AVANTHA" trademark or logo but have been granted the non-exclusive and non-assignable right to use the "AVANTHA" name and logo from AHL, one of our Promoters, pursuant to a brand equity and business promotion agreement dated October 20, 2009 (the "**Brand Agreement**"). Under the Brand Agreement, we pay AHL a brand royalty fee of 0.25% of our revenues based on our audited accounts, for this right. There can be no assurance, however, that AHL will continue to grant us this right to use the logo and trademark.

Moreover, AHL has applied for the registration of the composite mark with the name "AVANTHA" surrounded by the logo, but such registration is still pending. If AHL does not obtain such registration and the trademark or logo is registered by a third party, we will not be able to make use of the "AVANTHA" trademark or logo in connection with our business. Therefore, we might be unable to capitalize on the brand recognition associated with the Avantha Group. Loss of the right to use the "AVANTHA" trademark or logo would have a material adverse effect on our reputation, goodwill, business, prospects and results of operations.

16. We have no track record in operating gas-fired power projects. We may not be able to efficiently handle the managerial, technical and logistical challenges that we will face owning and operating a gas-fired power plant, which may have a material adverse effect on our business, results of operations and financial condition.

Pursuant to a share purchase agreement dated March 1, 2010, we acquired from Crompton Greaves, one of our Promoters, a 59% stake in MCPL. MCPL owns and operates the Malanpur Power Plant, a gas-fired power plant located in the Industrial Area, Malanpur, Bhind district, Madhya Pradesh. The Malanpur Power Plant has three engines of 8.73 MW each, aggregating to an installed capacity of 26.19 MW (out of which two engines aggregating to 17.46 MW are operating as captive power plant while one engine of 8.73 MW is operating as an independent power plant). It sells a portion of its power to a captive consumer, SRF Limited and sells surplus power on a merchant basis. Prior to acquiring the 59% interest in MCPL, we had no experience in operating a gas-fired power plant. As the operating and managing of a gas-fired power plant is new to us, we may face additional managerial, technical and logistical challenges going forward with respect to the operation and management of the Malanpur Power Plant and we may not be able to efficiently handle such challenges. Any failure on our part to effectively meet the challenges posed by technical and other processes involved in the operation of a gas-fired power project could cause disruptions to our business and could be detrimental to our long-term business outlook, which could have a material adverse effect on our business, prospects, results of operations and financial condition.

17. We have no track record in operating coal mines. As such, we may not be able to efficiently handle the managerial, technical and logistical challenges that we will face if we proceed with the takeover of the coal mining operations at any of the mines we are considering purchasing, which may have a material adverse effect on our business, results of operations and financial condition.

We have entered into MoU's to explore the option of purchasing three coal mines in Indonesia. For more details, see "***Our Business – Our Acquisitions***" on page 69. As we do not have previous experience in operating coal mines, we may face additional managerial, technical and logistical challenges if we proceed with coal mining operations at any of the mines and we may not be able to efficiently handle such challenges. Any failure on our part to effectively meet the challenges posed by technical and other processes involved in the mining of coal could cause disruptions to our business and could be detrimental to our long-term business outlook, which could have a material adverse effect on our business, prospects, results of operations and financial condition.

18. Our power projects are subject to regulatory risks, including tariff risks, which may adversely affect our results of operations.

The statutory and regulatory framework for the power sector in India has changed significantly in the last 20 years. The statutes and regulations governing power generation in India are evolving and there could be changes in such statues and regulations, including changes to tariffs, the manner in which we can sell power and environmental compliance. Changes and/or uncertainties in statutory and regulatory frameworks may adversely impact our business and operations. Regulatory and tariff risks related to our power projects include:

- Actual generation tariffs may be lower than expected due to competition from other power generating companies or may not reflect actual costs; and

- Regulations imposed by the States in which our power plants are located, which may restrict us from selling the power generated from such power plants on a short-term basis or may require us to sell power at a low tariff fixed by the state government. If such an order were to be made by such States in which we have projects under operation, implementation or planning, it may lead to a loss of potential opportunities and have a negative impact on our results of operations.

For a summary of the laws regulating generation of power in India, see "***Regulations and Policies in India***" on page 88.

19. Land required in connection with our power projects has not been fully acquired. Failures or delays in the acquisition or leasing of land or an inability to acquire or lease such land at acceptable costs or on commercially reasonable terms may adversely affect our business, results of operations and financial condition.

To satisfy the land requirements of our power projects, we intend to lease land from government entities and acquire tribal land and privately-held land. Of the total land requirement of approximately 1,855 acres for Chhattisgarh Power Project and Madhya Pradesh Power Project, we have not yet acquired approximately 256 acres of land for the Chhattisgarh Power Project Phase I and approximately 222 acres of land for the Chhattisgarh Power Project Phase II from the Government and private parties. In addition, we have not yet acquired approximately 304 acres of land for the Madhya Pradesh Power Project Phase I and approximately 361 acres of land for the Madhya Pradesh Power Project Phase II from the government and private parties. Further, the environmental clearance obtained for the Madhya Pradesh Power Project Phase I imposes a condition which restricts us from acquiring tribal land. We have filed an application dated March 12, 2010, for the amendment of the environmental clearance obtained, to the MoEF. We cannot assure you that we will be able to identify or acquire adequate land for all of our power projects, or that land acquisitions will be completed in a timely manner, at acceptable costs and/or on commercially reasonable terms, without opposition or relocation and resettlement costs, or at all.

Even when the GoI and/or state governments are required to facilitate the acquisition or lease of, or secure rights of way over, tracts of land, we cannot assure you that all requisite approvals relating to the acquisition of, or lease of such land or the granting of such right of way over land or the registration of the acquired or leased land will be completed in a timely manner and on terms that are commercially acceptable to us, if at all.

In addition, the public may oppose the acquisition or lease of land due to the perceived negative impact it may have on surrounding communities, tribes or the environment. We may face significant opposition to the construction of our power projects from local communities, tribes, non-government organizations and other parties. Even if we are able to overcome any such opposition, we may be subject to significant expenses arising from the relocation and resettlement of persons affected by our projects. Such opposition or circumstances may be beyond our control.

We have also been directed by the Department of Energy, GoCH to rehabilitate, resettle and provide adequate compensation to any individuals and families who are displaced due to the acquisition of land for the Chhattisgarh Power Project. We have incurred and will be required to incur expenses towards the rehabilitation and resettlement of the affected individuals and families.

If we are unable to acquire the required amount of land for our power projects under implementation or planning, the viability and efficiency of such projects may be affected. In addition, any inability to complete the acquisition of the necessary land in a timely manner may cause construction delays. A delay in timely completion of the power projects could in turn lead to a breach and an event of default under implementation agreements, loan agreements or PPAs leading to possible disputes with concerned parties. Should any such event happen, our business, results of operations and financial condition could be materially and adversely affected.

20. The cost of acquiring land for our power projects may also be substantially higher than we estimated, which may adversely affect our results of operations and financial condition.

The cost of acquiring land for our power projects may be higher than we estimated. The cost of acquiring land is subject to a number of factors, including the type of land being acquired, market prices, the level of economic development in the area where the land is located and government regulations pertaining to the price of land, among others. We will be acquiring land for our power projects on an ongoing basis rather than all at once. As a result of the above factors, the cost of acquiring land may rise before we have acquired all of the land that we need for our power projects. If the cost of acquiring land substantially increases before we are able to acquire all of the land that we need for our power projects, our results of operations and financial condition may be adversely affected.

21. We may not be able to identify or correct any defects or irregularities in title to the lands upon which we intend to develop our power projects, the future effects of which may have an adverse effect on our business, financial condition and results of operations.

There may be various legal defects and irregularities in title to the lands on which we intend to develop our power projects, which we may not be able to fully identify prior to acquisition of such land. Our rights in respect of these lands may be compromised by improperly executed, unregistered or insufficiently stamped conveyance instruments in the title of the property, unregistered encumbrances in favor of third parties, rights of adverse possessors, ownership claims of family members of prior owners, or other defects that we may not be aware of. Any decision to acquire land based on inaccurate, incomplete or dated information may result in risks and liabilities associated with acquiring and owning such parcels of land. Any defects or irregularities of title may result in disputes with other parties who have, or may claim to have, an interest in the land subject to a defect or irregularity in title, and could result in liability, including loss of development rights over land, which will prejudice the success of our power projects and may require us to write off substantial expenditures in respect of a power project, and may have an adverse effect on our business, financial condition and results of operations.

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

Our profitability is largely a function of our ability to manage our operating costs during the terms of our PPAs and operate our power projects at optimal levels. If we are unable to manage our costs effectively or operate our power projects at optimal levels, our business prospects, financial condition and results of operations may be adversely affected. In addition, in the event of increases in operational costs, we may not have the ability to reflect a corresponding increase in our tariffs. In the power project business, there are often restrictions on a company's ability to, among other things, increase prices on short notice and undertake expansion initiatives with other consumers without the consent of the other parties to the PPA. Accordingly, if there is an industry wide increase in tariffs, we may not be able to renegotiate the terms of our PPAs to take advantage of the increased tariffs with immediate effect, or at all. Therefore, the prices at which we supply power may have little or no relationship with the costs incurred in generating power, which means that our margins may fluctuate significantly. With respect to tariffs that are determined by regulators, unless a regulator permits us to, we may be limited in our ability to pass on the increased production costs to a customer.

In PPAs with government entities, we may also face difficulties in enforcing the payment provisions. Faced with disputes and counterclaims between transmission companies, electricity boards and generation companies caused by a variety of factors, certain entities have in the past refused to perform their obligations under such payment provisions until such disputes or counterclaims have been fully resolved, which can take a substantial period of time. Any failure by any government entity to fulfill its obligations to us could have a material adverse effect on our cash flows, income, business prospects and results of operations.

In addition, PPAs generally require a power supplier to guarantee certain minimum performance standards, such as plant availability and generation capacity. The tariffs charged are also typically arrived at assuming a certain heat rate and other technical norms. If our facilities do not meet the required performance standards, our customers may not reimburse us for any increased costs arising as a result of our plants' failure to operate and maintain the power plants in accordance with the required performance standards or within the agreed norms, and we will have to bear the additional costs associated with such inefficiencies. Further, any breakdown or failure of transmission systems can disrupt transmission of electricity by our power plants to the applicable delivery point. In the event that we fail to supply the minimum guaranteed power at the delivery points specified in PPAs, in terms of "take or pay" obligations under such PPAs, we may be required to pay for the deficient minimum guaranteed power or the cost differential for the power procured by the consumer from alternate sources. In the event we default in fulfilling our obligations under the PPAs, we may be liable to penalties and in certain specified cases, customers may also terminate such PPAs. The termination of any PPA by our customers would adversely affect our goodwill, business and results of operations.

We have entered into a PPA, take or pay agreement and tripartite agreement with BILT, one of our Promoters, and BILT Graphic Paper Products Limited ("**BGPPL**"), one of our Group Entities, for sale of power and steam from our Captive Power Units. We have also entered into a PPA with Biltech Building Elements Limited ("**BBEL**"), one of our Group Entities, for sale of electricity and steam, subject to availability, from our Bhigwan Unit. There are inherent conflicts involved in entering into transactions with related parties. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. For more information regarding our related party transactions, see "***Financial Statements – Statement of Related Party Disclosures***" on page F56.

We also expect to sell a part of the power generated by entering into short-term PPAs, which may create additional variability in our revenues and could expose our business to risks of market fluctuations in demand and price for power. In particular, we may not find buyers at short notice for the desired quantity, price and/or desired period of time for our power. In the case of short-term PPAs, the prices we receive may have little or no relationship to the cost to us of supplying this power and may be too low to cover all of such cost. This means that our margins for the sale of power may fluctuate considerably as we will not always be able to pass on to customers variable costs such as fuel and transportation costs, grid transmission costs, import duties on fuel and capital costs. If we are not able to sell power under short-term PPAs at the planned or expected amounts, our business, financial condition and results of operations could be adversely affected.

23. Our success depends on the reliable and stable supply of water to our power projects. In the event of water shortages, our power projects may be required to reduce their water consumption, which would reduce their power generation capability.

Our power projects will require a substantial amount of water, which is critical to the operations of our power projects. Thus far, we have received approval from the GoCH for allocation of water from the Mahanadi River for the Chhattisgarh Power Project Phase I and we have entered into an agreement with the GoMP for the supply of water from the Bargi Reservoir for the Madhya Pradesh Power Project Phase I. Further, we have received in-principle approval from the GoCH for allocation of water for Chhattisgarh Power Project Phase II and have applied for allocation of water supply for the Madhya Pradesh Power Project Phase II. We cannot assure that approvals or final approvals, as the case may be, for water supply for Chhattisgarh Power Project Phase II or Madhya Pradesh Power Project Phase II will be received from the relevant authorities. Further, in the event of water shortages, our power projects may be required to reduce their water consumption, which would reduce their power generation capability. Further, if we do not receive the necessary approvals and licenses to draw water from the respective government authorities, we will have to find alternative sources for water supply.

24. Our success depends on stable and reliable transportation infrastructure. Disruption of transportation services could affect our operations.

We depend on various forms of transport, such as roadways, railways and pipelines to receive fuel, raw materials and water during construction of our power projects and during their operation. The building of transportation infrastructure entails obtaining approvals, rights of way and development by the GoI or the state governments and their nominated agencies, or us. As a result, we will not have total control over the construction, operation and maintenance of the transportation infrastructure. There can be no assurance that such transportation infrastructure will be constructed in a timely manner, operated on a cost effective basis and maintained at adequate levels, which may affect the estimated commissioning dates for our power projects. In addition, undertaking such development will require land acquisition for railway tracks, significant capital expenditure and active engagement with the government and its agencies responsible for organizing transport infrastructure. Further, disruptions of transportation services because of weather-related problems, strikes, inadequacies in the road or rail infrastructure, or other events could impair the ability of our suppliers to deliver fuel and raw materials and may have an adverse impact on our operations.

25. Significant increases in prices of building materials and equipment could increase our cost of construction, which would have an adverse effect on our business, results of operations and financial condition.

The principal raw materials used in construction of power projects include cement and steel. Further, cost of boilers, turbines and generators ("**BTG**") and other equipment form a significant part of the overall project cost. The prices and supply of the equipment, inputs and other raw materials depend on factors not within our control, including general economic conditions, competition, production levels, transportation costs and import duties. Price increases in these items could adversely affect our ability to develop our power projects in line with our budgeted project cost, which would have an adverse effect on our business, results of operations and financial condition.

26. If the construction or operation at one or more of our units is disrupted, it could have an adverse effect on our financial condition and results of operations.

The construction or operation of our power projects may be disrupted for reasons that are beyond our control, including explosions, fires, natural disasters, breakdown, failure or substandard performance of equipment, improper installation or operation of equipment, accidents, operational problems, transmission or transportation interruptions, environmental disasters, and labour disputes.

Power generation facilities are also subject to failure of generation equipment, civil structure or other equipment and to equipment shutdowns. In such situations, undamaged units may be dependent on or interact with damaged sections or units and, accordingly, may also be rendered inoperative. Although in certain cases manufacturers are required to compensate us for certain equipment failures and defects, such arrangements may not fully compensate us for the damage that we may suffer as a result of equipment failures and defects or the penalties under our agreements with our customers. Further, such arrangements do not generally cover indirect losses such as loss of profits or business interruption. In addition, any breakdown or failure of transmission systems can disrupt transmission of electricity by our power plants to the applicable point of interconnection. In the event we fail to supply the minimum guaranteed power at the delivery points, if any, specified in PPAs, we may be required to pay for the deficient minimum guaranteed power or the cost differential for the power procured by the consumer from alternate sources.

If such operational difficulties occur in the future, the ability of our power projects to supply electricity to our customers may be adversely affected. In the above situation or in the event that any power generation facility is significantly damaged or forced to shut down for a significant period of time, this would have an adverse effect on our business, financial condition and results of operations.

27. We depend on various contractors or specialist agencies to construct and develop our power projects. We are exposed to risks relating to the timing, cost and quality of their services and the equipment that they supply to us.

We depend on, or will depend on, the availability of skilled third-party contractors for the development and construction of our power projects, supply of certain key equipments and laying of water pipelines, canals and transmission lines. We do not have direct control over the timing or quality of services, equipment or supplies provided by these contractors. In respect of our third-party contractors, we face the following risks:

- Contractors hired by us may not be able to complete construction and installation on time, within budget or within the specifications and standards that have been set forth in the contracts with them, and as such our projects may contain construction defects;

- Delays on the part of the contractors in meeting project milestones or achieving commercial operation by the scheduled completion date could increase the financing costs associated with the construction of the power projects, cause our forecast budgets to be exceeded, result in delayed payment to us by customers, result in liquidated damages, penalty clauses or performance guarantees being invoked or result in termination of contracts;

- Contractors may not be able to obtain adequate working capital or other financing on favourable terms as and when required to complete construction and installation;

- Contractors may not obtain relevant approvals, licenses, consents or permits required to be obtained by them or be able to source required technicians from outside India; and

- We may not be able to pass on certain risks to our contractors such as unforeseen site and geological conditions, which may cause delays and cause us to incur additional costs.

In addition, as a result of increased industrial development in India in recent years, the demand for contractors with specialist design, engineering and project management skills and services has increased manifold, resulting in a shortage of and increasing costs of such contractors. We cannot assure you that such skilled and experienced contractors will continue to be available at reasonable rates in the areas in which we conduct our operations, and we may be exposed to risks relating to the quality of their services, equipment and supplies.

In addition, we require the continued support of certain original equipment manufacturers to supply necessary services and parts to maintain our power projects at affordable cost. If we are not able to procure the required services or parts from any of these manufacturers (e.g., as a result of the bankruptcy of the manufacturer or sanctions or trade restrictions imposed by any foreign government) or we are unable to procure the required parts on acceptable terms (e.g., due to inflation, which could result in higher costs for equipment that we might not be able to pass on to customers), there may be an adverse effect on our business, financial condition and results of operations.

Contractors and suppliers in our business are generally subject to liquidated damage payments for failure to achieve timely completion or performance shortfalls. We may not be able to recover from a contractor or supplier the full amount of losses that may be suffered by us due to such failure to achieve timely completion or performance shortfalls.

28. We are planning to develop a 1,320 MW thermal power project in Gujarat, but various events may cause us to be unable to develop the Gujarat Power Project.

We currently propose to develop a 1,320 MW thermal power project in Gujarat (i.e. the Gujarat Power Project), which we expect to be commissioned in the fourth quarter of fiscal 2016. We have yet to enter into any formal agreements or arrangements in relation to acquisition of land, fuel and water supply for the Gujarat Power Project. We have not yet made any investments in this project. We have also not entered into any equipment supply contracts or engineering, procurement and construction contracts, made arrangements for power evacuation or entered into any off-take arrangements or secured any financing for this project. We also have not applied for any approvals from regulatory authorities in relation to this project. Further, we are in the process of amending the memorandum of understanding ("**MoU**") with the Government of Gujarat to increase the capacity of the project to 1,320 MW (under the MoU, the Gujarat Power Project is to have capacity of 1,200 MW).

In the event we are unable to obtain the necessary approvals from government authorities, identify suitable land or determine adequate sources of fuel and water supply for this project or are unable to enter into formal agreements acceptable to us in a timely manner, or at all, for land, water and fuel supply, or for evacuation and off-take arrangements, we may not be able to develop the Gujarat Power Project. Furthermore, if we are unable to secure financing on terms that are acceptable to us, we may not be able to complete the project in a timely manner, or at all.

29. We face risks in our acquisition of other companies, businesses and technologies, including the risk that we may not be able to complete transactions that we are in the process of pursuing, which could result in operating difficulties, dilution and other harmful consequences.

Pursuant to a share purchase agreement dated March 1, 2010, we acquired from Crompton Greaves a 59% stake in MCPL. MCPL owns and operates Malanpur Power Plant, a gas-fired power plant located in the Industrial Area, Malanpur, Bhind district, Madhya Pradesh. We cannot assure you that MCPL will be profitable or that we have identified all potential problems, liabilities or other shortcomings or challenges related to owning a 59% interest in MCPL.

In addition, we have also entered into three MoU's to explore the option of purchasing three coal mines in Indonesia. We cannot assure you that we will be able to complete any of these acquisitions or purchases on a commercially reasonable basis or at all.

Going forward we may pursue additional acquisitions to expand our business. There can be no assurance that we will be able to identify suitable acquisitions, strategic investments or joint venture opportunities at acceptable costs and/or on commercially reasonable terms, obtain the financing necessary to complete and support such acquisitions or investments or integrate such businesses or investments. Moreover, we cannot assure you that any business acquired or investment made will be profitable. Any future acquisitions may result in integration issues and employee retention problems. We may also face cultural challenges associated with integrating employees from acquired companies and businesses. In addition, our management's attention may be diverted by acquisition, transition or integration activities and our ongoing business may be disrupted. Further, our due diligence process may have failed to identify all of the problems, liabilities or other shortcomings or challenges of an acquired company or business. Other risks we may face include possible adverse effects on our operating results and difficulties in the assimilation of the operations, technologies, systems, services and products of the acquired companies, businesses or investments.

Additionally, if we attempt to acquire non-Indian companies, we may not be able to satisfy certain Indian regulatory requirements for such acquisitions and may need prior approval from the Reserve Bank of India ("**RBI**"), which we may not be able to obtain. Also, foreign acquisitions involve risks related to integration of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with doing business in other countries.

Any failure to successfully integrate any acquisitions or investments could have an adverse effect on our business, results of operations or financial condition. In addition, the anticipated benefits of our future acquisitions may not materialize. Future acquisitions could result in potentially dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities or other unforeseen complications or liabilities, any of which could harm our financial condition and may have an adverse effect on the price of our Equity Shares.

30. Our inability to effectively manage our growth or to successfully implement our business plan and growth strategy could have an adverse effect on our operations, results and financial condition.

We expect that our growth strategy will place significant demands on our management, financial and other resources. In particular, continued expansion increases the challenges involved in financial and technical management, recruitment, training and retaining sufficient skilled technical and management personnel. Developing and improving our internal administrative infrastructure will also be more challenging because of the expansion. We intend to continue expansion in the foreseeable future to pursue existing and potential market opportunities. Our inability to manage our business plan effectively and execute our growth strategy could have an adverse effect on our operations, results, financial condition and cash flows.

In order to manage growth effectively, we must implement and improve operational systems, procedures and internal controls on a timely basis. If we fail to implement these systems, procedures and controls on a timely basis, or if there are weaknesses in our internal controls that would result in inconsistent internal standard operating procedures, we may not be able to meet our customers' needs, hire and retain new employees, pursue new business, complete future strategic agreements or operate our business effectively. There can be no assurance that our existing or future management, operational and financial systems, procedures and controls will be adequate to support future operations, or establish business relationships beneficial to future operations.

31. The failure to comply with safety, health and environmental laws could adversely affect our results of operations.

Our projects are subject to extensive government and environmental laws and regulations which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our business operations. These laws and regulations include the Environmental Protection Act, 1986, the Air (Prevention and Control of Pollution) Act, 1981, the Water (Prevention and Control of Pollution) Act, 1974 and other regulations promulgated by the MoEF and the Pollution Control Boards of the relevant States. In addition, some of our operations are subject to risks involving personal injury, loss of life, environmental damage and severe damage to property. Further, environmental regulation of industrial activities in India may become more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty.

Failure to comply with environmental laws may result in delays in receiving or renewing environmental approvals required for our power projects, or the assessment of penalties and fines against us by regulatory authorities. We could be subject to substantial civil and criminal liability and other regulatory consequences in the event that an environmental hazard was to be found at the site of any of our power projects or if in the event our operations result in the contamination of the environment. We may be subject to litigation, including public interest litigation, in relation to alleged environmental pollution. If such litigation is decided against us, there could be an adverse effect on our business and operations. Damages, other liabilities and related litigation costs, could adversely affect our business, financial condition and results of operations. Furthermore, if we are ordered to pay any clean-up or remediation costs in respect of any environmental pollution, our business, financial condition and results of operation may also be adversely affected as a result of the payments that we are ordered to make.

We expect to generate a considerable amount of ash with our power projects. There are limited options for utilizing and disposing of ash. BBEL, one of our Group Entities, is one of the few companies in India engaged in converting fly ash into building materials. We intend to engage BBEL to dispose of ash, and will continue to explore other methods to utilize or dispose of ash. Regardless, our ash utilization activities may be insufficient to dispose of the ash we expect to generate. We are subject to a GoI requirement that by 2014, 100% of the fly ash produced through our generation activities must be gainfully utilized. Compliance with this requirement, as well as any future norms with respect to ash utilization, may add to our capital expenditures and operating expenses. In addition, recent news articles suggest that the GoI is considering further measures to reduce its carbon intensity by 2020 in order to achieve a significant reduction in carbon emissions. There can be no assurance that such targets will not adversely affect industrial demand for power and in turn adversely affect our results of operations and business prospects.

32. If we are unable to avail of certain tax benefits in the future under Section 80-IA of the Income Tax Act, 1961 ("I.T Act"), which enables power projects to deduct 100% of profits derived from the generation, distribution or transmission of power, with respect to the computation of total income subject to taxation for a specified duration of time, our net income would be lower than expected.

In accordance with Section 80 IA of the I.T. Act, a company is, with respect to the computation of total income subject to taxation, entitled to deduction of 100% of profits derived from the generation, distribution or transmission of power for any 10 consecutive assessment years out of 15 years beginning from the year in which the undertaking generated power or commences transmission or distribution of power before March 31, 2011. None of our power projects under implementation will be commissioned before March 31, 2011 and the commercial production of our power projects will not commence before March 31, 2011. As such, we will not be eligible to receive the tax benefits for our future projects that are commissioned after March 31, 2011 if such tax benefits are not extended by the GoI. We cannot assure investors that the GoI will extend the period of availability for such tax benefits. We have assumed that these tax benefits would be extended given that they have been extended by the GoI in the past. If such tax benefits are not extended by the GoI, our net income will be less than expected.

33. Changes in technology may affect our business by making our equipment or power projects less competitive or obsolete.

Our future success will depend in part on our ability to respond to technological advances and emerging power generation industry standards and practices on a cost-effective and timely basis. Changes in technology may make newer generation power projects or equipment more competitive than ours or may require us to make additional capital expenditures to upgrade our facilities. Once we select equipment that utilizes certain technology, it may be expensive for us to change or upgrade equipment. In addition, there are other technologies that can produce electricity, most notably fuel cells, micro turbines, windmills and photovoltaic (solar) cells. If we are unable to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business, financial performance and the trading price of our Equity Shares could be adversely affected. Moreover, the technology and plant and machinery in use at our Captive Power Units are old and may become obsolete. Inefficiencies resulting from the use of obsolete technology and plant and machinery or costs incurred to replace such obsolete technology and plant and machinery may have an adverse impact on our results of operations and financial condition.

34. We may not have sufficient insurance coverage to cover all possible economic losses. The occurrence of an event for which we are not adequately or sufficiently insured could have an adverse effect on our business, results of operations, financial condition and cash flows.

Operations in our power generation business carry inherent risks of personal injury and loss of life, damage to or destruction of property, plant and equipment and damage to the environment, and are subject to risks such as fire, theft, flood, earthquakes and terrorism. We maintain insurance coverage, in amounts and for such risks, that we believe are commercially appropriate. For further details, see "***Our Business – Insurance***" on page 84. However, such insurance may not be adequate to cover all losses or liabilities that may arise from our operations, including when the loss suffered is not easily quantifiable and in the events of severe damage to our reputation. Even if we make a claim under an existing insurance policy, we may not be able to successfully assert our claim for any liability or loss under such insurance policy. Additionally, there may be various other risks and losses for which we are not insured either because such risks are uninsurable or not insurable on commercially acceptable terms.

In addition, in the future, we may not be able to maintain insurance of the types or at levels which we deem necessary or adequate or at rates which we consider reasonable. The occurrence of an event for which we are not adequately or sufficiently insured or the successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have an adverse effect on our business, reputation, results of operations, financial condition and cash flows.

35. Our success will depend on our ability to attract and retain our key personnel. If we are unable to do so, it would adversely affect our business and results of operations. Further, strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees could adversely affect our results of operations.

Our future success substantially depends on the continued service and performance of the members of our senior management team and other key personnel in our organization for project implementation, management and running of our daily operations, and the planning and execution of our business strategy.

There is intense competition for experienced senior management and other key personnel with technical and industry expertise in the power generation industry and if we lose the services of any of these or other individuals whom we consider to be key to our business and are unable to find suitable replacements in a timely manner, our ability to realize our strategic objectives could be impaired. The loss of key members of our senior management or other key team members, particularly to competitors, could have an adverse effect on our business and results of operations. Our performance also depends on our ability to attract and train highly skilled personnel. If we are unable to do so, it would adversely affect our business and results of operations. Although our standard employment contracts contain non-compete clauses, we cannot assure you that such non-compete clauses will be enforceable. We are also subject to laws and regulations governing relationships with employees in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits. Shortage of skilled personnel or work stoppages caused by disagreements with employees could have an adverse effect on our business, and results of operations.

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

36. Our business, results of operations and financial condition may be adversely affected by laws regulating contract labour.

We have entered into and may continue to enter into contracts with independent contractors to complete specified assignments and these contractors would have to source the labour necessary to complete such assignments. Although we do not engage these labourers directly, it is possible under Indian law that we may be held responsible for wage payments to labourers engaged by contractors should the contractors default on wage payments. Any requirement to fund such payments may adversely affect our business, financial condition and results of operations. Furthermore, pursuant to the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a portion of such contract labourers as our employees. Any such order from a court or any other regulatory authority may adversely affect our business and results of our operations.

37. We have entered into related-party transactions with our Promoters, Group Entities and members of our Promoter Group.

We have entered into, and may continue to enter into, related party transactions with our Promoters, Group Entities and associates. For instance, our Captive Power Units currently derive most of their revenue from two companies – BILT, one of our Promoters, and BGPPL, a Group Entity. For details, see "***History and Certain Corporate Matters – Material Agreements***", "***Management's Discussion and Analysis of Financial Condition and Results of Operations***", "***Financial Statements***" and "***-Statement of Related Party Disclosures***" on pages 106, 154, F1 and F56, respectively. While we believe that all our related party transactions have been conducted on an arm's length basis, we cannot assure you that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise. Further, we may be unable to recover liquidated damages from one or more related parties for losses that may be suffered by us either due to such related parties' performance shortfalls or their failure to fulfill obligations on a timely basis.

38. We benefit from and continue to rely on our Promoters, Group Entities and members of our Promoter Group for certain key development and support activities and our business and growth prospects may decline if we cannot benefit from our relationships with them in the future.

Our power projects may depend on the services from and credibility provided by our Promoters and our Group Entities with respect to bidding and qualifying for new projects. We may also depend on the services of Promoters and our Group Entities with respect to development and support, including identification, negotiation and conclusion of the various facilities, agreements, access and support infrastructure for our power projects. Our business and growth prospects may decline if we cannot benefit from our relationships with them in the future.

39. Certain properties, including the government-owned portion of the land on which we are constructing our Chhattisgarh Power Project and Madhya Pradesh Power Project, are not expected to be owned by us and we expect to enjoy only a leasehold right over these properties. In the event such lease agreements are terminated or we are unable to renew such agreements, our business, financial condition and results of operations could be adversely affected.

Portions of our Chhattisgarh Power Project and Madhya Pradesh Power Project are to be constructed on land that we expect will be leased to us by the GoCH and the GoMP, respectively, under long-term leases. Lease agreements with Governmental authorities typically require compliance with certain conditions, the non-compliance of which may result in termination of the lease deed. Further, the term of the lease agreements may not be co-terminus with the lifetime of the power projects. In the event that a lessor were to terminate either lease agreement or not renew such lease agreement, our business, results of operations and financial condition could be adversely affected. In addition, lease agreements for land leased for future power projects may be subject to the same risks.

In addition, for the premises on which our registered office is located we have been granted by one of our Group Entities, BBEL, a non-exclusive license pursuant to a license agreement dated January 1, 2010, for an initial term of three years to use such premises for a fee of Rs. 100 per month. If BBEL decides to terminate this license agreement or not renew it beyond the expiration of the initial term, we may suffer a disruption in our operations, which could adversely affect our business and results of operations. Additionally, we have two lease agreements dated February 4, 2008 and March 12, 2010 for our corporate office in Gurgaon, National Capital Territory of Delhi and for additional office space in Gurgaon, National Capital Territory of Delhi, respectively. If either of these leases are terminated or not renewed beyond their respective expiration dates, we may suffer a disruption in our operations, which could adversely affect our business and results of operations.

40. We may not be selected for projects we bid for in the future or those projects that we might bid on in the future, if selected, may not be finalized within the expected time frame or on expected terms.

We may submit bids for various power projects from time to time. There might be delays in the bid selection process or our bids might not be selected or, if selected, may not be finalized within the expected time frame, on the expected terms, or at all, owing to a variety of reasons that could be beyond our control, including an exercise of discretion by the government or customers and greater resources of our competitors to make a competitive bid.

Further, in selecting power producers for major projects, customers generally limit the tender to contractors they have pre-qualified based on several criteria including experience, technological capacity and performance, reputation for quality, safety record, financial strength and bonding capacity and size of previous contracts in similar projects, although the price competitiveness of the bid is the most important selection criterion. Pre-qualification is key to our winning such major projects. In order to bid for larger projects, we may need to enter into MoU's and joint venture agreements with third parties to meet capital adequacy, technical and other requirements that may be required to qualify for a bid. However, there is no assurance that we will be successful in forging an alliance with partner companies to meet such requirements.

41. We expect to depend on a few customers for a majority of our revenues and the loss of any one of our major customers or variation in revenue from these customers may adversely impact our revenue and profitability.

We expect to depend on a few customers for the sale of power generated by our power projects. Our Captive Power Units currently derive most of their revenue from two companies – BILT and BGPPL. In addition, for our Malanpur Power Plant we sell 8.5 MW of power to a captive consumer, SRF Limuted. In the future, we believe that we will derive a significant portion of our revenue for our Chhattisgarh Power Project and our Madhya Pradesh Power Project from a few major customers, primarily the state electricity boards and state power trading companies of the respective States in which these projects are being developed. Certain of these entities may have had weak credit histories and we cannot assure you that these entities will always be able to pay to us in a timely manner, or at all.

Any loss of our major customers on whom we continue to depend for a significant portion of our revenue, any failure by any of our customers to fulfill their obligations to us, any decrease in the offtake from these customers or a decrease in the price at which we sell our power to them may adversely affect our revenue, profitability and results of operations.

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

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

43. We have experienced negative cash flows from investing activities in the six months ended September 30, 2009 and in fiscal year 2009 and fiscal year 2008. Any negative cash flows from investing activities in the future could adversely affect our results of operations and financial condition.

For the six months ended September 30, 2009 and fiscal 2009 and fiscal 2008, we had a negative cash flow from investing activities of Rs. 3,007.78 million, Rs. 2,715.16 million and Rs. 628.91 million, respectively, primarily as we are continuing to expend funds on projects under implementation (i.e., Chhattisgarh Power Project and Madhya Pradesh Power Project). Any negative cash flows from investing activities in the future could adversely affect our results of operation and financial condition if cash flows from operating activities in the future are not sufficient for us to recoup our capital expenditure.

44. There are outstanding litigation against us, our Subsidiaries, our Directors, our Promoters and our Group Entities, which if determined adversely, could affect our operations.

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

Litigation against our Company

Sr. No.	Nature of the litigation	No. of outstanding litigation matters	Aggregate approximate amount involved *(in Rs. million)*
1.	Tax proceedings (including demand notice)	2	169.99
2.	Environmental proceedings	2	0.09
3.	Labour proceedings	1	-

Litigation against our Subsidiaries

Sr. No.	Name of our Subsidiary	Nature of the litigation	No. of outstanding litigation matters	Aggregate approximate amount involved *(in Rs. million)*
1.	MCPL	Entry tax	1	10.90
		VAT	1	0.70
		Civil proceedings	1	4.44

Litigation against our Directors

Sr. No.	Name of our Director	Nature of the litigation	No. of outstanding litigation matters	Aggregate approximate amount involved *(in Rs. million)*
1.	Mr. Sudhir Mohan Trehan	Criminal proceeding	1	-

Litigation against our Promoters

Sr. No.	Name of our Promoter	Nature of the litigation	No. of outstanding litigation matters	Aggregate approximate amount involved *(in Rs. million)*
1.	Crompton Greaves	Criminal proceedings	2	-
		Income tax	33	1,024.71
		Service tax	6	6.64
		Excise duty	35	115.19
		Sales tax	128	396.19
		Recovery suits	8	35.95
		Intellectual property	1	-
		Labour proceedings	77	30.90
		Civil proceedings	27	85.13
2.	BILT	Criminal proceedings	8	25.03
		Export obligation	1	805.00
		Income tax	21	161.06
		Excise and service tax	121	208.88
		Sales tax	9	43.00
		Labour proceedings	52	10.77
		Civil proceedings	4	0.76
3.	AHL	Income tax	4	0.34
		Service tax	2	2.06
		Labour proceeding	1	1
4.	BPHL	Labour proceedings	7	-

Litigation against our Group Entities

Sr. No.	Name of our Group Entity	Nature of the litigation	No. of outstanding litigation matters	Aggregate approximate amount involved *(in Rs. million, except as otherwise stated)*
1.	CG Holdings Belgium N.V.	Income tax	1	EUR 1.5 million
		Civil proceedings	1	USD 3 million
		Arbitration proceedings	1	CAD 5.3 million
		Labour proceedings	1	EUR 0.32 million
2.	CG Power Systems Belgium N.V.	Civil proceedings	3	EUR 0.8 million
		Environmental proceedings	1	EUR 0.6 million
3.	CG Power Systems Ireland	Labour proceedings	8	EUR 0.50 million
4.	CG Sales Network France	Civil proceedings	1	EUR 0.53 million
5.	CG Electric Systems, Hungary	Arbitration proceedings	1	EUR 7.70 million
		Civil proceedings	4	EUR 1.40 million
6.	CG Power Systems, Canada	Arbitration proceedings	1	CAD 5.3 million
		Civil proceedings	1	USD 2.5 million
		Environmental proceedings	1	CAD 4 million
7.	Pauwels Trafo Gent N.V.	Environmental proceedings	1	EUR 0.90 million
8.	Brook Crompton Greaves Limited	Income tax	1	1.4
		Excise tax	1	2.2
9.	CG Lucy Switchgear Limited	Income tax	2	66.8
10.	International Components India Limited	Customs and central excise	5	2.02
11.	CG PPI Adhesive Products Limited	Sales tax	4	13.15
		Labour proceedings	2	-
		Civil proceedings	1	0.21
12.	CG Actaris Electricity	Income tax	3	Not ascertainable

Sr. No.	Name of our Group Entity	Nature of the litigation	No. of outstanding litigation matters	Aggregate approximate amount involved *(in Rs. million, except as otherwise stated)*
	Management Private Limited	Civil proceedings	3	-
13.	BGPPL	Excise and service tax	67	46.83
		CENVAT and anti-dumping	13	33.23
		Sales tax	3	9.94
		Arbitration proceedings	1	52.5
		Labour proceedings	23	2.40
		Recovery suits	3	15.69
		Civil proceedings	8	177.97
14.	BILT Industrial Packaging Company Limited	Income tax	1	4.09
		Labour proceedings	6	-
		Recovery suits	3	11.11
		Civil proceedings	2	-
15.	Blue Horizon Investments Limited	Income tax	1	Not ascertanable
16.	Asia Aviation Limited	Arbitration proceedings	1	13.00
		Recovery suits	1	0.30
17.	APR Sacks Limited	Income tax	1	2.90
		Arbitration proceedings	1	1.31
		Recovery suits	1	0.96
18.	Biltech Building Elements Limited	Excise and service tax	1	Not ascertainable
		Labour proceedings	3	-
19.	Global Green Company Limited	Income tax	11	13.60
		Customs	1	58.2
		Labour proceedings	2	0.10
20.	Gyanodaya Prakashan Private Limited	Recovery suits	1	0.03
21.	Intergarden (India) Private Limited	Civil proceedings	1	120.00
22.	Intergarden NV	Civil proceedings	1	168.00
23.	Krebs & CIE	Commercial tax	1	-
		Civil proceedings	3	-
24.	Leading Line Merchant Traders Private Limited	Income tax	1	0.56
25.	Sabah Forest Industries Sendirian Berhad	Arbitration proceedings	1	Not ascertainable
		Environmental proceedings	1	-
		Labour proceedings	5	MYR 23.74
		Civil proceedings	6	MYR 313.32
26.	Toscana Lasts Limited	Income tax	5	27.89
27.	Karam Chand Thapar & Bros. Limited	Criminal proceedings	1	-
		Income tax	7	4.21
		Labour proceedings	1	-
28.	Avantha Realty Limited	Income tax	2	30.49
29.	BILT Tree Tech Limited	Criminal proceedings	1	-
		Labour proceedings	2	-
		Civil proceedings	1	-
30.	The Pioneer Limited	Income tax	1	Not ascertainable
		Labour proceedings	25	0.60
		Civil proceedings	6	1.10
31.	Salient Business Solutions Limited	Income tax	1	Not ascertainable
		Labour proceedings	2	-
32.	Venus Financial Services Limited	Income tax	1	53.38
33.	Solaris Chemtech Industries Limited	Income tax	2	3.59
		Indirect tax (excise, service, sales, customs, water cess and entry taxes)	17	249.83
		Labour proceedings	13	0.45

Sr. No.	Name of our Group Entity	Nature of the litigation	No. of outstanding litigation matters	Aggregate approximate amount involved *(in Rs. million, except as otherwise stated)*
		Civil proceedings	6	41.70
34.	T H E Paperbase Company Limited	Income tax	2	Not ascertainable
35.	Topscore Tradevariety Private Limited	Income tax	1	5.20
36.	UHL Power Company Limited	Recovery suits	2	117.85

Also, our Company, our Subsidiaries, our Promoters and Group Entities have from time to time initiated legal proceedings relating to their business and operations. For further details of outstanding litigation against us, our Subsidiaries, our Directors, our Promoters and our Group Entities, see "***Outstanding Litigation and Material Developments***" on page 182.

45. Contingent liabilities could adversely affect our financial condition.

The following table provides our contingent liabilities as on the dates indicated:

(In Rs. Million)

Particulars	As of September 30, 2009	As of March 31, 2009
Claims against the Company not acknowledged as debt	54.70	0.10
Guarantees issued by banks	858.20	235.70
Corporate Guarantees	200.00	653.30
Total	**1,112.90**	**889.10**

If any or a significant portion of these contingent liabilities materialize, it could have an adverse effect on our business, financial condition and results of operation.

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

Our revenues and results may be affected by seasonal factors. For example, inclement weather, including during monsoon season, may delay or disrupt development of our power generation projects undergoing construction at such times. Further, some of our power consumers may be engaged in businesses which are seasonal in nature and a downturn in demand for power by such consumers could reduce our revenue during such periods.

47. Some of our Group Entities have incurred losses in one or more of the three preceding fiscal years and/or have had negative net worth in the last fiscal. We rely on our Group Entities for certain key development and support activities. Our business and results of operations may be adversely affected if these Group Entities continue to incur losses or have negative net worth in the future.

Some of our Group Entities have incurred losses during one or more of their three preceding fiscal years, as set forth below:

					(in Rs. million unless otherwise stated)
			Fiscal Period	**Fiscal Period**	**Fiscal Period**
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
1.	Avantha Technologies Limited	Indian Rupees	(30.62)	(0.30)	0.52
	Company	**Currency**	**July 1, 2008 to June 30, 2009**	**April 29, 2008 to June 30, 2008**	**N/A**

					(in Rs. million unless otherwise stated)
2.	Ballarpur International Graphic Paper Holdings B.V.	Rs.	(6.08)	(0.74)	N/A
Incorporated on April 29, 2008					
	Company	**Currency**	**July 1, 2008 to June 30, 2009**	**July 1, 2007 to June 30, 2008**	**October 12, 2006 to June 30, 2007**
3.	Ballarpur International Holdings B.V.	Rs.	(202.27)	(233.49)	(96.56)
Incorporated on October 12, 2006					
	Company	**Currency**	**July 1, 2008 to June 30, 2009**	**April 7, 2008 to June 30, 2008**	**N/A**
4.	Ballarpur International Paper Holdings B.V.	Rs.	393.62	(0.54)	N/A
Incorporated on April 7, 2008					
	Company	**Currency**	**July 1, 2008 to June 30, 2009**	**July 1, 2007 to June 30, 2008**	**November 13, 2006 to June 30, 2007**
5.	Ballarpur Paper Holdings B.V.	Rs.	(149.45)	(534.25)	(64.21)
Incorporated on November 13, 2006					
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
6.	Biltech Building Elements Limited	Rs.	53.93	20.83	(4.57)
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
7.	Global Green Company Limited	Rs.	29.28	(66.01)	8.45
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
8.	Gyanodaya Prakashan Private Limited	Rs.	(48.36)	0.33	1.65
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
9.	Intergarden (India) Private Limited	Rs.	63.12	(103.29)	68.09
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**January 1, 2007 to March 31, 2007***
10.	Intergarden N.V.	EUR ' 000	(1,328.71)	18.85	30.06

					(in Rs. million unless otherwise stated)
*Fiscal period from January 1, 2006 to December 31, 2006: Rs. (1,434.32) million					
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**October 1, 2007 to March 31, 2008**	**October 1, 2006 to September 30, 2007**
11.	Leading Line Merchant Traders Private Limited	Rs.	(23.37)	(1.51)	6.19
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
12.	Lustre International Limited	USD' 000	(1.17)	1,664.29	(109.32)
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**September 5, 2007 to March 31, 2008**	**N/A**
13.	Oyster Buildwell Private Limited	Rs.	(0.04)	(0.02)	N/A
Incorporated September 5, 2007					
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
14.	Prestige Wines and Spirits Private Limited	Rs.	(0.04)	0.43	(0.48)
	Company	**Currency**	**July 1, 2008 June 30, 2009**	**July 1, 2007 to June 30, 2008**	**October 12, 2006 to June 30, 2007**
15.	Sabah Forest Industries Sdn. Bhd.	MYR' 000	(5,858.00)	45,949.00	(208,870.00)
Incorporated October 12, 2006					
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**October 10, 2006 to March 31, 2007**
16.	Sairam Infra Projects Private Limited	Rs.	(0.26)	(0.46)	(0.24)
	Company	**Currency**	**January 1, 2008 to March 31, 2009**	**January 1, 2007 to December 31, 2007**	**January 1, 2006 to December 31, 2006**
17.	Salient Business Solutions Limited	Rs.	(62.05)	(30.53)	(23.00)
	Company	**Currency**	**January 1, 2008 to March 31, 2009**	**January 18, 2007 to December 31, 2007**	**N/A**
18.	Salient Knowledge Solutions Limited	Rs.	0.99	(0.43)	N/A
Incorporated January 18, 2007					

					(in Rs. million unless otherwise stated)
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
19.	Saraswati Travels Private Limited	Rs.	(29.72)	1.33	6.41
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**September 5, 2007 to March 31, 2008**	**N/A**
20.	Seer Buildwell Private Limited	Rs.	(0.04)	(0.02)	N/A
Incorporated September 5, 2007					
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
21.	Sohna Stud Farm Private Limited	Rs.	(0.40)	2.14	1.68
	Company	**Currency**	**July 1, 2008 to March 31, 2009**	**July 1, 2007 to June 30, 2008**	**October 1, 2006 to June 30, 2007**
22.	Solaris Chemtech Industries Limited	Rs.	65.57	126.78	(211.52)
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
23.	The Pioneer Limited	Rs.	(1.07)	(7.02)	(1.15)
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
24.	Topscore Tradevariety Private Limited	Rs.	(14.93)	7.30	4.82
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
25.	Toscana Lasts Limited	Rs.	(0.20)	38.31	(21.97)
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**July 16, 2007 to March 31, 2008**	**N/A**
26.	Vanity Propbuild Private Limited	Rs.	(0.04)	(0.02)	N/A
Incorporated July 16, 2007					
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
27.	Varun Prakashan Private Limited	Rs.	(69.79)	0.44	0.79
	Company	**Currency**	**April 1, 2008 to March 31,**	**April 1, 2007 to March 31,**	**April 1, 2006 to March 31,**

(in Rs. million unless otherwise stated)					
			2009	**2008**	**2007**
28.	Venus Financial Services Limited	Rs.	(41.61)	19.10	4.39
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
29.	CG Energy Management Limited	Rs.	0.36	(1.61)	0.39
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
30.	CG Power Systems Canada Inc.	Rs.	(119.38)	386.75	58.02
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
31.	CG Service Systems Curacao NV	Rs.	8.14	1.19	(6.74)
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
32.	CG Electric Systems Hungary Zrt	Rs.	303.83	(466.42)	206.80
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
33.	CG Automation Systems UK Limited	Rs. except as otherwise indicated	4.38	(2.85)	GBP '000 55.98
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
34.	CG Automation Systems USA Inc.	Rs. except as otherwise indicated	(14.12)	3.02	USD '000 (327.76)
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
35.	Viserge Limited	Rs. except as otherwise indicated	(32.33)	21.85	EUR '000 533.85
	Company	**Currency**	**July 10, 2008 to March 31, 2009**	**N/A**	**N/A**
36.	CG Holdings Germany GmbH	Rs.	(0.05)	N/A	N/A
Incorporated July 10, 2008					

(in Rs. million unless otherwise stated)

	Company	Currency	April 1, 2008 to March 31, 2009	April 1, 2007 to March 31, 2008	April 1, 2006 to March 31, 2007
37.	International Components India Limited	Rs.	(19.71)	0.82	5.49
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
38.	Brook Crompton Greaves Limited	Rs.	18.13	(8.13)	(4.41)
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
39.	Asia Aviation Limited	Rs.	(47.88)	2.73	(1.74)
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
40.	Avantha Realty Limited	Rs.	(121.16)	(465.80)	(3.97)
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
41.	Content Services & Publishing Private Limited	Rs.	0.26	(0.70)	(0.99)
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**August 7, 2006 to March 31, 2007**
42.	GG International NV	EUR' 000	256.34	28.00	(299.61)
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**January 1, 2008 to March 31, 2008**	**April 1, 2007 to December 31, 2007****
43.	Karam Chand Thapar and Brothers Limited	Rs.	(10.66)	(4.42)	(23.46)
**Fiscal period from April 1, 2006 to March 31, 2007: Rs. 57.27 million					
	Company	**Currency**	**April 1, 2008 to March 31, 2009**	**April 1, 2007 to March 31, 2008**	**April 1, 2006 to March 31, 2007**
44.	ASA Agencies Private Limited	Rs.	(68.69)	8.80	33.16

Further, the following Group Entities have had a negative net worth in the last fiscal:

	Company	Currency	Fiscal Period	Negative Net Worth (in Rs. million)
1.	Arizona Printers & Packers Private Limited	Rs.	March 31, 2009	(53.66)

	Company	Currency	Fiscal Period	Negative Net Worth (in Rs. million)
2.	BILT Industrial Packaging Co. Limited	Rs.	March 31, 2009	(127.23)
3.	CG Actaris Electricity Management Private Limited	Rs.	March 31, 2009	(29.15)
4.	CG Holdings Hungary Kft	Rs.	March 31, 2009	(726.09)
5.	CG Power Holdings Ireland Limited	Rs.	March 31, 2009	(263.72)
6.	CG Sales Networks Americas Inc.	Rs.	March 31, 2009	(5.73)
7.	Krebs & CIE (India) Limited	Rs.	March 31, 2009	(207.68)
8.	Microsol Limited	Rs.	March 31, 2009	(10.01)
9.	Newquest Services Private Limited	Rs.	March 31, 2009	(55.40)
10.	NQC Global (Mauritius) Limited	USD '000	March 31, 2009	(5,116.09)
11.	NQC International (Mauritius) Limited	USD '000	March 31, 2009	(7,844.92)
12.	Pauwels Trafo Gent NV	Rs.	March 31, 2009	(605.57)
13.	T H E Paperbase Company Limited	Rs.	March 31, 2009	(60.21)
14.	Toscana Footwear Components Limited	Rs.	March 31, 2009	(50.97)
15.	UHL Power Company Limited	Rs.	March 31, 2009	(94.28)
16.	Ultima Hygiene Products Private Limited	Rs.	March 31, 2009	(3.00)
17.	Vani Agencies Private Limited	Rs.	March 31, 2009	(5.47)

We benefit from and continue to rely on some of our Group Entities for certain key developments and support activities. Our business and results of operations may be adversely affected if these Group Entities continue to incur losses or have negative net worth in the future.

48. We have not paid dividends in the past and may not pay dividends in the future.

Our Company has never paid dividends to its equity shareholders in the past. Whether our Company pays dividends in the future and the amount of any such dividends, if declared, will depend upon a number of factors, including our results of operations and financial condition, financing agreements that we have entered into, contractual restrictions (including the terms of some of our financing arrangements that currently restrict our ability to pay dividends) and other factors considered relevant by our Board of Directors and shareholders. Our business is capital intensive and we may plan to make additional capital expenditures to complete the power projects that we are implementing. We may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements and financing arrangements for the power projects, financial condition and results of operations. There is no assurance that our Company will declare and pay, or have the ability to declare and pay, any dividends on Equity Shares at any point in the future.

49. We have issued Equity Shares during the last one year at a price that may be below the Issue Price.

In the last one year, we have made the following issuances of Equity Shares at prices that may be lower than the Issue Price:

- 206,363,636 Equity Shares to Crompton Greaves, one of our Promoters, on November 24, 2009, at an issue price of Rs. 11.00 each;

- 203,636,363 Equity Shares to Salient Financial Solutions Limited (**"SFSL"**), one of our Promoters, on November 24, 2009, at an issue price of Rs. 11.00 each; and

- 4,772,727 Equity Shares to BPHL, one of our Promoters on November 24, 2009, at an issue price of Rs. 11.00 each.

If the Issue Price is higher than any prior issue prices, in particular the above recent issue prices, purchasers of our Equity Shares will experience an immediate dilution in net tangible book value per share from the initial public offering price per Equity Share.

50. Our management will have significant flexibility in temporarily investing the Net Proceeds of the Issue.

We intend to use the Net Proceeds of the Issue for the purposes described in "***Objects of the Issue***" on page 35. Pending utilization of the Net Proceeds of the Issue, we intend to temporarily invest such Net Proceeds of the Issue as stated under "***Objects of the Issue– Interim Use of Funds***", for which we, in accordance with the polices established by the Board and other conditions of the Monitoring Agency, will have significant flexibility. Our management may also determine that it is appropriate to revise our estimated project costs, fund requirements and deployment schedule owing to factors such as geological assessments, exchange or interest rate fluctuations, changes in design or configuration of the power project, any rehabilitation and other preoperative expenses and other external factors which may not be within the control of our management but may affect the use of Net Proceeds.

51. Our Promoters will continue to retain majority shareholding in the Company after the Issue, which will allow them to exercise significant influence over the Company. We cannot assure you that our Promoters will always act in the Company's or your best interest.

The substantial majority of the issued and outstanding Equity Shares are currently beneficially owned by our Promoters, including Mr. Gautam Thapar, BPHL, Crompton Greaves, BILT, SFSL and SICL. Upon completion of the Issue, our Promoters and Promoter Group will own [●] Equity Shares, or [●]% of our post-Issue Equity Share capital. Accordingly, our Promoters will continue to exercise significant influence over our business policies and affairs and all matters requiring shareholders' approval, including the composition of our Board of Directors, the adoption of amendments to our certificate of incorporation, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. This concentration of ownership also may delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of these shareholders. The interests of the Promoter Group as the Company's controlling shareholder could conflict with the Company's interests or the interests of its other shareholders. We cannot assure you that the Promoter Group will act to resolve any conflicts of interest in the Company's or your favor.

52. The requirements of being a listed company may strain our resources and distract management.

We are not a listed company and have not been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the listing agreements with the Stock Exchanges which requires us to file audited annual and unaudited quarterly reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as timely as other listed companies.

Further, as a listed company, we will need to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions to support the existence of effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management oversight will be required. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business, prospects, financial condition and results of operations. In addition, we may need to hire additional legal and accounting staff with appropriate listed company experience and technical accounting knowledge, but we cannot assure you that we will be able to do so in a timely manner.

EXTERNAL RISK FACTORS

Risk Related to India

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

We operate in an increasingly competitive environment. This is particularly the case because of the deregulation of the Indian power sector and increased private sector investment. The Electricity Act, 2003 (the "**Electricity Act**") removed certain licensing requirements for thermal power generation companies, provided for open access to transmission and distribution networks and also facilitated additional capacity generation through captive power projects. These reforms provide opportunities for increased private sector participation in power generation. Specifically, the open access reform enables private power generators to sell power directly to distribution companies and, ultimately to the end consumers, enhancing the financial viability of private investment in power generation. For further details on the significant reforms introduced by the Electricity Act, see "***Regulations and Policies in India-Salient features of the Electricity Act, 2003***" on page 88. As a result, we may have to compete with other Indian and international power companies operating in India. We may also compete with Central and State power utilities. Competitive bidding for power procurement further increases the competition among the power generators. Our competitors may have greater resources than we do and may be able to achieve better economies of scale, allowing them to bid at more competitive rates. We may face the pressure of decreased margins due to such competition. We cannot assure you that we will be able to compete effectively, and our failure to do so could result in an adverse effect on our business prospects, financial condition and results of operations.

54. Demand for power in India may not increase as we expect, which may materially and adversely affect our results of operations and expansion strategy.

We expect demand for power in India to increase in connection with expected increases in India's gross domestic product ("**GDP**"). However, there can be no assurance that demand for power in India will increase to the extent that we expect or at all. In the event demand for power in India does not increase as we expect due to economic slowdowns, regulatory restrictions on industrial activity or any other reasons, our results of operations and expansion strategy may be materially and adversely affected.

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

We have issued a notice to proceed dated May 1, 2009, to Bharat Heavy Electricals Limited ("**BHEL**") for the design, engineering, manufacturing and supply of BTG package and station control and instrumentation for Chhattisgarh Power Project Phase I. We have also issued a notice to proceed dated March 18, 2010, awarding the contract to BHEL for the BTG, station control and instrumentation for Madhya Pradesh Power Project Phase I. The arrangements referred to above, require our Company to make payments in foreign currency. Further, under the gas sale agreement, entered into between MCPL and GAIL dated December 31, 2008, fuel prices are determined on the basis of a foreign currency component and an Indian Rupee component. Exchange rate fluctuations may adversely affect payments due by us under the arrangements with BHEL and the fuel prices under the gas supply agreement. Any of these occurrences would adversely affect our business, results of operations and financial condition. Payments under these contracts are partially denominated in foreign currencies. Accordingly, any depreciation of the Rupee against these currencies will significantly increase the Rupee cost of our projects to us. To the extent that we are unable to recover the costs of foreign exchange variations through our tariffs, depreciation of the Rupee against foreign currencies may adversely affect our results of operations and financial condition.

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

The Indian government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by changes in the policies of the GoI, including taxation. Social, political, economic or other developments in or affecting India, acts of war and acts of terrorism could also adversely affect our business.

Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued and any significant change in the policies of the GoI in the future could affect business and economic conditions in India in general and could also affect our business and industry in particular. In addition, any political instability in India or geopolitical stability affecting India will adversely affect the Indian economy and the Indian securities markets in general, which could also affect the trading price of our Equity Shares.

57. As the domestic Indian market will constitute our only source of revenue, the downturn in the rate of economic growth in India due to the unprecedented and challenging global market and economic conditions during 2007 to 2009, or any other future economic downturn could be detrimental to our results of operations.

We will be entering into long-term PPAs pursuant to which our customers will agree to purchase or acquire the right to purchase power to be generated from our completed commercial power plants. In addition, we intend to enter into short-term PPAs for the sale of the balance of power from our power projects with other state electricity boards, state-owned utility companies and licensed power traders. Since we will be selling in India 100% of the power that we will generate, the performance and growth of our business are necessarily dependent on the health of the overall Indian economy. Any downturn in the rate of economic growth in India, whether due to political instability or any other reason, economic slowdown or liquidity crisis elsewhere in the world or otherwise, may have a material adverse effect on demand for the power we produce.

The Indian economy was adversely affected by the unprecedented and challenging global market and economic conditions during 2007 to 2009, which caused and may continue to cause a downturn in the rate of economic growth in India. The current economic slowdown has had and could continue to have, and any future slowdown in the Indian economy could have, a material adverse effect on our financial condition and results of operations.

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

The Indian financial market and the Indian economy are influenced by global economic and market conditions. Financial turmoil in Asia, the United States of America, Europe 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 markets may increase volatility in Indian financial markets and, indirectly, in the Indian economy in general.

59. The extent and reliability of Indian infrastructure could adversely affect our results of operations and financial condition.

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

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

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 implementation or planning and hence could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. The limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

61. Terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets, result in a loss of customer confidence and adversely affect our business, results of operations, financial condition and cash flows.

Certain events that are beyond our control, including terrorist attacks and other acts of violence or war, which may adversely affect worldwide financial markets and potentially lead to economic recession, could adversely affect our business, results of operations, financial condition and cash flows. Additionally, any of these events could lower confidence in India's economy. Southern Asia has, from time to time, experienced instances of civil unrest and political tensions and hostilities among neighbouring countries. Political tensions could create a perception that there is a risk of disruption of operations, which could have an adverse effect on the market for our services.

Further, diplomatic relations between the Government of India (the "**GoI**") and neighbouring countries have suffered following the terrorist attacks in India in recent years. Any further tension or deterioration of relations might result in investor concern about stability in the region, which could materially and adversely affect the price of the Equity Shares.

62. Natural calamities could have a negative effect on the Indian economy and adversely affect our business and the price of our Equity Shares.

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

63. An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could adversely affect our business.

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concern, such as swine influenza, could have a negative impact on the global economy, financial markets and business activities worldwide, which could adversely affect our business. Although, we have not been adversely affected by such outbreaks in the past, we can give you no assurance that a future outbreak of an infectious disease or any other serious public health concern will not have a material adverse effect on our business.

64. Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our business.

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely affect our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could harm our business and financial performance, ability to obtain financing for capital expenditures and the price of our Equity Shares.

65. Our failure to successfully adopt IFRS effective April 2011 could have a material adverse effect on the price of our Equity Shares.

The Institute of Chartered Accountants of India, the accounting body that regulates the accounting firms in India, has announced a road map for the adoption of, and convergence with, IFRS. Ministry of Corporate Affairs, GoI through a press release on January 22, 2010 has prescribed a roadmap for convergence of Indian Accounting Standards with IFRS. As per the press release there will be two separate sets of Accounting Standards. The first set would comprise of Accounting Standards which are converged with IFRS which shall be applicable to a specified class of companies. The second set would comprise of existing Indian accounting standards which will be applicable to all other companies. We have not determined with any degree of certainty the impact that such adoption will have on our financial reporting. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholder's equity will not appear materially worse under IFRS than under Indian GAAP. As we transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems and internal controls. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IFRS could have a material adverse effect on the price of our Equity Shares.

66. Our business and activities will be regulated by the Competition Act, 2002 (the "Competition Act") and any application of the Competition Act to use could have a material adverse effect on our business, financial condition and results of operations.

The Indian Parliament has enacted the Competition Act for the purpose of preventing business practices that have an appreciable adverse effect on competition in India under the auspices of the Competition Commission of India, which (other than for certain provisions relating to the regulation of combinations) has recently become effective. Under the Competition Act, any arrangement, understanding or action in concert between enterprises, whether or not formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and attracts substantial monetary penalties. Any agreement which directly or indirectly determines purchase or sale prices, limits or controls production, shares the market by way of geographical area or market or number of customers in the market is presumed to have an appreciable adverse effect on competition. The effect of the Competition Act and the Competition Commission of India on the business environment in India is as yet unclear. Any application of the Competition Act to us may be unfavorable and may have a material adverse effect on our business, financial condition and results of operations.

Risk Related to this Issue and Investment in our Equity Shares

67. Government regulation of foreign ownership of Indian securities may have an adverse effect on the price of the Equity Shares.

Foreign ownership of Indian securities is subject to regulation by the GoI. Under foreign exchange regulations currently in effect in India, the RBI must approve the sale of the Equity Shares from a non-resident of India to a resident of India if the sale does not meet the requirements of the circular of the RBI dated October 4, 2004. The RBI must approve the conversion of the Rupee proceeds from any such sale into foreign currency and repatriation of that foreign currency from India unless the sale is made on a recognized stock exchange in India through a stock broker at the market price. As provided in the foreign exchange controls currently in effect in India, the RBI will approve the price at which the Equity Shares are transferred based on a specified formula, and a higher price per share may not be permitted. The approval from the RBI or any other government agency may not be obtained on terms favorable to a non-resident investor in a timely manner or at all. Because of possible delays in obtaining requisite approvals, investors in the Equity Shares may be prevented from realizing gains during periods of price increases or limiting losses during periods of price declines.

68. 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.

Subsequent to listing, we will be subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India which does not allow transactions beyond certain volatility 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 breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges are not required to inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

69. There is no guarantee that the Equity Shares will be listed on the Stock Exchanges in a timely manner or at all, and any trading closures at either of the Stock Exchanges may adversely affect the trading price of our Equity Shares.

Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry, or "demat", accounts with depository participants in India are to be credited pursuant to the approval of basis of allotment by the Designated Stock Exchange. Thereafter, upon receipt of final approval from the Stock Exchanges, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. We cannot assure you that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity

Shares will commence, within the time periods specified above. Any delay in obtaining the approvals would restrict your ability to dispose of your Equity Shares.

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

70. There is no existing market for the Equity Shares, the Issue Price of our Equity Shares may not bear any relationship to the market price of our Equity Shares after the Issue and the price of the Equity Shares may be volatile and fluctuate significantly in response to various factors.

Prior to this Issue, there has been no public market for our Equity Shares, and an active trading market on the Indian Stock Exchanges may not develop or be sustained after the Issue. The Issue Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Issue. The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, volatility in the Indian and global securities markets, the performance of the Indian and global economy, significant developments in India's fiscal regime and other factors. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue.

71. Future sales of Equity Shares by our Promoters and other significant shareholders may adversely affect the market price of our Equity Shares.

After the completion of the Issue, our Promoters and Promoter Group will own, directly and indirectly, approximately [●]% of our outstanding Equity Shares. Subject to certain lock-in restrictions under the ICDR Regulations, our Promoters may sell the Equity Shares that they own. Sales of a large number of our Equity Shares by our Promoters or other shareholders, 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.

72. Future issuances of Equity Shares would dilute your holdings.

Any future issuances of Equity Shares by us, including through a follow-on public offering or through a preferential allotment or issuances of stock options under the ESOP 2010, or any perception by investors that such issuances or sales might occur may lead to the dilution of investor shareholding in our Company or affect the trading price of the Equity Shares and could affect our ability to raise capital through an offering of our securities.

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

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

Prominent Notes:

1. Investors may contact any of the BRLMs who have submitted the due diligence certificate to the SEBI, for any complaint pertaining to the Issue.

2. The net worth of our Company as at September 30, 2009 was Rs. 4,510.33 million and Rs. 4,510.56 million, based on the restated consolidated and standalone financial statements respectively, under Indian GAAP included in this Draft Red Herring Prospectus.

3. The net asset value per Equity Share of Rs. 10 each, as at September 30, 2009 was Rs. 10.97 and Rs. 10.98, based on our restated consolidated and standalone financial statements respectively under Indian GAAP included in this Draft Red Herring Prospectus.

4. The average cost of acquisition of Equity Shares by our Promoters is as follows:

S.No.	Name of our Promoter*	Average cost of acquisition (in Rs.)
1.	Mr. Gautam Thapar	11.00
2.	Crompton Greaves Limited	11.00
3.	Ballarpur Industries Limited	8.93
4.	BILT Paper Holdings Limited	9.37
5.	Solaris Industrial Chemicals Limited	10.00
6.	Salient Financial Solutions Limited	11.00

**AHL does not hold any Equity Shares*

5. Our Company was incorporated as 'BILT Power Limited' on July 20, 2005 under the Companies Act. Pursuant to a Scheme of Demerger entered into between our Company and BILT and Janpath Investments and Holdings Limited dated April 1, 2006 and approved by the High Court of Delhi by an order dated May 25, 2006 and the Mumbai High Court (Nagpur Bench) by an order dated April 25, 2006, the power and real estate division of BILT were demerged and transferred to and vested in our Company and Janpath Investments and Holdings Limited, respectively. Subsequently, on April 2, 2008, the name of our Company was changed to 'Avantha Power & Infrastructure Limited'. The main objects clause of our MoA was amended consequent to the change in the name of our Company to Avantha Power & Infrastructure Limited. For details see "***History and Certain Corporate Matters***" on page 101.

6. Our Company has entered into certain related party transactions for an aggregate amount as shown in the table below for the six month period ended September 30, 2009 and for the year ended March 31, 2009 respectively, based on our restated consolidated and unconsolidated financial statements included in this Draft Red Herring Prospectus. For further information, see ***—Restated Consolidated Financial Information — Statement of Related Party Disclosures"*** and ***—Restated Unconsolidated Financial Information— Statement of Related Party Disclosures***" on pages F56 and F28 respectively.

(in Rs. million)

Particulars	For the six months period ended September 30, 2009	For the year ended March 31, 2009
Sale of power and steam	1,660.21	2,886.75
Purchase of goods and services	85.36	112.88
Commission on purchase	0.89	3.65
Royalty payment	4.77	-
Purchase of investment	-	0.68
Loans / advances given	2,025.95	892.35
Inter corporate deposit given	94.60	-
Remuneration paid/payable to key management personnel	9.53	17.37
Inter corporate deposit outstanding	94.60	-
Loans and advances receivables	2,996.92	970.97
Amount Oustanding (Net)	**326.54**	**418.48**

7. There has been no financing arrangement whereby the Promoter Group, the directors of our Promoters, the Directors of our Company and their relatives have financed the purchase, by any other person, of

securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus with SEBI.

8. Except as disclosed in "***Financial Statements – Statement of Related Party Disclosures***" and "***Our Promoter and Group Entities***" and "***Capital Structure***" on pages F56, 130 and 23, respectively, none of our Group Entities have any business or other interest, other than to the extent of Equity Shares held by them and to the extent of the benefits arising out of such shareholding.

SECTION III - INTRODUCTION

SUMMARY OF INDUSTRY

Overview of the Indian Economy

India, with a population of over 1.15 billion people, had a GDP of approximately Rs.33,393.75 billion in 2008, according to the Reserve Bank of India's Handbook of Statistics on the Indian Economy 2008-2009, dated September 15, 2009. This makes it the fifth largest economy in the world, on a PPP basis, after the European Union, the United States, China and Japan, according to the CIA World Factbook.

The following table presents a comparison of India's real GDP growth rate with the real GDP growth rate of certain other countries (in percentages).

Countries	2004	2005	2006	2007	2008	2009 (Estimated)	2010 (Estimated)
Australia	3.8	2.8	2.8	4.0	2.4	0.7	2.0
Brazil	5.7	3.2	4.0	5.7	5.1	(0.7)	3.5
China	10.1	10.4	11.6	13.0	9.0	8.5	9.0
India	**7.9**	**9.2**	**9.8**	**9.4**	**7.3**	**5.4**	**6.4**
Japan	2.7	1.9	2.0	2.3	(0.7)	(5.4)	1.7
Korea South	4.6	4.0	5.2	5.1	2.2	(1.0)	3.6
Malaysia	6.8	5.3	5.8	6.2	4.6	(3.6)	2.5
Russia	7.2	6.4	7.7	8.1	5.6	(7.5)	1.5
Thailand	6.3	4.6	5.2	4.9	2.6	(3.5)	3.7
UK	3.0	2.2	2.9	2.6	0.7	(4.4)	0.9
USA	3.6	3.1	3.7	2.1	0.4	(2.7)	1.5

Source: IMF World Economic Outlook, October 2009, available at https://www.imf.org/external/pubs/ft/weo/2009/02/pdf/text.pdf

According to the RBI's Macroeconomic and Monetary Developments Second Quarter Review 2009-10, dated October 26, 2009, India is one of the fastest growing large economies in the world with a GDP growth of 6.7% in fiscal 2009, 6.1% in the first quarter of fiscal 2010 and an expected growth in GDP of 6.0% in fiscal 2010. The decrease in growth is mainly due to the global economic contraction and deterioration in the global financial markets. According to the estimates released in May 2009 by the Central Statistical Organisation ("**CSO**"), India's GDP during the fourth quarter of 2008-2009 grew at a rate of 5.8% compared to 8.6% in the corresponding quarter in the preceding year.

India follows a system of successive five-year plans that establish targets for economic development in various sectors, including the power sector. According to the Planning Commission of India, the 11th five year plan (2007-08 to 2011-12) aims at a sustainable GDP growth rate of 9.0%. The power sector has been recognized by the GoI as a key infrastructure sector to sustain the growth of the Indian economy. As per the projections of investment in infrastructure during the 11th Plan, which are listed in the table below, the power sector is expected to attract 30.4% of the total $581.68 billion projected investment in infrastructure during the 11th Plan.

(Rs. crore at 2006-2007 prices)

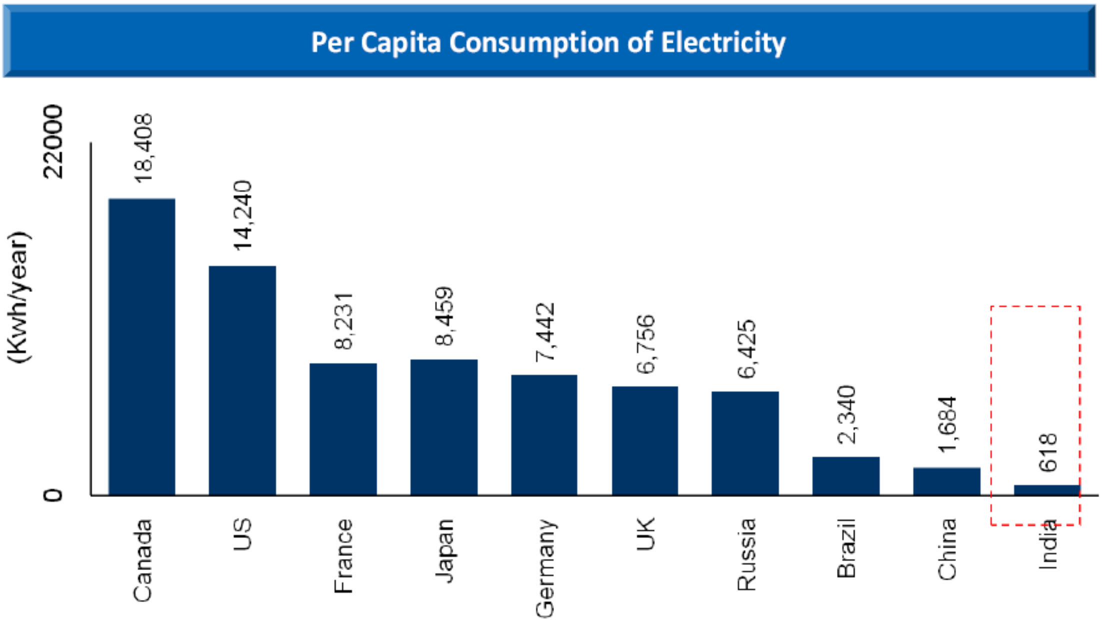
Sectors	Rs. Crore(1)	$ billion(2)	Sectoral shares (%)
Electricity (incl. NCE)	7,25,325	176.91	30.4
Roads	3,66,843	89.47	15.4
Telecom	3,14,118	76.61	13.2
Railways (incl. MRTS)	3,03,530	74.03	12.7
Irrigation (incl. Watershed)	2,62,508	64.03	11.0
Water Supply and Sanitation	2,34,268	57.14	9.8
Ports	86,989	21.22	3.6
Airports	40,880	9.97	1.7
Storage	26,327	6.42	1.1
Gas	24,118	5.88	1.0
Total	**23,84,905**	**581.68**	**100.0**

(1) 1 crore = 10 million
(2) Exchange rate of Rs. 41.00 per US$1.00

Source: "Projections of Investment in Infrastructure during the Eleventh Plan" available at infrastructure.gov.in/pdf/Inv_Projection.pdf

Overview of Indian Power Industry

The low per capita consumption of electric power in India compared to the world average presents a significant potential for sustainable growth in the demand for electric power in India. According to the 17th Electric Power Survey, May 2007 India's peak demand is expected to grow at a CAGR of 7.6% over a period of 10 years and would require a generating capacity of 300,000 MW by 2017 to cater to demand. According to the CEA Power Scenario at a Glance, dated January 2010 (the "**CEA January 2010 Report**"), as on December 31, 2009, India had an installed capacity of 156,092.23 MW. The following chart illustrates India's low per capita consumption of electricity compared to other countries.



Source: World Energy Outlook, 2006; Human Development Report 2007-08; China Electricity Council, China Power Year Book, Government of India, Ministry of Statistics & Programme Implementation

India has historically had energy shortages, which have been increasing over the years. Energy deficits averaged 8.9% and the peak power deficit averaged 12.8% between fiscal year 2003 and fiscal year 2009. According to the CEA January 2010 Report, the total energy deficit and peak power deficit from April 2009 to December 2009 was approximately 9.8% and 12.6% respectively.

The shortages in energy and peak power have been primarily due to the slow pace of capacity addition. During the 10th plan period (Fiscal 2002 to Fiscal 2007), capacity addition achieved compared to target capacity addition was 51.5%. During the 11th plan period (Fiscal 2008 to Fiscal 2012), capacity addition achieved was 9,263.0 MW or 56.7% of the target capacity addition of 16,335.2 MW in Fiscal 2008, while in Fiscal 2009, capacity addition achieved was 3,453.7 MW, or 31.2% of the target capacity addition of 11,061.2 MW.

The GoI has recognized the power sector as a key infrastructure sector to be developed to sustain Indian economic growth and has taken various steps to reform the power sector to attract private participation, increase competition and reduce aggregate technical and commercial losses ("**AT&C**").

SUMMARY OF OUR BUSINESS

*The following information is qualified in its entirety, and should be read together with, the more detailed financial and other information included in this Draft Red Herring Prospectus, including the information contained in "**Risk Factors**" on page xv.*

In this section, a reference to the "Company" means Avantha Power and Infrastructure Limited. Unless the context otherwise requires, references to "we", "us", or "our" refers to Avantha Power and Infrastructure Limited and its Subsidiaries, on a consolidated basis.

Overview

We are an established power generation company with 191 MW of operational thermal power capacity, 2,400 MW of generating capacity under various stages of implementation and 1,320 MW of generating capacity under planning spread across India. Once all of our projects under implementation and development have achieved commercial operation, we expect to have total installed capacity of 3,911 MW. 165 MW of our operational thermal power capacity is primarily captive in nature, with four wholly-owned power plants located in Ballarpur (Maharashtra), Bhigwan (Maharashtra), Yamuna Nagar (Haryana) and Sewa (Orissa). 26.19 MW of our operational gas power capacity is generated by our gas-fired Malanpur Power Plant (Madhya Pradesh) with two of its three engines operating as a captive power producer and the remaining engine operating as an independent power producer. Our four wholly-owned Captive Power Units primarily supply power and steam to BILT, one of our Promoters, and BGPPL, a Group Entity, and they also sell surplus power on a merchant basis. Power from our 59% owned Malanpur Power Plant is primarily supplied to SRF Limited, which is not part of the Avantha Group, and surplus power is sold on a merchant basis. Our two thermal power projects in Raigarh (Chhattisgarh) and Seoni (Madhya Pradesh) are under various stages of implementation and one thermal power project in Gujarat is under planning. We sell and intend to sell the power generated from our operational, under implementation and under planning projects through PPAs of various durations and also on a merchant basis.

In April 2006, we acquired four power projects of BILT through the Scheme of Demerger. Through this process, we inherited from BILT 95 MW of co-generation capacity and more than 25 years of experience in operating and maintaining co-generation power plants. Since then, we have expanded the captive power generation capacity in these four wholly-owned power plants to 165 MW and we are the captive power and steam supplier to BILT, BGPPL and BBEL. For further details, see "***History and Certain Corporate Matters***" on page 101. Pursuant to a share purchase agreement dated March 1, 2010, we acquired from Crompton Greaves, one of our Promoters, a 59% stake in MCPL for an aggregate consideration of Rs. 514 million. MCPL owns and operates the Malanpur Power Plant with installed capacity of 26.19 MW, primarily servicing captive consumer, SRF Limited and sells surplus power on merchant basis.

We are part of the Avantha Group, a well-known Indian conglomerate promoted by Mr. Gautam Thapar. The Avantha Group operates in diversified sectors including power transmission and distribution equipment, pulp and paper, food processing, farm forestry and chemicals and operates in over 10 countries.

For fiscal 2009, we generated revenues and profit before taxes of Rs. 3,276.44 million and Rs. 162.70 million, respectively. For the six month period ended September 30, 2009, we generated revenues and profit before taxes of Rs. 1,915.50 million and Rs. 69.42 million, respectively.

Our Power Projects

We classify our projects as operational, under implementation and under planning. Currently, we have four coal based captive power and steam power plants and one gas fired power plant that are operational, two thermal power projects under various stages of implementation and one thermal power project under planning. Brief details of these power projects are set forth below. For further details in relation to our power projects mentioned below, see "***Our Business – Our Power Generation Business***" on page 73.

- *Operational Power Plants* – the details of our four wholly-owned captive power plants and one 59% owned gas fired power plant are as follows:

Unit	Location	Capacity	Product	Captive Consumers
Ballarpur	Ballarpur,	67.50 MW	Power and steam	BGPPL

Unit	Location	Capacity	Product	Captive Consumers
	Chandrapur district, Maharashtra			
Bhigwan	Bhigwan, Pune district, Maharashtra	60.00 MW	Power and steam	BGPPL and BBEL
Yamuna Nagar	Shreegopal, Yamuna Nagar district, Haryana	24.50 MW	Power and steam	BILT
Sewa	Sewa, Jeypore district, Orissa	13.00 MW	Power and steam	BILT
Malanpur	Malanpur Industrial Area, Bhind district, Madhya Pradesh	26.19 MW	Power	SRF Limited for the two captive power producing engines

We have entered into a long term PPA for sale of power and steam with our Promoter, BILT, and a Group Entity, BGPPL, for the off-take of the output of these four wholly-owned plants. We have also entered into a PPA with BBEL, one of our Group Entities, for sale of electricity and steam, subject to availability, from our Bhigwan Unit. For fiscal 2009, our four wholly-owned Captive Power Units generated revenue from the sale of power and steam of Rs. 3,266.81 million and for the six months ended September 30, 2009, these four wholly-owned Captive Power Units generated revenue from the sale of power and steam of Rs. 1,907.33 million.

- *Power Plants Under Implementation* – the Chhattisgarh Power Project and the Madhya Pradesh Power Project.

The Chhattisgarh Power Project is expected to have a total capacity of 1,200 MW, and is being implemented in two phases of 600 MW each at Raigarh, Chhattisgarh.

(a) Chhattisgarh Power Project Phase I will be for a unit of 600 MW in Raigarh, Chhattisgarh. We have entered into a MoU with the GoCH and Chhattisgarh State Electricity Board ("**CSEB**") and an implementation agreement with the GoCH and CSEB for this project. For Chhattisgarh Power Project Phase I, we have received LoAs from SECL, which allows us to enter into a long term fuel supply agreement with SECL within three months of fulfilling certain conditions precedent, as long as these conditions precedent are fulfilled within the 24-months term of the LoA. We have achieved debt financial closure on June 24, 2009 by way of a Rupee term loan of Rs. 21,500 million. As of January 31, 2010, we have deployed Rs. 2,295.99 million of the estimated total project cost of Rs. 28,720 million for the implementation of this project. We currently expect Chhattisgarh Power Project Phase I will be commissioned by the second quarter of fiscal 2013.

(b) Chhattisgarh Power Project Phase II will be for an additional unit of 600 MW in Raigarh, Chhattisgarh, at the same site as Chhattisgarh Power Project Phase I. We have entered into a MoU for Chhattisgarh Power Project Phase II with the GoCH and Chhattisgarh State Power Holding Company Limited ("**CSPHCL**"). As of January 31, 2010, we have deployed Rs. 44.45 million of the estimated total project cost of Rs. 29,030 million. We have received an underwritten commitment for debt financing of Rs. 21,750 million for Chhattisgarh Power Project Phase II from Axis Bank Limited. We currently expect that Chhattisgarh Power Project Phase II will be commissioned by the second quarter of fiscal 2014.

The Madhya Pradesh Power Project is expected to have a capacity of 1,200 MW, which is being implemented into two phases of 600 MW each at Seoni, Madhya Pradesh.

(a) Madhya Pradesh Power Project Phase I will be for a unit of 600 MW in Seoni, Madhya Pradesh. We have entered into a MoU with the GoMP and an implementation agreement with the GoMP for this project and amendments thereon to change the location of this project to Seoni district from the Jhabua district. For this Madhya Pradesh Power Project Phase I, we have received LoAs from SECL and MCL, which allows us to enter into a long term fuel supply agreement with SECL and MCL within three months of fulfilling certain conditions precedent, as long as these conditions precedent are fulfilled within the 24-months term of the LoA, and we are also in the process of amending these LoAs to change the location. We have also achieved debt financial closure for the Madhya Pradesh Power Project Phase I on December 30, 2009, by way of a Rupee term loan of Rs. 21,800 million. As of January 31, 2010, we have deployed Rs. 578.51 million of the estimated total project cost of Rs. 29,100 million for the implementation of this project. We currently expect that Madhya Pradesh Project Phase I will be commissioned by the fourth quarter of fiscal 2013.

(b) Madhya Pradesh Power Project Phase II will be for an additional unit of 600 MW in Seoni, Madhya Pradesh, at the same site as Madhya Pradesh Power Project Phase I. We have entered into amendments to the MoU and implementation agreement entered for Madhya Pradesh Power Project Phase I to expand the capacity by this 600 MW for a total project capacity of 1,200 MW. As of January 31, 2010, we have deployed Rs. 31.95 million of the estimated total project cost of Rs. 29,240 million. We have received an underwritten commitment for debt financing of Rs. 21,910 million for Madhya Pradesh Power Project Phase II from Axis Bank Limited. We currently expect that Madhya Pradesh Project Phase II will be commissioned by the fourth quarter of fiscal 2014.

- *Planned Power Projects* – the Gujarat Power Project is expected to have two units of 660 MW each, with combined capacity of 1,320 MW in Gujarat. A MoU with the Government of Gujarat was executed in January 2009 for a power project with capacity of 1,200 MW. We are in the process of amending this MoU with the Government of Gujarat to 1,320 MW. We currently expect that both 660 MW units will be commissioned by the fourth quarter of fiscal 2016. We have already identified the land for the Gujarat Power Project and have applied to the Government of Gujarat for approval to acquire this land.

Our Competitive Strengths

- Ability to leverage our relationship with the Avantha Group.
- Experience in operating and expanding the capacity of power plants.
- Significant milestones achieved by our power projects in Madhya Pradesh and Chhattisgarh.
- Experienced management team with a track record of project execution.
- Locational advantages enjoyed by our power projects.

Our Strategy

- Capitalizing on the growth of the Indian power generation sector, particularly the deficit in the western grid.
- Expanding and diversifying our portfolio of power generation assets.
- Leveraging our management's and Avantha Group's project execution and operating skills and experience in building and managing power plants to develop our power generation business.
- Ensuring fuel security.
- Engaging in an optimal mix of long-term and short-term off-take arrangements.
- Recruiting and training employees to ensure future supply of high quality personnel.

SUMMARY OF FINANCIAL INFORMATION

*The following tables set forth summary financial information derived from our restated unconsolidated as on and for the years ended March 31, 2007, 2008 and 2009 and for the six months ended September 30, 2009 and our restated consolidated financial statements financial statements for the years ended March 31, 2008 and 2009 and for the six months ended September 30, 2009. These financial statements have been prepared in accordance with the Indian GAAP, the Companies Act and the ICDR Regulations and presented under "**Financial Statements**" on page F1 of this Draft Red Herring Prospectus. The summary financial information presented below should be read in conjunction with our restated standalone and consolidated financial statements, the notes thereto and "**Financial Statements**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages F1 and 154 of this Draft Red Herring Prospectus, respectively.*

RESTATED UNCONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(Rs. in million)

	Particulars	As at Sep. 30, 2009	As at March 31,			As at June 30, 2006
			2009	2008	2007	
A	**FIXED ASSETS**					
	Gross Block	6,149.53	2,544.45	2,436.89	2,387.45	2,350.00
	Less : Accumulated Depreciation / Amortisation	481.18	378.12	249.50	124.18	29.82
	Net Block	5,668.35	2,166.33	2,187.39	2,263.27	2,320.18
	Capital Work-in-Progress (including Capital Advances)	37.94	2,392.59	479.05	22.78	2.71
	Total	**5,706.29**	**4,558.92**	**2,666.44**	**2,286.05**	**2,322.89**
B	**INVESTMENTS**	**29.30**	**69.29**	**48.59**	**-**	**-**
C	**CURRENT ASSETS, LOANS & ADVANCES**					
	Inventories	287.86	321.15	196.44	165.25	130.27
	Sundry Debtors	369.77	445.67	240.48	194.80	45.34
	Cash and Bank Balances	103.88	65.82	2.72	5.33	266.97
	Loans & Advances	3,551.81	1,305.79	351.94	99.60	133.74
	Total	**4,313.32**	**2,138.43**	**791.58**	**464.98**	**576.32**
	TOTAL ASSETS (A+B+C)	**10,048.91**	**6,766.64**	**3,506.61**	**2,751.03**	**2,899.21**
D	**LIABILITIES & PROVISIONS**					
	Deferred Tax Liability	80.45	55.94	30.80	19.34	5.03
	LOAN FUNDS					
	Secured Loans	4,257.82	3,289.93	2,164.97	1,650.00	1,650.00
	Unsecured Loans	50.00	50.00	-	-	-
	CURRENT LIABILITIES & PROVISIONS					
	Current Liabilities	1,038.96	698.20	357.13	262.64	470.04
	Provisions	111.12	97.80	84.68	51.98	41.21
	TOTAL	**5,538.35**	**4,191.87**	**2,637.58**	**1,983.96**	**2,166.28**

E	**Net worth (A+B+C-D)**	**4,510.56**	**2,574.77**	**869.03**	**767.07**	**732.93**
	Represented By:					
	Share Capital					
	- Equity Share Capital	2,380.26	2,380.26	700.00	700.00	700.00
	- Share Application Money Pending allotment	1,902.50	-	-	-	-
	Reserves & Surplus					
	- Securities Premium Account	10.16	10.16	-	-	-
	- Profit & Loss A/c	217.64	184.35	169.03	67.07	32.93
	TOTAL	**4,510.56**	**2,574.77**	**869.03**	**767.07**	**732.93**

RESTATED UNCONSOLIDATED STATEMENT OF PROFITS & LOSSES

(Rs. in million)

	Particulars	For six month period ended Sep. 30, 2009	For year ended March 31, 2009	For year ended March 31, 2008	For Nine month period ended March 31, 2007	For the period July 20, 2005 to June 30, 2006
A	**INCOME**					
	Sales	1,907.33	3,266.81	2,765.67	1,889.92	572.55
	Other Income	8.17	9.63	20.26	21.78	5.17
	Total	**1,915.50**	**3,276.44**	**2,785.93**	**1,911.70**	**577.72**
B	**EXPENDITURE**					
	Generation Costs	1,477.41	2,617.33	2,113.00	1,467.02	468.33
	Personnel Costs	70.79	111.95	127.36	114.99	19.12
	Administration & General Costs	40.74	70.00	97.11	60.10	9.49
	Interest and Finance Costs (Net)	153.89	186.36	175.92	113.82	1.03
	Depreciation / Amortisation	103.06	127.96	125.32	94.36	29.82
	Total	**1,845.89**	**3,113.60**	**2,638.71**	**1,850.29**	**527.79**
C	**Profit /(Loss) before Tax**	**69.61**	**162.84**	**147.22**	**61.41**	**49.93**
D	**Provision for Tax**					
	- Current Tax / Mat (Including Fringe Benefit Tax)	11.81	38.38	33.80	12.96	11.97
	- Deferred Tax	24.51	25.14	11.46	14.31	5.03
E	**Net Profit /(Loss) after Tax and before extraordinary items**	33.29	99.32	101.96	34.14	32.93
F	**Extraordinary items**	-	-	-	-	-
	Net Profit /(Loss) after Tax and extraordinary items	33.29	99.32	101.96	34.14	32.93
G	**Balance brought forward from previous Year**	184.35	169.03	67.07	32.93	-
H	Less: Transfer to Reserve	-	84.00	-	-	-
	Balance carried to Balance Sheet	217.64	184.35	169.03	67.07	32.93

RESTATED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(Rs. in million)

	Particulars	As at Sep. 30, 2009	As at March 31,	
			2009	2008
A	**FIXED ASSETS**			
	Gross Block	6,681.66	2,777.32	2,437.55
	Less : Accumulated Depreciation / Amortisation	483.00	378.91	249.53
	Net Block	6,198.66	2,398.41	2,188.02
	Capital Work-in-Progress (including Capital Advances)	1,967.38	2,892.14	520.99
	Total	**8,166.04**	**5,290.55**	**2,709.01**
B	**INVESTMENTS**	**20.06**	**60.05**	**40.03**
C	**CURRENT ASSETS, LOANS & ADVANCES**			
	Inventories	287.86	321.15	196.44
	Sundry Debtors	369.77	445.67	240.48
	Cash and Bank Balances	118.80	107.21	8.85
	Loans & Advances	1,282.39	922.43	396.97
	Total	**2,058.82**	**1,796.46**	**842.74**
	TOTAL ASSETS (A+B+C)	**10,244.92**	**7,147.06**	**3,591.78**
D	**MINORITY INTEREST**	1.94	1.94	1.76
E	**LIABILITIES & PROVISIONS**			
	Deferred Tax Liability	80.45	55.94	30.80
	LOAN FUNDS			
	Secured Loans	4,257.82	3,289.93	2,164.97
	Unsecured Loans	190.46	253.09	83.00
	CURRENT LIABILITIES & PROVISIONS			
	Current Liabilities	1,091.73	872.88	357.13
	Provisions	112.19	98.55	84.87
	TOTAL	**5,732.65**	**4,570.39**	**2,720.77**
F	**Net worth (A+B+C-D-E)**	**4,510.33**	**2,574.73**	**869.25**
	Represented By:			
	Share Capital			
	- Equity Share Capital	2,380.26	2,380.26	700.00
	-Share Application Money Pending Allotment	1,902.50	-	-
	Reserves & Surplus			
	- Securities Premium Account	10.16	10.16	-
	- Profit & Loss A/c	217.41	184.31	169.13

	- Capital Reserve on Consolidation	-	-	0.12
	TOTAL	**4,510.33**	**2,574.73**	**869.25**

RESTATED CONSOLIDATED STATEMENT OF PROFITS & LOSSES

(Rs. in million)

	Particulars	For six month period ended Sep. 30, 2009	For year ended	
			March 31, 2009	March 31, 2008
A	**INCOME**			
	Sales	1,907.33	3,266.81	2,765.67
	Other Income	8.17	9.63	20.39
	Total	**1,915.50**	**3,276.44**	**2,786.06**
B	**EXPENDITURE**			
	Generation Costs	1,477.41	2,617.33	2,113.00
	Personnel Costs	70.79	111.95	127.36
	Administration & General Costs	40.93	70.14	97.14
	Interest and Finance Costs (Net)	153.89	186.36	175.92
	Depreciation / Amortisation	103.06	127.96	125.32
	Total	**1,846.08**	**3,113.74**	**2,638.74**
C	**Profit /(Loss) before Tax**	**69.42**	**162.70**	**147.32**
D	**Provision for Tax**			
	- Current Tax / Mat (Including Fringe Benefit Tax)	11.81	38.38	33.80
	- Deferred Tax	24.51	25.14	11.46
E	**Net Profit /(Loss) after Tax and before extraordinary items**	33.10	99.18	102.06
	Extraordinary items	-	-	-
F	**Net Profit /(Loss) after Tax and extraordinary items**	33.10	99.18	102.06
	Less: Minority Interest	-	-	-
G	**Net Profit/(Loss) after Tax, extraordinary items & Minority Interest**	33.10	99.18	102.06
H	**Balance brought forward from previous Year**	184.31	169.13	67.07
	Less: Transfer to Reserve	-	84.00	-
I	**Balance carried to Balance Sheet**	217.41	184.31	169.13

THE ISSUE

The following table summarises the Issue details:

Issue [1]	Up to [●] Equity Shares
Of which	
A) QIB Portion[2]	At least [●] Equity Shares
Of which	
Available for allocation to Mutual Funds only	[●] Equity Shares [3]
Balance for all QIBs including Mutual Funds	[●] Equity Shares[3]
C) Non-Institutional Portion	Not less than [●] Equity Shares[3]
D) Retail Portion	Not less than [●] Equity Shares[3]
Pre- and post-Issue Equity Shares	
Equity Shares outstanding prior to the Issue	652,798,726 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
Use of Issue Proceeds	See "***Objects of the Issue***" on page 35

(1) Our Company is considering a Pre-IPO Placement. If the Pre-IPO Placement is completed, the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement.

*(2) Our Company may allocate up to 30% of the QIB Portion, to Anchor Investors on a discretionary basis in accordance with the ICDR Regulations. For details see "**Issue Procedure**" on page 229.*

(3) Allocation shall be made on a proportionate basis. Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange.

GENERAL INFORMATION

Our Company, Avantha Power & Infrastructure Limited, was incorporated on July 20, 2005 under the Companies Act with the Registrar of Companies, National Capital Territory of Delhi and Haryana. For details of change in name of our Company, see "***History and Certain Corporate Matters***" on page 101.

Registered Office of our Company

Avantha Power & Infrastructure Limited
Thapar House
124, Janpath
New Delhi 110 001, India
Tel: + (91 11) 2336 8096
Fax: + (91 11) 2336 8729
Website: www.avanthapower.com

Corporate Office of our Company

Centrum Plaza, Second Floor
Golf Course Road
Sector 53, Gurgaon
Haryana 122 002, India
Tel: + (91 124) 439 2000
Fax: + (91 124) 437 6496
Website: www.avanthapower.com

Details	Registration/Identification number
Corporate identification number	U40101DL2005PLC138906
Registration number	55-138906

Our Company is registered with the following Registrar of Companies:

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

Board of Directors

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

Name, Designation, Term, Occupation and DIN	Age (years)	Address
Mr. Sudhir Mohan Trehan *Designation*: Chairman *Occupation*: Service *Term*: Liable to retire by rotation *DIN*: 00060106	63	501-502, Lotus-Lal Kamal Building, Nutan Laxmi Chambers, 9th North South Road, JVPD Scheme, Vile Parle West Mumbai 400 056 Maharashtra, India
Mr. Anil Bhargava *Designation*: Managing Director *Occupation*: Service	58	D-79, Naraina Vihar New Delhi 110 028 India

Name, Designation, Term, Occupation and DIN	Age (years)	Address
Term: Liable to retire by rotation *DIN*: 00012986		
Mr. Bhuthalingam Hariharan *Designation*: Director *Occupation*: Service *Term*: Liable to retire by rotation *DIN*: 00012432	52	D-2/3, Paschimi Marg Vasant Vihar New Delhi 110 057 India
Mr. Rahul Rana *Designation*: Independent Director *Occupation*: Service *Term*: Liable to retire by rotation *DIN*: 00476406	46	240 E, 90th Street, PHE New York 10128 USA
Mr. Vinayak Chatterjee *Designation:* Independent Director *Occupation:* Service *Term*: Liable to retire by rotation *DIN*: 00008933	50	E 2278, Palam Vihar Gurgaon 122 017 Haryana, India
Dr. Omkar Goswami *Designation*: Director *Occupation*: Service *Term*: Liable to retire by rotation *DIN*: 00004258	53	E 121, Masjid Moth First floor, Greater Kailash III New Delhi 110 048 India
Mr. Prabhakar Keshaorao Kukde *Designation*: Independent Director *Occupation*: Professional *Term*: Liable to retire by rotation *DIN*: 00040026	66	122, Telecom Nagar Near Rana Pratap Nagar Nagpur, Maharashtra India
Mr. Vinesh Kumar Jairath *Designation*: Independent Director *Occupation*: Professional *Term*: Liable to retire by rotation *DIN*: 00391684	51	194 B, Kalpataru Horizon S.K. Ahire Marg, Worli Mumbai 400 018 Maharashtra, India

For further details of our Directors, see “***Our Management***” on page 116.

Company Secretary and Compliance Officer

Mr. Sandeep Pathak
Avantha Power & Infrastructure Limited
2nd Floor, Centrum Plaza
Sector-53, Golf Course Road
Gurgaon 122 002
Haryana, India
Tel: + (91 124) 409 9425
Fax: + (91 124) 437 6496
Email: complianceofficer@avanthapower.com

Investors can contact our Company Secretary and Compliance Officer, the BRLMs 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 Equity Shares in the respective beneficiary account and refund orders.

Book Running Lead Managers

Enam Securities Private Limited
801, Dalamal Towers
Nariman Point
Mumbai 400 021
Maharashtra, India
Tel: + (91 22) 6638 1800
Fax: + (91 22) 2284 6824
E-mail: avantha.ipo@enam.com
Investor Grievance E-mail: complaints@enam.com
Website: www.enam.com
Contact Person: Mr. Akash Aggarwal
SEBI Registration No.: INM000006856

Kotak Mahindra Capital Company Limited
1st Floor, Bakhtawar
229, Nariman Point
Mumbai 400 021
Maharashtra, India
Tel: + (91 22) 6634 1100
Fax: + (91 22) 2283 7517
E-mail: avantha.ipo@kotak.com
Investor Grievance E-mail: kmccredressal@kotak.com
Website: www.kmcc.co.in
Contact Person: Mr. Chandrakant Bhole
SEBI Registration No.: INM000008704

Citigroup Global Markets India Private Limited
12th Floor, Bakhtawar
Nariman Point
Mumbai 400 021
Maharashtra, India
Tel: + (91 22) 6631 9999
Fax: + (91 22) 6646 6192
Email: avantha.ipo@citi.com
Investor Grievance E-mail: investors.cgmib@citi.com
Website: www.citibank.co.in
Contact Person: Mr. Akhilesh Poddar
SEBI Registration No.: INM000010718

Axis Bank Limited
111, Central Office
Cuffe Parade, Colaba
Mumbai 400 005
Maharashtra, India
Tel: + (91 22) 6707 1312
Fax: + (91 22) 6707 1264
Email: avantha.ipo@axisbank.com
Investor Grievance E-mail: axbmbd@axisbank.com
Website: www.axisbank.com
Contact Person: Mr. Dipen Kapadia / Mr. Sandeep Walawalkar
SEBI Registration No.: INM000006104

Syndicate Members

[•]

Domestic Legal Counsel to the Issue

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

International Legal Counsel to the BRLMs

Dorsey & Whitney LLP

Suite 1500
50 South Sixth Street
Minneapolis MN
55402-1498
Tel: + (612) 340 2600
Fax: + (612) 340 2868

Domestic Legal Advisors to Citigroup Global Markets India Private Limited

Axon Partners LLP
Suite 603
Silver Arch
22 Feroz Shah Road
New Delhi 110 001, India
Tel: + (91 11) 4332 0000
Fax: + (91 11) 4332 0015

Registrar to the Issue

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S Marg, Bhandup (West)
Mumbai 400 078, India
Tel: + (91 22) 2596 0320
Fax: + (91 22) 2596 0329
Email: apil.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Sachin Achar
SEBI Registration No: INR000004058

All grievances relating to the Application Supported by Blocked Amount ("**ASBA**") process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Form was submitted by the ASBA Bidders.

Bankers to the Issue and Escrow Collection Banks

[●]

Refund Bank(s)

[●]

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the Applications Supported by Blocked Amount ("**ASBA**") process are available at http://www.sebi.gov.in. Details relating to the Designated Branches of SCSBs collecting the ASBA Bid-cum-Application Forms are available at the above-mentioned link.

Bankers to our Company

Axis Bank Limited
2nd Floor, Statesman House
Barakhamba Road
New Delhi 110 001, India
Tel: +(91 11) 2331 1051
Fax: +(91 11) 2331 1054
Email: newdelhi.branchhead@axisbank.com

ING Vysya Bank Limited
23, Narayan Manzil
Barakhamba Road
New Delhi 110 001, India
Tel: +(91 11) 6611 9000
Fax: +(91 11) 6611 9024
Email: connaughtbr@ingvysyabank.com

Kotak Mahindra Bank Limited
15-16 UGF, Ambadeep Building
14, K.G. Marg
New Delhi 110 001, India
Tel: + (91 11) 4356 8427
Fax: + (91 11) 2332 8014
Email:prasad.ranade@kotak.com

ICICI Bank Limited
ICICI Tower, NBCC Place
Bhisham Pitamah Marg
Pragati Vihar
New Delhi 110 003, India
Tel: + (91 11) 4221 8329
Fax: + (91 11) 2439 0070
Email: raman.aggarwal@icicibank.com

Auditors to our Company

K.K. Mankeshwar & Co.
Chartered Accountants
King`s Way, 7 Mohan Nagar
Nagpur 440 001
Maharashtra, India
Tel: + (91 712) 6629946
Fax: + (91 712) 6629948
Email: mail1@kkmindia.com
Firm registration number: 106009W

Credit Rating

As this is an Issue of Equity Shares, credit rating for this Issue is not required.

IPO Grading Agency

[●]

IPO Grading

This Issue has been graded by [●], a SEBI registered credit rating agency, as [●] indicating [●] fundamentals pursuant to Regulation 26(7) of the ICDR Regulations. The IPO Grading is assigned on a five point scale from 1 to 5, with IPO Grade 5/5 indicating strong fundamentals and IPO Grade 1/5 indicating poor fundamentals. A copy of the report provided by [●], furnishing the rationale for its grading will be attached as Annexure I at the time of filing the Red Herring Prospectus with the RoC and will be made available for inspection at our Registered Office from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid Closing Date.

Experts

Except for the report of [●] in respect of the IPO Grading of this Issue (a copy of which will be annexed to the Red Herring Prospectus as Annexure I), furnishing the rationale for its grading which will be provided to the Designated Stock Exchange and except for the reports of the Auditors of our Company, K.K. Mankeshwar & Co. (the "**Auditors**"), in respect of the information contained in "***Financial Information***" and "***Statement of Tax Benefits***" on pages F1 and 47, respectively, our Company has not obtained any expert opinions.

Trustee

As this is an Issue of Equity Shares, the appointment of trustees is not required.

Monitoring Agency

[●]

The monitoring agency will be appointed pursuant to Regulation 16 of the ICDR Regulations at the time of filing of the Red Herring Prospectus.

Appraising Entity

Axis Bank Limited
Central Office, 11th Floor
Maker Tower – F, Cuffe Parade
Mumbai
Maharashtra, India
Tel: + (91 22) 6707 1632
Fax: + (91 22) 6707 1264
Email: ashishkumar.shah@axisbank.com

Inter-se Allocation of Responsibilities among the BRLMs

The inter-se responsibilities and co-ordination for various activities in connection with this Issue are set forth in the table below:

S. No.	Activity	Co-ordinator	Responsibility
1.	Capital structuring with relative components and formalities	Enam	Enam, Kotak, Citi, Axis
2.	Drafting and approval of all statutory advertisements	Enam	Enam, Kotak, Citi, Axis
3.	Due diligence of our Company including its operations/ management/ business plans/ legal etc. Drafting and design of the Draft Red Herring Prospectus and of Application Forms including a memorandum containing salient features of the Offer Document. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI including finalization of the Offer Document and RoC filing	Enam	Enam, Kotak, Citi, Axis
4.	Drafting and approval of all publicity material other than statutory advertisements as mentioned above, including corporate advertisements, brochures, etc.	Citi	Enam, Kotak, Citi, Axis
5.	Appointment of other intermediaries including Registrar to the Issue, Printers, Advertising Agency and Bankers to the Issue	Axis	Enam, Kotak, Citi, Axis
6.	Non-institutional and retail marketing of the Issue, which will cover, inter alia: • Finalizing media marketing and public relations strategy; • Preparation of publicity budget; • Finalizing centres for holding conferences for brokers; • Follow-up on distribution of publicity and Issue material including forms the Prospectus and deciding on the quantum of Issue material; • Finalizing collection centres; and • Finalizing Bidding centres	Kotak	Enam, Kotak, Citi, Axis
7.	Domestic institutional marketing of the Issue, which will cover, inter alia: • Finalizing the list and division of investors for one to one meetings institutional allocation; • Finalizing the list and division of institutional allocation; and • Finalizing the road show schedule and the investor meeting schedules	Enam	Enam, Kotak, Citi, Axis

S. No.	Activity	Co-ordinator	Responsibility
8.	International institutional marketing of the Issue, which will cover, inter alia: • Preparation of road show presentation; • FAQ'S; • Finalizing the list and division of investors for one-to-one meetings; and • Finalizing the road show schedule and the investor meeting schedules	Citi	Enam, Kotak, Citi, Axis
9.	Co-ordination with Stock Exchanges for book building software, bidding terminals and mock trading; Pricing, in consultation with our Company	Kotak	Enam, Kotak, Citi, Axis
10.	Post-Bidding activities including management of Escrow Accounts, co-ordination of non-institutional allocation, announcement of allocation and dispatch of refunds to Bidders, etc. The post-Issue activities will involve essential follow up steps, including the finalization of trading, dealing of instruments, and demat delivery of shares with the various agencies connected with the work such as the Registrars to the Issue, the Bankers to the Issue, the bank handling refund business and the SCSBs. The BRLMs shall be responsible for ensuring that these agencies fulfill their functions and discharge this responsibility through suitable agreements with our Company.	Kotak	Enam, Kotak, Citi, Axis

Even if any of these activities are handled by other intermediaries, the BRLMs shall be responsible for ensuring that these agencies fulfil their functions and enable them to discharge this responsibility through suitable agreements with our Company.

Book Building Process

The Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band.

The Issue Price is finalized after the Bid Closing Date. The principal parties involved in the Book Building Process are:

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

This Issue being made through the 100% Book Building Process wherein at least 50% of the Issue shall be allocated to QIBs on a proportionate basis. Provided that, our Company may, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price on a discretionary basis. If at least 50% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 15% and 35% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange. For details of Bids by Anchor Investors and Mutual Funds, see "***Issue Procedure***" on page 229.

QIBs bidding in the QIB Portion (excluding Anchor Investors) cannot withdraw their Bid(s) after the Bid Closing Date. In addition, QIBs bidding in the QIB Portion (excluding Anchor Investors) are required to pay at least 10% of the Bid Amount upon submission of the Bid cum Application Form during the Bidding Period and allocation to such QIBs will be on a proportionate basis. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date. In addition, Anchor Investors are required to pay at least 25% of the Bid Amount upon submission of the Bid cum Application Form and the remaining amount within two days of the Bid Closing Date. Allocation to the Anchor Investors will be on a discretionary basis. For further details, see "***Issue***

Structure" on page 222.

Our Company shall comply with the ICDR Regulations and any other directions issued by the SEBI in respect of this Issue. In this regard, our Company has appointed Enam Securities Private Limited, Kotak Mahindra Capital Company Limited, Citigroup Global Markets India Private Limited and Axis Bank Limited as the BRLMs to manage the Issue and procure subscriptions to the Issue.

The Book Building Process is subject to change from time to time and the investors are advised to make their own judgement about an investment through this process prior to submitting a Bid in the Issue.

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

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

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

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

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid. For further details see "***Issue Procedure - Who Can Bid?***" on page 230.

2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form and the ASBA Bid cum Application Form, as the case may be.

3. Except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, for Bids of all values ensure that you have mentioned your PAN allotted under the I.T. Act in the Bid cum Application Form or the ASBA Bid-cum-Application Form (see "***Issue Procedure – Other Instructions – PAN or GIR Number***" on page 248).

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

5. Ensure the correctness of your demographic details (as defined in the "***Issue Procedure-Bidders Depository Account and Bank Account Details***" on page 242) given in the Bid cum Application Form or the ASBA Bid-cum-Application Form, as the case may be, with the details recorded with your Depository Participant.

6. Bids by QIBs (including Anchor Investors) will have to be submitted to the BRLMs and their Affiliates.

7. Bids by ASBA Bidders will have to be submitted to the Designated Branches of the SCSBs. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that the ASBA Bid cum Application Form is not rejected.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue including at any time after the Bid Opening Date but before the Board meeting for Allotment. If our Company withdraws from the Issue, it shall issue a public notice that shall include reasons for such withdrawal, within two days of the closure of the Issue. The BRLMs, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI. 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 Stock Exchanges.

Bidding Programme

BID OPENS ON	**[●]***
BID CLOSES ON	**[●]**

* *Our Company may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid Opening Date.*

The Company is considering participation by Anchor Investors in terms of the ICDR Regulations. For details see "***Issue Procedure- Bids by Anchor Investors***" on page 241.

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned in the Bid cum Application Form or, in case of Bids submitted through ASBA, the Designated Branches of the SCSBs, **except that on the Bid Closing Date, Bids excluding ASBA Bids shall be accepted only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time) and uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders; and (ii) until 5.00 p.m or until such time as permitted by the Stock Exchanges in case of Bids by Retail Individual Bidders. Due to limitation of time available for uploading the Bids on the Bid Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid Closing Date and, in any case, no later than 1.00 p.m (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, as is typically experienced in IPOs, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company, the BRLMs and the Syndicate Members shall not be responsible. Bids will be accepted only on working days, i.e. Monday to Friday (excluding any public holiday). Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the Stock Exchanges.

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

Our Company, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bidding Period in accordance with the ICDR Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the floor price as originally disclosed at least two working days prior to the Bid Opening Date and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bidding Period will be extended for three additional Working Days after revision of the Price Band subject to the Bidding Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares but prior to filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate 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 filled in before filing of the Prospectus with the RoC

(Amount in Rs. million)

Name, address, telephone, fax and email of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

The above-mentioned amount is an indicative underwriting and this would be finalized after the pricing and actual allocation of the Equity Shares is determined.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors, at its meeting held on [●] has accepted and entered into the Underwriting Agreement with the Underwriters.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscriptions for/subscribe to Equity Shares to the extent of the defaulted amount, except in cases where the allocation to QIB is less than 50% of the Issue, in which case the entire subscription monies will be refunded.

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

CAPITAL STRUCTURE

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

(*Amount in Rs. million*)

		Aggregate Value at Face Value	Aggregate Value at Issue Price
A)	**Authorized share capital***		
	1,500,000,000 Equity Shares of Rs. 10 each	15,000.00	
B)	**Issued, subscribed and paid up share capital before the Issue**		
	652,798,726 Equity Shares of Rs. 10 each	6,527.98	
C)	**Present issue in terms of this Draft Red Herring Prospectus****		
	Issue of [●] Equity Shares of Rs. 10 each***	[●]	[●]
	Of Which:		
	QIB Portion of at least [●] Equity Shares	[●]	[●]
	Non-Institutional Portion of not less than [●] Equity Shares	[●]	[●]
	Retail Portion of not less than [●] Equity Shares	[●]	[●]
D)	**Equity Capital after the Issue#**		
	[●] Equity Shares of Rs. [●] each	[●]	[●]
E)	**Share premium account**		
	Before the Issue	424.93	
	After the Issue	[●]	[●]

***** *For details in the changes of the authorized share capital of our Company, see "**History and Certain Corporate Matters**" on page 101.*
*** The Issue has been authorized by the Board of Directors pursuant to a board resolution dated January 28, 2010, and by the shareholders of our Company pursuant to a special resolution dated February 2, 2010, passed at the EGM of shareholders under Section 81(1A) of the Companies Act.*
****Our Company is considering a Pre-IPO Placement. If the Pre-IPO Placement is completed, the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement.*
 # Equity Shares may be issued on exercise of stock options due to the vesting of employee stock options under the ESOP 2010.

Notes to Capital Structure

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

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

Date of issue/allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration (Cash, other than cash etc.)	Nature of allotment	Cumulative equity share capital (Rs.)	Cumulative share premium (Rs.)
July 20, 2005	50,000	10.00	10.00	Cash	Subscription to the Memorandum of Association	500,000	Nil
June 30, 2006	69,950,000	10.00	10.00	Cash	Preferential allotment	700,000,000	Nil
April 3, 2008	8,400,000	10.00	N.A.	Other than cash	Bonus issue in the ratio of 3:25 by capitalization and transfer from the reserve account to the share capital account	784,000,000	Nil
October 22, 2008	90,000,000	10.00	10.00	Cash	Preferential allotment	1,684,000,000	Nil

Date of issue/allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration (Cash, other than cash etc.)	Nature of allotment	Cumulative equity share capital (Rs.)	Cumulative share premium (Rs.)
January 29, 2009	40,000,000	10.00	10.00	Cash	Preferential allotment	2,084,000,000	Nil
March 30, 2009	29,626,000	10.00	10.94	Cash	Preferential allotment	2,380,260,000	27,848,440
November 24, 2009	414,772,726	10.00	11.00	Cash	Preferential allotment	6,527,987,260	442,621,166
Total	**652,798,726**					**6,527,987,260**	**442,621,166***

**Out of which Rs. 17,694,140 has been incurred towards expenses for the issue of Equity Shares.*

Pursuant to certificates received from P. B. & Associates, Company Secretaries, on May 15, 2006, K.K.Mankeshwar & Co., Chartered Accountants, on October 20, 2008 and March 23, 2009 and Mr. Sandeep Pathak, Company Secretary, on February 11, 2010, all preferential issues of Equity Shares have been made in accordance with the requirements of the Companies Act read with the Unlisted Public Companies (Preferential Allotment) Rules, 2003.

2. ***Issue of Equity Shares in the last one year***

Our Company has issued the following Equity Shares in the last one year, for the purposes of meeting the fund requirements of our Company for our expansion plans:

(a) 206,363,636 Equity Shares to Crompton Greaves Limited, our Promoter, on November 24, 2009, at an issue price of Rs. 11.00 each;

(b) 203,636,363 Equity Shares to Salient Financial Solutions Limited, our Promoter, on November 24, 2009 at an issue price of Rs. 11.00 each; and

(c) 4,772,727 Equity Shares to BILT Paper Holdings Limited, our Promoter, on November 24, 2009 at an issue price of Rs. 11.00 each.

3. ***Issue of Equity Shares for consideration other than cash***

We have not issued any Equity Shares out of revaluation reserves since our incorporation. Further, except as disclosed below, we have not issued any Equity Shares for consideration other than cash at any point of time since our incorporation. In addition, we have not allotted any Equity Shares in terms of any scheme approved under Sections 391-394 of the Companies Act.

Date of issue	Allottees	Number of Equity Shares	Reasons for Issue	Benefits accrued to our Company
April 3, 2008	BPHL and BILT	8,400,000	Bonus issue in the ratio of 3:25 by capitalization and transfer from the reserve account to the share capital account by issue of 8,400,000 Equity Shares	To enlarge our equity base

4. ***Employee Stock Options***

Pursuant to a Board resolution dated January 28, 2010, and shareholders' resolution dated February 2, 2010, our Company has instituted an employees' stock option plan, i.e., ESOP 2010, under which 9,800,000 options can be granted to eligible employees of our Company. Pursuant to the ESOP 2010, options to acquire Equity Shares were granted to eligible employees (as such term is defined under ESOP 2010). The ESOP 2010 is administered by the Compensation & Remuneration Committee of our Board. As on the date of filing this Draft Red Herring Prospectus, our Company has granted 6,915,035 options to eligible employees under ESOP 2010, none of which have vested, lapsed, cancelled or been exercised. Accordingly, the total number of outstanding options under the ESOP 2010 is 6,915,035. The terms and conditions of the ESOP 2010 which are in compliance with the ICDR Regulations and the Securities and Exchange Board of India (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999, as amended, are provided below.

<table>
<tr><th>Particulars</th><th colspan="3">Details</th></tr>
<tr><td rowspan="3">Options granted</td><td>Date of grant</td><td>No. of options granted</td><td>Price per Equity Share (Rs.)</td></tr>
<tr><td>February 22, 2010</td><td>6,915,035</td><td>11</td></tr>
<tr><td>Total options granted</td><td>6,915,035</td><td></td></tr>
<tr><td>Pricing formula</td><td colspan="3">The Exercise Price would be decided by the Compensation & Remuneration Committee of our Board.</td></tr>
<tr><td>Vesting period</td><td colspan="3">Set forth below is the vesting schedule of the options to eligible employees subject to the criteria laid down by the Compensation & Remuneration Committee of our Board.
20% of the options granted to an eligible employee shall vest on the completion of one year from the date on which the options are granted to an eligible employee by the Compensation & Remuneration Committee of our Board (the “Grant Date”)
A cumulative of 40% of the options granted to an eligible employee shall vest on the completion of two years from the Grant Date
A cumulative of 60% of the options granted to an eligible employee shall vest on the completion of three years from the Grant Date
A cumulative of 80% of the options granted to an eligible employee shall vest on the completion of four (4) years from the Grant Date
A cumulative of 100% of the options granted to an eligible employee shall vest on the completion of five (5) years from the Grant Date</td></tr>
<tr><td>Options vested (excluding the options that have been exercised)</td><td colspan="3">Nil</td></tr>
<tr><td>Options exercised</td><td colspan="3">Nil</td></tr>
<tr><td>The total number of shares arising as a result of exercise of options (including options that have been exercised)</td><td colspan="3">Nil</td></tr>
<tr><td>Options forfeited / lapsed / cancelled</td><td colspan="3">Nil</td></tr>
<tr><td>Variation of terms of options</td><td colspan="3">Nil</td></tr>
<tr><td>Money realised by exercise of options</td><td colspan="3">Nil</td></tr>
<tr><td>Total number of options in force</td><td colspan="3">6,915,035</td></tr>
<tr><td rowspan="24">Employee wise details of options granted to Directors / Senior management personnel</td><td>Name of our Director</td><td colspan="2">No. of options granted under ESOP 2010</td></tr>
<tr><td>Mr. Sudhir Mohan Trehan</td><td colspan="2">300,000</td></tr>
<tr><td>Mr. Anil Bhargava</td><td colspan="2">1,000,000</td></tr>
<tr><td>Mr. Bhuthalingam Hariharan</td><td colspan="2">300,000</td></tr>
<tr><td>Mr. Vinayak Chatterjee</td><td colspan="2">150,000</td></tr>
<tr><td>Dr. Omkar Goswami</td><td colspan="2">150,000</td></tr>
<tr><td>Mr. Prabhakar Keshaorao Kukde</td><td colspan="2">150,000</td></tr>
<tr><td>Mr. Vinesh Kumar Jairath</td><td colspan="2">150,000</td></tr>
<tr><td>Total</td><td colspan="2">2,200,000</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>Name of the Senior Management Personnel</td><td colspan="2">No. of options granted under ESOP 2010</td></tr>
<tr><td>Mr. Subhash Chander Jhanji</td><td colspan="2">400,000</td></tr>
<tr><td>Mr. Rajat Gupta</td><td colspan="2">243,750</td></tr>
<tr><td>Mr. Mahanand Jha</td><td colspan="2">225,000</td></tr>
<tr><td>Mr. Arvind Nath Mishra</td><td colspan="2">110,625</td></tr>
<tr><td>Mr. Ganesh V Chandan</td><td colspan="2">151,125</td></tr>
<tr><td>Mr. Hanumant Gulabrao Zende</td><td colspan="2">99,316</td></tr>
<tr><td>Mr. K. Muthukumar</td><td colspan="2">133,208</td></tr>
<tr><td>Mr. Ranjan Kumar</td><td colspan="2">100,425</td></tr>
<tr><td>Mr. Anand M Misra</td><td colspan="2">135,673</td></tr>
<tr><td>Mr. Ajit Kumar Chopde</td><td colspan="2">101,084</td></tr>
<tr><td>Mr. Lalit Kumar</td><td colspan="2">133,211</td></tr>
<tr><td>Total</td><td colspan="2">1,833,417</td></tr>
<tr><td colspan="3"></td></tr>
<tr><td>Any other employee who</td><td colspan="3"></td></tr>
</table>

Particulars	Details
receives a grant in any one year of options amounting to 5% or more of the options granted during the year	None
Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	None
Fully diluted EPS pursuant to issue of shares on exercise of options in accordance with the relevant accounting standard	N.A.
Lock-in	Nil
Impact on profit and EPS of the last three years	Nil
Difference, if any, between employee compensation cost calculated according using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options	Rs. (41.14 million)
Impact on the profits of our Company and on the EPS arising due to difference in accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)	N.A., since the options have been granted on February 22, 2010
Weighted average exercise price and the weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock	(a) Weighted average exercise price of the options- Rs. 11.00 (b) Weighted average fair values of options- Rs. 11.14
Method and significant assumptions used to estimate the fair value of options granted during the year	
Method used	Black Scholes Options Pricing Model
Risk free return	7.79%
Expected life	10 years
Expected volatility	1
Expected dividends	Nil
Price of underlying shares in market at the time of the options grant (as on January 31, 2010)	Rs. 16.19
Intention of the holders of equity shares allotted on	The Company is currently not aware of any intention of the holders of such options to sell Equity Shares on conversion of such options within three months after the listing of

Particulars	Details
exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Issue	Equity Shares pursuant to the Issue
Intention to sell Equity Shares arising out of the ESOP 2010 within three months after the listing of Equity Shares by directors, senior management personnel and employees having equity shares arising out of the ESOP 2010, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	The Directors, senior management personnel and employees having equity shares arising out of the ESOP 2010 amounting to more than 1% of the issue capital (excluding outstanding warrants and conversions) do not intend to sell Equity Shares arising out of the ESOP 2010 within three months after the listing of Equity Shares

Particulars of Equity Shares issued under the ESOP 2010 aggregated quarter wise

N.A.

5. ***Promoters contribution and lock-in***

Pursuant to the ICDR Regulations, an aggregate of 20% of the post-Issue Equity Share Capital of our Company shall be locked in by the Promoters for a period of three years from the date of Allotment.

(a) ***Details of the build up of Promoters' shareholding in our Company:***

Name of Promoter	Date of transfer/ allotment	Nature of Allotment / acquisition/ transfer	Consideration (Cash, other than cash etc.)	No. of Equity Shares	Face Value (Rs.)	Consideration per Equity Share (Rs.)
Mr. Gautam Thapar	February 13, 2010	Acquisition	Cash	19,584,000	10.00	11.00
Total (A)				**19,584,000**		
BPHL	July 20, 2005	Subscription to the Memorandum of Association	Cash	49,940	10.00	10.00
	November 18, 2005*	Acquisition	Cash	60	10.00	10.00
	June 30, 2006	Preferential Allotment	Cash	51,750,000	10.00	10.00
	April 3, 2008	Bonus issue in the ratio of 3:25 by capitalisation and transfer from the reserve account to the share capital account	N.A.	6,216,000	10.00	N.A.
	March 30, 2009	Preferential Allotment	Cash	11,426,000	10.00	10.94
	November 24, 2009	Preferential Allotment	Cash	4,772,727	10.00	11.00
Total (B)				**74,214,727***		
SICL	October 22, 2008	Preferential Allotment	Cash	90,000,000	10.00	10.00

	January 29, 2009	Preferential Allotment	Cash	40,000,000	10.00	10.00
Total (C)				**130,000,000**		
Crompton Greaves Limited	November 24, 2009	Preferential Allotment	Cash	206,363,636	10.00	11.00
SFSL	November 24, 2009	Preferential Allotment	Cash	203,636,363	10.00	11.00
	February 13, 2010	Transfer	Cash	(19,584,000)	10.00	11.00
	February 22, 2010	Transfer	Cash	(1,650,000)	10.00	11.00
	February 26, 2010	Transfer	Cash	(400,000)	10.00	11.00
Total (E)				**182,002,363**		
BILT	June 30, 2006	Preferential Allotment	Cash	18,200,000	10.00	10.00
	April 3, 2008	Bonus issue in the ratio of 3:25 by capitalisation and transfer from the reserve account to the share capital account	N.A.	2,184,000	10.00	N.A.
	March 30, 2009	Preferential Allotment	Cash	18,200,000	10.00	10.94
	October 16, 2009	Transfer	Cash	(18,200,000)	10.00	10.94
	December 24, 2009	Transfer	Cash	(12,011,250)	10.00	10.94
Total (F)				**8,372,750**		
Total (A + B + C + D + E+ F)				**620,537,476**		

**BPHL acquired an additional 60 Equity Shares through its nominees.*

(b) ***Details of the shareholding of the Promoters and the Promoter Group as on the date of filing of this Draft Red Herring Prospectus***:

Shareholders	**Pre-Issue**		**Post-Issue**	
	No. of Equity Shares	**Percentage of shareholding**	**No. of Equity Shares**	**Percentage of shareholding****
Promoters				
Mr. Gautam Thapar	19,584,000	3.00	19,584,000	[●]
BILT	8,372,750	1.28	8,372,750	[●]
BPHL	74,214,727*	11.37	74,214,727*	[●]
SICL	130,000,000	19.92	130,000,000	[●]
Crompton Greaves Limited	206,363,636	31.61	206,363,636	[●]
SFSL	182,002,363	27.88	182,002,363	[●]
Sub Total (A)	**620,537,476**	**95.06**	**620,537,476**	[●]
Promoter Group				
BGPPL	30,211,250	4.63	30,211,250	[●]
Sub Total (B)	**30,211,250**	**4.63**	**30,211,250**	[●]
Total Promoters and Promoter Group ((A) + (B))	**650,748,726**	**99.69**	**650,748,726**	[●]

**BPHL holds 60 Equity Shares through its nominees, Mr. Akhil Mahajan, Mr. P.K. Ravindranadhan, Ms. Shalini Sehgal, Ms. Archana Pandit, Mr. Deepak Bansal and Mr. Sandeep Pathak who hold 10 Equity Shares each.*
***To be determined at the time of filing of the prospectus.*

(c) ***Details of Promoters' Contribution locked-in for three years***

[●] Equity Shares, aggregating up to 20% of the post-Issue Equity Share capital of our Company, held by our Promoters, BPHL, BILT and SICL shall be locked in for a period of three years from the date of Allotment in the Issue. Details of the same are as follows:

Name of the Promoter	Date of transfer/ allotment	Nature of allotment	Consideration	Number of Equity Shares locked in	Face Value (Rs.)	Acquisition / Issue price (Rs. per Equity Share)	Percentage of post-Issue paid-up capital*
BPHL	July 20, 2005	Subscription to the Memorandum of Association	Cash	49,940	10.00	10.00	[●]
	June 30, 2006	Preferential Allotment	Cash	51,750,000	10.00	10.00	[●]
	April 3, 2008	Bonus issue in the ratio of 3:25 by capitalisation and transfer from the reserve account to the share capital account	N.A.	6,216,000	10.00	N.A.	[●]
	March 30, 2009	Preferential Allotment	Cash	11,426,000	10.00	10.94	[●]
BILT	June 30, 2006	Preferential Allotment	Cash	6,188,750	10.00	10.00	[●]
	April 3, 2008	Bonus issue in the ratio of 3:25 by capitalisation and transfer from the reserve account to the share capital account	N.A.	2,184,000	10.00	N.A.	[●]
SICL	October 22, 2008	Preferential Allotment	Cash	90,000,000	10.00	10.00	[●]
	January 29, 2009	Preferential Allotment	Cash	40,000,000	10.00	10.00	[●]

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

The Equity Shares that are being locked-in are not ineligible for computation of Promoter's contribution under Regulation 33 of the ICDR Regulations. In this connection, we confirm the following:

(i) The Equity Shares offered for minimum 20% Promoter's contribution have not been acquired in the last three years for consideration other than cash and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves, or unrealised profits of our Company or from a bonus issue against Equity Shares which are otherwise ineligible for computation of Promoter's contribution;

(ii) The Equity Shares offered for minimum 20% Promoter's contribution does not include any Equity Shares acquired during the preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;

(iii) The Equity shares offered for minimum 20% Promoters' contribution were not issued to the Promoters' upon conversion of a partnership firm;

(iv) The Equity Shares offered for minimum 20% Promoter's contribution are not subject to any pledge; and

(v) The Equity Shares offered for minimum 20% Promoter's contribution does not consist of Equity Shares for which specific written consent has not been obtained from our Promoters for inclusion of their subscription in the minimum Promoter's contribution subject to lock-in.

(d) ***Details of Equity Shares locked-in for one year***

Other than the above Equity Shares that would be locked in for three years, the entire pre-Issue capital of our Company comprising [●] Equity Shares would be locked-in for a period of one year from the date of Allotment in the Issue.

(e) ***Lock-in of Equity Shares allotted to Anchor Investors***

Further, Equity Shares Allotted to Anchor Investors, in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.

(f) ***Other requirements in respect of lock-in***

The locked in Equity Shares held by the Promoters, as specified above, may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or financial institutions, provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan. Provided that if any Equity Shares are locked in as minimum Promoters' contribution, under Regulation 39(a) of the ICDR Regulations, the same may be pledged, only if, in addition to fulfilling the above requirement, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the Issue.

The Equity Shares held by the Promoters may be transferred *inter se* or to new promoters or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

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

6. ***Shareholding Pattern***

The table below presents our Equity shareholding pattern before the proposed Issue and as adjusted for the Issue as on the date of filing of the Draft Red Herring Prospectus.

Category Code	**Category of Shareholders**	**Number of Shareholders**	**Total Number of shares**	**Number of Shares Held in dematerialized form**	**Total Shareholding as a percentage of total number of shares**		**Shares Pledged or otherwise encumbered**	
					As a percentage of A+B	**As a percentage A+B+C**	**Number of shares**	**As a percentage**
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A)	**Shareholding of Promoter and Promoter Group**							
1	**Indian**							
a	Individuals/Hindu Undivided Family	7	19,584,060	19,584,000	3.00	3.00	0	0.00
b	Central Government/State Government	0	0	0	-	-	0	0.00
c	Bodies Corporate	6	631,164,666	631,164,666	96.68	96.68	0	0.00
d	Financial Institutions/Banks	0	0	0	-	-	0	0.00

Category Code	Category of Shareholders	Number of Shareholders	Total Number of shares	Number of Shares Held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
e	Any Other (specify)	0	0	0	-	-	0	0.00
	Sub-Total (A) (1)	**13**	**650,748,726**	**650,748,666**	**99.68**	**99.68**	**-**	**-**
2	**Foreign**							
a	Individuals(Non-Resident Individuals)	0	0	0	-	-	0	0.00
b	Bodies Corporate i.e. OCBs	0	0	0	-	-	0	0.00
c	Institutions	0	0	0	-	-	0	0.00
d	Any Other (specify)				-	-	0	0.00
	Sub-Total (A) (2)	**0**	**0**	**0**	-	**-**	**0**	0.00
	Total Shareholding of Promoter and Promoter Group (A)(1)+(A)(2)	**13**	**650,748,726**	**650,748,666**	**99.68**	**99.68**	**-**	**-**
(B)	**Public Shareholding**				-	-		
1	**Institutions**				-	-		
a	Mutual Funds/UTI	0	0	0	-	-	0	0
b	Financial Institutions/Banks	0	0	0	-	-	0	0
c	Central Government/State Government(s)	0	0	0	-	-	0	0
d	Venture Capital Fund	0	0	0	-	-	0	0
e	Insurance Companies	0	0	0	-	-	0	0
f	Foreign Institutional Investors	0	0	0	-	-	0	0
g	Foreign Venture Capital Investors	0	0	0	-	-	0	0
h	Any Other (specify)	0	0	0	-	-	0	0
	Sub-Total (B) (1)	**0**	**0**	**0**	-	**-**	**0**	**0**
2	**Non-Institutions**				-	-	0	0
a	Bodies Corporate	0	0	0	-	-	0	0
b	Individuals	0	0	0	-	-	0	0
I	Individual Shareholders holding nominal Share Capital value up to Rs. 1,00,000	0	0	0	-	-	0	0
II	Individual Shareholders holding nominal Share Capital value In excess of Rs. 1,00,000	6	20,50,000	20,50,000	0.32	0.32	0	0
c	**Any Other (specify)**				-	-	0	0
i	Trust	0	0	0	-	-	0	0
ii	NRI’s	0	0	0	-	-	0	0
iii	OCB’s	0	0	0		-	0	0

Category Code	Category of Shareholders	Number of Shareholders	Total Number of shares	Number of Shares Held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					-			
iv	Foreign Nationals	0	0	0	-	-	0	0
	Sub-Total (B) (2)	**6**	**20,50,000**	**20,50,000**	**0.32**	**0.32**	**0**	0
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**6**	**20,50,000**	**20,50,000**	**0.32**	**0.32**	**0**	**0**
	Total (A)+(B)	**19**	**652,798,726**	**652,798,666**	**100.00**	**100.00**	**-**	**-**
(C)	**Share held by Custodian and against which Depository Receipts**	0	0	0	-	-	0	0
	Grand Total (A)+(B)+(C)	**19**	**652,798,726**	**652,798,666**	**100.00**	**100.00**	**-**	**-**

As of the date of this Draft Red Herring Prospectus, the BRLMs and their associates do not hold any Equity Shares. Further, except for the employee stock options which are convertible into Equity Shares, none of our Directors, directors of our Promoters and key management personnel, except for the ones provided in the table below, hold any Equity Shares. For details see "***-Employee Stock Options***" and "***Our Management***" on pages 24 and 116, respectively.

S.No.	Name of Director / Promoter's Director / Key Management Personnel	Director of our Promoter / our Director	Number of Equity Shares
1.	Mr. Gautam Thapar	Director of Crompton Greaves, BILT, AHL and BPHL	19,584,000
2.	Mr. R.R. Vederah	Director of BILT and AHL	300,000
3.	Mr. Anil Bhargava	Our Managing Director and director of SICL	1,000,000
4.	Mr. Diwan Nandlal Sawhney	Director of BPHL and AHL	150,000
5.	Mr. S.C. Jhanji	Director of SICL	200,000
6.	Mr. Rajat Gupta	-	200,000
7.	Mr. Mahanand Jha	-	200,000

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

(a) Our top 10 shareholders as on the date of this Draft Red Herring Prospectus and 10 days prior to the filing of this Draft Red Herring Prospectus are as follows:

S. No.	Shareholder	No. of Equity Shares	Percentage of shareholding	No. of Equity Shares entitled to upon exercise of options under ESOP 2010
1.	Crompton Greaves Limited	206,363,636	31.61	-
2.	SFSL	182,002,363	27.88	-
3.	SICL	130,000,000	19.91	-
4.	BPHL	74,214,727*	11.37	-
5.	BGPPL	30,211,250	4.63	-
6.	Mr. Gautam Thapar	19,584,000	3.00	-
7.	BILT	8,372,750	1.28	-
8.	Mr. Anil Bhargava	1,000,000	0.15	1,000,000
9.	Mr. R.R. Vederah	300,000	0.05	-
10.	Mr. S.C. Jhanji	200,000	0.03	400,000
10.	Mr. Rajat Gupta	200,000	0.03	243,750
10.	Mr. Mahanand Jha	200,000	0.03	225,000
	Total	**652,648,726**	**99.98**	**1,868,750**

** BPHL holds 60 Equity Shares through its nominees, Mr. Akhil Mahajan, Mr. P.K. Ravindranadhan, Ms. Shalini Sehgal, Ms. Archana Pandit, Mr. Deepak Bansal and Mr. Sandeep Pathak who hold 10 Equity Shares each.*

(b) Our shareholders as of two years prior to the date of filing of this Draft Red Herring Prospectus i.e. March 30, 2008, were as follows:

S. No.	Shareholder	No. of Equity Shares	Percentage of shareholding
1.	BPHL	51,800,000*	74.00
2.	BILT	18,200,000	26.00
	Total	**70,000,000**	**100.00**

** BPHL holds 60 Equity Shares through its nominees, Mr. Akhil Mahajan, Mr. P.K. Ravindranadhan, Ms. Shalini Sehgal, Ms. Archana Pandit, Mr. Deepak Bansal and Mr. Sandeep Pathak who hold 10 Equity Shares each.*

8. Our Company, our Promoters, our Directors, and the BRLMs have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares from any person.

9. Except as stated in "***Details of the build up of Promoters' shareholding in our Company"*** on page 27 and as provided in the table below**,** none of our Promoters, Promoter Group, directors of our Promoters, our Directors or their immediate relatives have purchased or sold or financed the purchase or sale of Equity Shares by any other person, of any Equity Shares during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus with the SEBI. Also see "***Risk Factors*****"** on page xv.

Name of our Director / our Promoter's director / Key management personnel	Director of our Promoter / our Director	Number of Equity Shares	Date of acquisition	Acquisition price (Rs.)
Mr. R.R. Vederah	Director of BILT and AHL	300,000	February 22, 2010	11.00
Mr. Anil Bhargava	Our Managing Director and director of SICL	1,000,000	February 22, 2010	11.00
Mr. Diwan Nandlal Sawhney	Director of BPHL and AHL	150,000	February 22, 2010	11.00
Mr. S.C. Jhanji	Director of SICL	200,000	February 26, 2010	11.00

10. This Issue is being made through the 100% Book Building Process wherein at least 50% of the Issue shall be allocated to QIBs (including Mutual Funds), of which 5% shall be allocated to Mutual Funds on a proportionate basis (other than with respect to any allocation to Anchor Investors, which shall be on a discretionary basis). If at least 50% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 15% and 35% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange. For details of Bids by Anchor Investors, see "***Issue Procedure***" on page 229.

11. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest multiple of minimum bid lot while finalizing the basis of Allotment.

12. Except with respect to the Pre-IPO Placement and to the extent of the options granted or exercised under ESOP 2010, we presently do not intend or propose any further issue of Equity Shares whether by way of issue of bonus issue, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus to SEBI until the Equity Shares issued/ to be issued pursuant to the Issue have been listed.

13. Except for the employee stock options granted pursuant to ESOP 2010, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares as on the date of this Draft Red Herring Prospectus.

14. Our Company presently does not intend to alter its capital structure for a period of six months from the Bid Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly into Equity Shares) on a preferential basis or issue of bonus or rights or further public issue

of Equity Shares or qualified institutions placement or otherwise, except issue and allotment of Equity Shares under ESOP 2010 that may vest and be exercised in the next six months or the pre-IPO placement. However, in the event we enter into acquisitions of new power projects or expansion of our existing power projects, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares for participation in such acquisitions or joint ventures or to use such shares as consideration for such joint ventures.

15. There shall be only one denomination of Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by the SEBI from time to time.

16. As of the date of filing of this Draft Red Herring Prospectus, our Company has 19 shareholders.

17. There are no partly paid up Equity Shares in our Company. All the Equity Shares will be fully paid up at the time of Allotment.

18. Our Company, Directors, Promoters or Promoter Group shall not make any payments either directly or indirectly, discounts, commissions, allowances or otherwise under this Issue except as disclosed in this Draft Red Herring Prospectus.

19. Our Promoters, Promoter Group and Group Entities will not participate in this Issue.

OBJECTS OF THE ISSUE

The objects of the Issue are to: (1) part finance the construction and development of Chhattisgarh Power Project Phase I; (2) part finance the construction and development of Madhya Pradesh Power Project Phase I; and (3) fund expenditure for general corporate purposes.

In addition, our Company expects to receive the benefits of listing the Equity Shares on the Stock Exchanges. We believe that the listing of our Equity Shares will, *inter alia*, enhance our visibility and brand name.

The main objects clause and objects incidental to the main objects set out in our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

Requirement of Funds and Means of Finance

The details of proceeds of the Issue are summarized in the following table:

(Rs. in million)

S. No	Description	Amount
1.	Gross proceeds of the Issue	12,500.00
2.	Issue Expenses *	[●]
3.	Net proceeds of the Issue*	[●]

**To be finalized upon determination of Issue Price.*

We intend to utilize the net proceeds of the Issue amounting to Rs. [•] ("**Net Proceeds**") for financing the objects as set forth below:

(Rs. in million)

	Total Estimated Cost	Amount deployed as on January 31, 2010(1)	Amount proposed to be financed from Net Proceeds	Amount proposed to be funded from equity (other than the Issue) / our contribution	Amount proposed to be financed from loans
Part finance the construction and development of Chhattisgarh Power Project Phase I	28,720.00	2,295.99	5,000.00	152.93	21,271.08
Part finance the construction and development of the Madhya Pradesh Power Project Phase I	29,100.00	578.51	5,000.00	1,721.49	21,800.00
Fund expenditure for general corporate purposes(2)	[●]	-	[●]	-	-
Total	**[●]**		**[●]**		

(1) As certified by K.K Mankeshwar & Co., Chartered Accountants by their certificate dated March 8, 2010.
(2) To be finalized upon determination of the Issue Price.

Any additional expenditure incurred towards the aforementioned objects, after January 31, 2010, including any loans from lenders or our Promoters, would be recouped from the Net Proceeds of the Issue.

In view of the dynamic nature of the power industry and on account of new objects that we may pursue, we may have to revise our capital expenditure requirements as a result of variations in the cost structure, exchange or interest rate fluctuations, changes in design and configuration of the projects, increase in costs of various inputs, including steel and cement, other construction materials and labor costs, incremental rehabilitation, other preoperative expenses and other external factors which may not be in our control. This may entail rescheduling or revising the planned capital expenditure and increasing or decreasing the capital expenditure for a particular purpose at our discretion.

Details of means of finance

The total funds required for the construction and development of Chhattisgarh Power Project Phase I and Madhya Pradesh Power Project Phase I are approximately Rs. 57,820.00 million. 75% of the stated means of finance, excluding Net Proceeds have been arranged as follows:

(Rs. in million)

	Particulars	Amount
	Chhattisgarh Power Project Phase I	
I.	Aggregate cost of the project	28,720.00
	Expenditure already incurred as on January 31, 2010[(1)]	2,295.99
	Amount proposed to be financed from the Net Proceeds	5,000.00
	Funding required excluding the Net Proceeds	21,424.01
	75% of the funds required excluding the Net Proceeds	**16,068.01**
	Firm arrangements for over 75% of the funds required excluding the Net Proceeds	
	Sanctioned debt proposed to be utilized for Chhattisgarh Power Project Phase I[(2)]	21,271.08
II.	**Madhya Pradesh Power Project Phase I**	
	Aggregate cost of the project	29,100.00
	Expenditure already incurred as on January 31, 2010[(3)]	578.51
	Amount proposed to be financed from the Net Proceeds	5,000.00
	Funding required excluding the Net Proceeds	23,521.49
	75% of the funds required excluding the Net Proceeds	**17,641.12**
	Firm arrangements for over 75% of the funds required excluding the Net Proceeds	
	Sanctioned debt proposed to be utilized for Madhya Pradesh Power Project Phase I [(4)]	21,800.00

(1) Out of the funds deployed until January 31, 2010, for Chhattisgarh Power Project Phase I, Rs. 2,067.07 million has been invested by us as share capital/share application money and unsecured loans and the balance amounting to Rs. 228.92 million has been invested through secured loans.

(2)Out of the total syndicated debt of Rs. 21,500.00 million for Chhattisgarh Power Project Phase I, as on January 31, 2010, we had drawn down Rs. 1,168.00 million, of which we have utilized Rs.228.92 million as on January 31, 2010. Accordingly, the balance amounting to Rs. 21,271.08 million of the sanctioned amount is available towards the means of finance.

(3) Out of the funds deployed until January 31, 2010, for Madhya Pradesh Power Project Phase I, Rs. 578.51 million has been invested by us as share capital/share application money and unsecured loans.

(4) Out of the total syndicated debt of Rs. 21,800.00 million for Madhya Pradesh Power Project Phase I,as on January 31, 2010, since we have not drawn any portion, the entire sanctioned amount is available towards the means of finance.

Details of debt financing arrangements

With regards to the amount to be funded through debt in relation to the construction and development of Chhattisgarh Power Project Phase I, KWPCL has entered into a common rupee loan facility agreement dated June 24, 2009 for a term loan facility of Rs. 21,500.00 million from a consortium of lenders comprising Allahabad Bank, Andhra Bank, Axis Bank Limited, Bank of India, Bank of Maharashtra, Central Bank of India, Corporation Bank, Dena Bank, Life Insurance Corporation of India, State Bank of Hyderabad, State Bank of Patiala, State Bank of Travancore, Syndicate Bank, UCO Bank, Union Bank of India and United Bank of India. As on January 31, 2010, KWPCL has drawn Rs. 1,168.00 million, of which KWPCL has utilized Rs. 228.92 million of the syndicated debt. For details, see "***Financial Indebtedness***" on page 176.

With regards to the amount to be funded through debt in relation to the construction and development of Madhya Pradesh Power Project Phase I, JPL has entered into a common rupee loan facility agreement dated December 30, 2009 for a term loan facility of Rs. 21,800.00 million from a consortium of lenders comprising Axis Bank Limited, Bank of India, Corporation Bank, Life Insurance Corporation of India, Oriental Bank of Commerce, Punjab National Bank, State Bank of Bikaner and Jaipur, State Bank of Hyderabad, State Bank of Indore, State Bank of Mysore, State Bank of Patiala, State Bank of Travancore, UCO Bank, United Bank of India and Union Bank of India. As on January 31, 2010, JPL has not drawn any portion of the syndicated debt. For details, see "***Financial Indebtedness***" on page 176.

Except as disclosed above, the entire requirements of the objects detailed above are intended to be funded from the Net Proceeds. In view of above, we confirm that we have made firm arrangement of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount proposed to be raised through the Issue.

Whilst we intend to utilize the Net Proceeds in the manner provided above, in the event of a surplus, we will use such surplus towards general corporate purposes including meeting future growth requirements. In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. In the event of any shortfall in the Net Proceeds, we will bridge the fund requirements from internal accruals, additional debt or equity financing.

Details of the Objects

1. ***Part finance the construction and development of Chhattisgarh Power Project Phase I***

We are developing 600 MW thermal power plant in Raigarh, in the State of Chhattisgarh, India. The development of Chhattisgarh Power Project Phase I is being undertaken by our Subsidiary, KWPCL and our Company's investment in Chhattisgarh Power Project Phase I will be undertaken pursuant to additional investments in KWPCL. The nature of such investments in KWPCL shall be determined at a later date.

Our Company intends to utilize approximately Rs. 5,000.00 million from the Net Proceeds towards the construction and development of Chhattisgarh Power Project Phase I.

As set out in the project appraisal memorandum dated December 2008 prepared by Axis Bank Limited, the estimated cost of the project is approximately Rs. 28,720.00 million (based on the detailed project report prepared by Fichter Consulting Engineers (India) Private Limited). As on January 31, 2010, we have spent Rs. 2,295.99 million towards the development and construction of the project *(as per the certificate of K.K Mankeshwar & Co., Chartered Accountant dated March 8, 2010)*. Of the total amount deployed, Rs. 228.92 million has been funded by secured debt and Rs. 2,067.07 million has been funded by us by way of share capital/share application money and unsecured loans.

The breakdown of construction and development of Chhattisgarh Power Project Phase I as detailed in the project appraisal memorandum, and as currently estimated by our management is provided below:

(Rs. in million)

Particulars	**Amount estimated by our management**	**Amount estimated in the project appraisal memorandum**
Land and site development	700.00	390.00
Civil and structural works	2,500.00	2,727.00
Infrastructure works (transmission and railway line)	1,237.00	1,230.00
Plant and equipments	18,800.00	18,762.00
Miscellaneous fixed assets	350.00	368.00
Preliminary & pre-operative expenses	456.00	456.00
Contingencies	262.00	262.00
Margin Money	431.00	431.00
Interest during construction	3,981.00	4,091.00
Total	**28,717.00 (approximately 28,720.00)**	**28,717.00 (approximately 28,720.00)**

Land and site development

The cost of acquisition and development of approximately 600 acres of land required for this project is estimated at Rs. 700.00 million by us as against Rs. 390.00 million appraised, as the cost of acquisition and development of land has increased since the date of appraisal due to the increase in prices of land in the area where the project is located. Our land requirement of approximately 600 acres for Chhattisgarh Power Project Phase I includes land required for the project plant, ash pond and related green belt area but excludes land required for railway sidings, water pipeline and transmission line.

As on January 31, 2010, we have acquired approximately 344 acres of private land, for an aggregate amount of approximately Rs. 449.66 million. In addition, we will require approximately 256 acres of land, which is in the process of being acquired from the GoCH and tribals. We have received an in-principle approval dated October 27, 2009, from the GoCH for acquisition of approximately 158 acres of private land owned by tribals and an in-principle approval dated May 14, 2009, by the District Trade and Industry Centre, Raigarh for transfer on lease of approximately 98 acres of government owned land.

Civil and structural works

The civil and structural works cost is estimated to be Rs. 2,500.00 million as against Rs. 2,727.00 million, appraised. The estimated cost under this head has decreased subsequent to the date of report pursuant to negotiations with contractors. The civil and structural works costs include the cost of main plant and buildings, cooling water system, cooling towers, chimney, coal handling system, miscellaneous and non-plant buildings, the development of the ash disposal area and towards the ash handling system etc. along with provisions for work contract tax and service tax.

Infrastructure works

The cost of infrastructure works is estimated to be Rs. 1,237.00 million by us as against Rs. 1,230.00 million, appraised. The estimated cost under this head has marginally increased on account of an increase in the cost of raw materials. Infrastructure works costs include costs towards laying the railway line from the plant site to the nearest railway station and the cost of laying the power transmission line.

Plant and Equipment

The plant and equipment cost is estimated to be Rs. 18,800.00 million by us as against Rs. 18,762.00 million, appraised. The estimated cost under this head increased marginally pursuant to an increase in the cost of such plant and equipment based upon contracts awarded. The plant and equipment costs includes costs towards mechanical equipment, electrical equipment, control and instrumentation package, erection, testing and commissioning costs along with provisions for transportation, insurance, taxes and duties, excise duties, inland freight and insurance etc. Mechanical costs primarily include costs towards steam generator, turbo-generator, coal handling system, ash handling system etc. Electrical equipment costs mainly include costs towards transformers package, switch gear package, switchyard package, cables etc.

Miscellaneous fixed assets

The cost of miscellaneous fixed assets is estimated to be Rs. 350.00 million by us as against Rs. 368.00 million, as appraised. The estimated cost under this head has decreased marginally on account of a marginal decrease in the estimation in cost of certain fixed assets. The miscellaneous fixed assets costs include costs towards tools and spares, furniture, fixtures, vehicles etc.

Preliminary and pre-operative expenses

The cost under this head includes cost towards preliminary works and expenses, establishment charges, audit and accounts, salary and wages, consultancy charges, training expenses, financing charges etc. There has been no change in the estimated cost under this head as against the amount appraised.

Contingency

Contingency provision of Rs. 262.00 million excluding interest during commission ("**IDC**") and margin money for working capital and pre-operative expenses has been made on the project cost excluding the cost of the BTG package. The provision of contingency as regard to the BTG package has been considered under the plant and equipment head itself.

Margin Money

The margin money on working capital is estimated at 25% of the working capital requirement at Rs. 431.00 million and the same has been included as part of the project cost.

Interest during construction

The interest during construction period has been assumed at the interest rate of 13.00% as against 13.50%, as appraised.

Development and construction schedule

This project is expected to be commissioned in the second quarter of fiscal 2013. The expected schedule of key development and construction activities for the project is given below:

Particulars	Expected period of completion
Land and site development	June 2010
Civil work	December 2010
Infrastructure Works	October 2010
Electrical Works	December 2011
Mechanical Works	January 2012
Erection	March 2012
Trial Run	April 2012
Commissioning	July 2012

2. *Part finance the construction and development of Madhya Pradesh Power Project Phase I*

We are developing 600 MW thermal power plant in Seoni, in the State of Madhya Pradesh, India. The development of Madhya Pradesh Power Project Phase I, is being undertaken by our Subsidiary, JPL and our Company's investment in Madhya Pradesh Power Project Phase I will be undertaken pursuant to additional investments in JPL. The nature of such investment in JPL shall be determined at a later date.

We intend to utilize approximately Rs. 5,000.00 million from the Net Proceeds towards the construction and development of Madhya Pradesh Power Project Phase I.

As set out in the project appraisal memorandum dated August 2009 prepared by Axis Bank Limited, the estimated cost of the project is approximately Rs. 29,100.00 million (based on the detailed project report prepared by Fichter Consulting Engineers (India) Private Limited). As on January 31, 2010, we have spent Rs. 578.51 million towards the development and construction of the project *(as per the certificate of K.K Mankeshwar & Co., Chartered Accountant dated March 8, 2010)*. The total amount deployed has been through share capital/share application money and unsecured loans.

The breakdown of construction and development of Madhya Pradesh Power Project Phase I as detailed in the project appraisal memorandum is provided below:

(Rs. in million)

Particulars	Amount estimated
Land and site development	513.00
Civil and structural works	3,027.00
Infrastructure works	1,160.00
Plant and equipments	18,107.00
Miscellaneous fixed assets	377.00
Preliminary & pre-operative expenses	1,063.00
Contingencies	468.00
Margin money	706.00
Interest during construction	3,676.00
Total	**29,097.00 (approximately 29, 100.00)**

Land and site development

The cost for land and site development includes the cost of acquisition of approximately 550 acres of land and development thereof. Our land requirement of approximately 550 acres of land for Madhya Pradesh Power Project Phase I includes land required for the project plant, ash dyke and related green belt but excludes land required for railway sidings and water line pipe.

As on January 31, 2010 we have acquired approximately 246 acres of private land for an aggregate amount of Rs. 116.82 million. In addition, approximately 304 acres of land is being acquired from the government and tribals. In this regard, we have received letters dated November 4, 2009, and December 26, 2009, from the GoMP and the Court of Collector, Seoni, respectively, for the allotment of a lease on approximately 219 acres of government land and have also received approval for the acquisition of tribal land, which was notified in the official gazette of the GoMP on August 21, 2009 for approximately 85 acres of tribal land. However, the environmental clearance obtained for the Madhya Pradesh Power Project Phase I imposes a condition which restricts us from acquiring tribal land. We have filed an application dated March 12, 2010, for the amendment of the environmental clearance obtained, to the MoEF. As on January 31, 2010, we have incurred Rs. 9.90 million towards the acquisition of tribal land and incurred Rs. 2.00 million for acquisition of Government land.

Civil and structural works

The civil and structural works cost includes costs towards the main plant and buildings, cooling towers, chimney, cooling water system, coal handling system, administrative building, development of the ash disposal area, ash handling system etc. along with provisions for work contract tax and service tax.

Infrastructure works

The cost under this head mainly includes the cost towards the railway line from the plant site to the nearest railway station and other infrastructural works.

Plant and Equipment

The plant and equipment cost includes costs towards mechanical and electrical equipment, control and instrumentation package, erection, testing and commissioning along with provisions for transportation, insurance, taxes and duties. Mechanical cost primarily includes cost towards steam generator, turbo-generator, coal-handling system, ash handling system etc. Electrical equipment cost mainly includes cost towards transformers package, switch gear package, switchyard package, cables etc.

Miscellaneous fixed assets

The miscellaneous fixed assets of Rs. 377.00 million includes the cost towards tools and spares, furniture, fixtures, vehicles etc.

Preliminary and pre-operative expenses

The cost under this head includes cost towards preliminary works and investigation studies, establishment charges, salaries, audit and accounts, consultancy charges, training expenses, financing charges etc.

Contingency

Contingency provision of Rs. 468.00 million has been made towards civil and structural works, infrastructure works, miscellaneous fixed assets and plant and equipment cost except BTG package cost. The cost of BTG Package already has a contingency built in it.

Margin Money

The margin money on working capital is estimated at 25% of the working capital requirement and the same has been included as part of the project cost.

Interest during construction

The interest during construction period has been estimated at the interest rate of 12% p.a. during construction which aggregates to approximately Rs. 3,676.00 million and the same is based on the capital phasing and the drawdown schedule of the loan.

Development and construction schedule

This project is expected to be commissioned in the fourth quarter of fiscal 2013. The expected schedule of key development and construction activities for the project is given below:

Particulars	**Expected period of completion**
Land and site development	June 2010
Civil work	June 2011
Infrastructure Works	June 2011

Particulars	Expected period of completion
Electrical Works	August 2012
Mechanical Works	September 2012
Erection	November 2012
Trial Run	December 2012
Commissioning	March 2013

3. ***Fund expenditure for general corporate purposes***

We intend to use a part of the Net Proceeds, approximately Rs. [●] million, towards general corporate purposes including funding cost overruns of our projects (if any), repayment of loans, joint ventures and meeting exigencies which we may face in the ordinary course. Our management, in accordance with the policies of the Board, will have the flexibility in utilizing the sum earmarked for general corporate purposes and any surplus amounts from the Net Proceeds.

Schedule of Implementation and Deployment of Funds

Detailed below is the estimated schedule of deployment of funds and the schedule of implementation of the projects:

(Rs. in million)

S. No.	Object	Amount deployed as on January 31, 2010 [(1)]	Estimated Schedule of Deployment of Funds*					Total
			Remaining Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	
1.	Part finance the construction and development of Chhattisgarh Power Project Phase I	2,295.99	331.68	10,167.04	12,714.32	3,210.97	-	28,720.00
2.	Part finance the construction and development of Madhya Pradesh Power Project Phase I	578.51	1,050.86	8,061.92	10,250.89	8,574.92	582.90	29,100.00

[(1)]As certified by K.K Mankeshwar & Co., Chartered Accountants by their certificate dated March 8, 2010.
**as per estimation of our management.*

We propose to deploy the Net Proceeds in the aforesaid objects in the next two fiscals. The Net Proceeds are expected to be deployed as provided in the schedule below:

(Rs. in million)

S. No.	Object	Estimated schedule of Deployment of Funds			Total
		Fiscal 2011	Fiscal 2012	Fiscal 2013	
1.	Part finance the construction and development of Chhattisgarh Power Project Phase I	1,131.61	3,178.58	689.81	5,000.00
2.	Part finance the construction and development of Madhya Pradesh Power Project Phase I	793.46	2,562.72	1,643.82	5,000.00

Issue Related Expenses

The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses are as follows:

S. No.	Activity Expense	Amount (Rs. in million)	Percentage of Total Issue Expenses	Percentage of Total Issue Size
1.	Lead management fees*			
2.	Underwriting and selling commission*(including commission to SCSBs for ASBA Applications *)	[●]	[●]	[●]
3.	Registrar's fees*	[●]	[●]	[●]

S. No.	Activity Expense	Amount (Rs. in million)	Percentage of Total Issue Expenses	Percentage of Total Issue Size
4.	Advertisement and marketing expenses*	[●]	[●]	[●]
5.	Printing and distribution expenses*	[●]	[●]	[●]
6.	IPO Grading expenses*	[●]	[●]	[●]
7.	Advisors*	[●]	[●]	[●]
8.	Bankers to the Issue*	[●]	[●]	[●]
9.	Others (SEBI filing fees, bidding software expenses, depository charges, listing fees, etc.) *	[●]	[●]	[●]

** To be finalized upon determination of the Issue Price.*

Working Capital Requirement

The Net Proceeds will not be used to meet our working capital requirements as we expect to have internal accruals, avail debt and/or draw down from our existing or new lines of credit to meet our working capital requirements.

Interim use of funds

Our management, in accordance with the policies established by our Board from time to time, will have flexibility in deploying the Net Proceeds. Pending utilization for the purposes described above, we intend to invest the funds in high quality interest and dividend bearing liquid instruments including investments in mutual funds, deposits with banks and other investment grade interest bearing securities. Such investments would be in accordance with investment policies approved by our Board from time to time. We confirm that pending utilization of the Net Proceeds, we shall not use the funds for any investments in the equity markets.

Appraisal

Chhattisgarh Power Project Phase I has been appraised by Axis Bank Limited as set out in the appraisal memorandum dated December 2008 prepared for purpose of circulation among potential lenders on the basis of information and documents provided by the Company and available published information.

Madhya Pradesh Power Project Phase I, has been appraised by Axis Bank Limited as set out in the appraisal memorandum dated August 2009 prepared for the purpose of circulation among potential lenders on the basis of information and documents provided by the Company and available published information.

For certain risks and weakness disclosed in the appraisal memoranda, see "***Risk Factors***" on page xv.

Monitoring Utilization of Funds

In terms of Regulation 16 of the ICDR Regulations, we have appointed [●] as the monitoring agency to monitor the utilization of the Net Proceeds. The Company in accordance with the Listing Agreement undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee (the "**Audit Committee**") without any delay. The Company will disclose the utilization of the Net Proceeds, including interim use under a separate head in its balance sheet for such fiscal periods as required under the ICDR Regulations, the Listing Agreements with the Stock Exchanges and any other applicable laws or regulations, clearly specifying the purposes for which the Net Proceeds have been utilized. Our Company will also, in its balance sheet for the applicable fiscal periods, provide details, if any, in relation to all such Net Proceeds that have not been utilized, if any, of such currently unutilized Net Proceeds.

In accordance with Clause 43A of the Listing Agreement the Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations if any, in the utilization of the proceeds of the Issue for the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee. In the event, the Monitoring Agency points out any deviation in the use of proceeds of the Issue from the objects of the Issue as stated above, or has given any other reservations about the end use of funds, the Company shall intimate the same to the Stock Exchanges without delay. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee. The said disclosure shall be made until the time the full money raised through the Issue has been fully spent. The statement shall be certified by our statutory auditors.

We may in the ordinary course of our business procure machines from our Promoters or Group Entities. Except as stated above, there are no material existing or anticipated transactions in relation to the utilization of the Net Proceeds of the Issue or estimated cost as above with our Promoters, our Directors, our key management personnel, associate and Group Entities. Except as stated above, no part of the Net Proceeds will be paid by us as consideration to our Promoters, Promoter Group, our Directors, Group Entities or key managerial employees, except in the normal course of our business.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares offered by the Book Building Process and on the basis of the following qualitative and quantitative factors. The face value of the Equity Shares is Rs. 10 per share 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.

Qualitative Factors

Some of the qualitative factors which form the basis for computing the price are:

- Ability to leverage our relationship with the Avantha Group;
- Experience in operating and expanding the capacity of power plants;
- Our projects in Madhya Pradesh and Chhattisgarh have achieved significant milestones;
- Experienced management team with a track record of project execution;
- Our power projects enjoy locational advantages.

For details of qualitative factors which form the basis of computing the price see "***Our Business***" and "***Risk Factors***" on pages 67 and xv, respectively.

Quantitative Factors

Information presented in this section is based on the restated financial statements of our Company. For more details on the financial information, see "***Financial Statements***" on page F1.

1. *Basic and Diluted Earnings per Share ("EPS"):*

As per our Restated Unconsolidated Summary Statements:

Period	Basic EPS (Rs. Per Equity Share)	Diluted EPS(Rs. Per Equity Share)	Weight
For the nine months period ended March 31, 2007*	0.44	0.44	1
For the year ended March 31, 2008	1.30	1.30	2
For the year ended March 31, 2009	0.79	0.79	3
Weighted Average	**0.90**	**0.90**	
For the six months period ended September 30, 2009*	0.14	0.09	

**Not annualized*

As per our Restated Consolidated Summary Statements:

Period	Basic EPS (Rs. Per Equity Share)	Diluted EPS(Rs. Per Equity Share)	Weight
For the year ended March 31, 2008	1.30	1.30	1
For the year ended March 31, 2009	0.79	0.79	2
Weighted Average	**0.96**	**0.96**	
For the six months period ended September 30, 2009*	0.14	0.09	

**Not annualized*

Note:

1. EPS calculations are in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India.
2. The face value of each Equity Share is Rs. 10 per share.

2. *Price Earning Ratio (P/E) in relation to the Issue Price of Rs. [•] per Equity Share of Rs. 10 each*

Particulars	P/E at the lower end of the price band	P/E at the higher end of the price band
Based on EPS of Rs. (0.79) per Equity Share for the fiscal 2009	[●]	[●]
Based on Weighted average EPS of Rs. (0.90) per Equity Share	[●]	[●]
Industry P/E		
Highest	352.8	
Lowest	11.3	
Industry Composite	21.2	

Source: "Capital Market" magazine Vol. XXV/01 dated March 08 – March 21, 2010.

3. *Return on Net worth ("RoNW")*

As per our Restated Unconsolidated Summary Statements:

Period	RoNW (%)	Weight
Year ended March 31, 2007	4.45	1
Year ended March 31, 2008	11.73	2
Year ended March 31, 2009	3.86	3
Weighted Average	**6.58**	
Six months ended September 30, 2009*	0.74	

**not annualized*

As per our Restated Consolidated Summary Statements:

Period	RoNW (%)	Weight
Year ended March 31, 2008	11.74	1
Year ended March 31, 2009	3.85	2
Weighted Average	**6.48**	
Six months ended September 30, 2009*	0.73	

**not annualized*

4. *Minimum Return on Total Net Worth after Issue needed to maintain Pre-Issue EPS for fiscal 2009:*

Minimum RoNW required for maintaining pre-Issue EPS for the fiscal 2009 is [●].

5. *Net Asset Value per Equity Share ("NAV")*

As per our Restated Unconsolidated Summary Statements:

	Amount (Rs. per share)
NAV as at March 31, 2009	10.82
NAV as at September 30, 2009	10.98
NAV after the Issue	[●]
Issue Price	[●]

As per our Restated Consolidated Summary Statements:

	Amount (Rs. per share)
NAV as at March 31, 2009	10.82
NAV as at September 30, 2009	10.97
NAV after the Issue	[●]
Issue Price	[●]

NAV per Share = Net worth, as restated, at the end of the year / Number of equity shares outstanding at the period end plus potential no. of equity shares against Share Application Money Pending Allotment.

6. *Comparison with other listed companies*

Name of the Company	Face Value (Rs.)	E.P.S (Rs.)	Book Value (Rs.)	RoNW (%)	P/E Multiple
Tata Power Company Limited	10	27.8	369.5	8.2	34.6
Reliance Power	10	0.8	57.5	1.4	-
Torrent Power Limited	10	8.4	68.4	13.3	19.9
NTPC Limited	10	9.4	72.7	14.4	18.9
Adani Power Limited	10	-	26.1	-	-
KSK Energy Ventures Limited	10	1.8	66.1	5.2	137.7
Indiabulls Power Limited	10	0.5	19.1	5.0	-
Avantha Infrastructure and Power Limited*	10	0.79	10.82	3.86	[●]**

Source: "Capital Market" magazine Vol. XXV/01 dated March 08 – March 21, 2010.
**Based on Restated Unconsolidated Summary Statements of the Company for the year ended March 31, 2009.*
*** Based on the issue price to be determined on conclusion of book building process and the Basic/Diluted EPS of the Company*

The Issue Price of Rs. [•] has been determined by our Company, in consultation with the Book Running Lead Managers on the basis of the demand from investors for the Equity Shares through the Book Building Process and is justified based on the above accounting ratios. For further details, see "***Risk Factors"*** on page xv and the financials of the Company including important profitability and return ratios, as set out in "***Financial Statements***" on page F1.

Note:

On November 24, 2009, 414,772,726 Equity Shares have been allotted as fully paid up at a premium of Re. 1 per Equity Share, which includes 17,29,54,545 number of equity share alloted against Rs 1,902.50 million share application money pending for allotment as at September 30, 2009. If this allotment is considered, the accounting ratios would be as under:

Diluted Earnings per Equity Share for six months ended September 30, 2009 (Rs)	0.05
Return on Net Worth for the half year ended September 30, 2009	0.46%
Net Asset Value per Share as at September 30, 2009 (Rs)	10.98

STATEMENT OF TAX BENEFITS

The Board of Directors
Avantha Power & Infrastructure Limited
124, Thapar House, Janpath
New Delhi-100001
India

Dear Sirs

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

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

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

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

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

Ashwin Mankeshwar
Partner
Chartered Accountants
K.K. Mankeshwar & Co.
Membership No.: 46219
FRN:- 106009W

Place: Gurgaon

Date: 11/2/10

STATEMENT OF TAX BENEFITS

STATEMENT OF DIRECT TAX BENEFITS

- **TAX BENEFITS AVAILABLE TO COMPANY**

A. Special Tax Benefits available to the Company under Income Tax Act, 1961

1. The Company proposes to be engaged in generation of power and is therefore eligible for deduction of 100% of the profits derived from the business of generation of power, under section 80-IA of the Income-tax Act, 1961 (ITA), for a period of 10 consecutive years in a block of 15 years starting from the year in which the company starts generating power, subject to compliance with the conditions specified in Section 80-IA. It may be noted that deduction u/s. 80-IA shall be available only in respect of an undertaking which starts generating power on or before 31st March 2011.

2. Since the company proposes to be engaged in the business of generation of power, by virtue of clause (i) of sub-section (1) of Section 32 of the ITA, the Company has an option to claim depreciation on the straight line method on the actual cost of the assets instead of the written down value method based on written down value of block of assets. It may be noted that once the option is exercised, it will have to be adopted for all subsequent assessment years.

B. General Tax Benefits to the Company under Income Tax Act, 1961

1. In accordance with section 10(34), income earned by way of dividend from a domestic company referred to in section 115-O is exempt from tax.

2. Under Section 115JAA(1A) of the Act, credit is allowed in respect of any tax paid (MAT) under Section 115JB of the Act for any assessment year commencing on or after April 1, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall be available for set-off up to 7 years succeeding the year in which the MAT credit becomes allowable.

3. Under Section 10(38) of the Act, long-term capital gain on sale of equity shares or units of an equity oriented fund will be exempt provided that the transaction of such sale is chargeable to Securities Transaction Tax. As per the provisions of Section 112(1)(b) of the IT Act, other Long-term Capital Gains arising to the Company are subject to tax at the rate of 20% (plus applicable surcharge and cess). However, as per the Proviso to that section, the long term capital gains resulting from transfer of listed securities or units or zero coupon bonds [not covered by Section 10(36) and 10(38) of the IT Act], are subject to tax at the rate of 20% on long-term capital gains worked out after considering indexation benefit (plus applicable surcharge and cess), which would be restricted to 10% of Long-term capital gains worked out without considering indexation benefit (plus applicable surcharge and cess).

4. Income received in respect of the units of any mutual fund specified under clause 10(23D) is exempt from tax in the hand of the Company, under section 10(35) of the Income-tax Act, 1961.

5. Under Section 111A of the Act, short-term capital gain on sale of equity shares or units of an equity oriented fund where the transaction of such sale is chargeable to Securities Transaction Tax, shall be chargeable to tax at the rate of 15% (plus applicable surcharge and education cess).

- **TAX BENEFITS AVAILABLE TO SHAREHOLDERS**

C. Special Tax Benefits to Shareholders of the Company under Income Tax Act, 1961

There are no special tax benefits available to shareholders of the Company.

D. General Tax Benefits to Shareholders of the Company under Income Tax Act, 1961

I. Residents

1. In accordance with section 10(34), dividend income declared, distributed or paid by the Company (referred to in section 115-O) will be exempt from tax.

2. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is exempt from income tax, if the sale transaction is chargeable to Securities Transaction Tax.

3. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to Securities Transaction Tax, held as long term capital assets will be the lower of:

(a) 20 per cent (plus applicable surcharge and cess) of the capital gains as computed after indexation of the cost, or

(b) 10 per cent (plus applicable surcharge and cess) of the capital gains as computed without indexation.

4. As per the provisions of Section 111A of the IT Act, Short-term Capital Gains arising to the resident shareholders from the transfer of Equity Shares in a company or units of equity oriented fund defined in Section 10 (38) of the act, are subject to tax @ 15% (plus applicable surcharge and cess) if such a transaction is subjected to Securities Transaction Tax.

5. In accordance with and subject to the conditions specified in Section 54EC of the IT Act, the resident shareholders would be entitled to exemption from tax on Long-term Capital Gains [not covered by Section 10 (38) of the IT Act], if such capital gains are invested in any of the long-term specified assets (hereinafter referred to as the "new asset") to the extent and in the manner prescribed in the said section. Currently, the limit for investment in long term specified asset is Rs. 50 lacs. If only a part of the capital gains is so invested, the exemption would be limited to the amount of the capital gains so invested. If the new asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains for which exemption is availed earlier would become chargeable to tax as long term capital gains in the year in which such new asset is transferred or converted into money.

6. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent provided in Section 54F of the IT Act, the shareholder is entitled to exemption from Long-term Capital Gains arising from the transfer of any long term capital asset [not covered by Section 10 (38) of the IT Act], if the net consideration is invested for purchase or construction of a residential house. If part of the net consideration is invested within the prescribed period in a residential house, such gains would not be chargeable to tax on a proportionate basis. If, however, such new residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains for which the exemption was availed earlier would be taxed as long-term capital gains of the year in which such residential house is transferred.

II. Non-Residents / Non-Resident Indian Member

1. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) will be exempt from tax.

2. Benefits outlined in Paragraph D (I) above are also available to a non-resident/non-resident Indian shareholder except that under first proviso to Section 48 of the IT Act, the capital gains arising on transfer of capital assets being shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation is not available to non-resident shareholders.

3. As per Section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the nonresident/ non-resident Indian shareholder. Thus, a non-resident/non-resident Indian shareholder can opt to be governed by the beneficial provisions of an applicable tax treaty.

4. Non-resident Indian [as defined in Section 115C(e) of the IT Act], being a shareholder of an Indian company, has the option of being governed by the provisions of Chapter XII-A of the IT Act, which reads as under:

- As per the provisions of Section 115D read with Section 115E of the IT Act and subject to the conditions specified therein, long term capital gains (in cases not covered under Section 10(38) of the IT Act) arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge and cess), without indexation benefit.

- In accordance with section 115F, subject to the conditions and to the extent specified therein, long term capital gains arising from transfer of shares of the company acquired out of convertible foreign exchange (other than covered under section 10(38) of the IT Act), shall be exempt from capital gains tax, if the net consideration is invested within six months of the date of transfer in any specified asset or savings certificates referred to in Section 10(4B) of the IT Act. Further, if the specified asset or saving certificates in which the investment has been made is transferred or converted into money within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred or converted (otherwise than by transfer) into money.

- As per the provisions of Section 115G of the IT Act, non-resident Indians are not obliged to file a return of income under Section 139(1) of the IT Act, if their total income consists of income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the IT Act.

- Under Section 115H of the IT Act, where the non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the IT Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are transferred or converted into money.

- As per the provisions of Section 115I of the IT Act, 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 for that assessment year under Section 139 of the IT Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the IT Act.

III. Foreign Institutional Investors (FlIs)

1. In accordance with section 10(34), dividend income declared, distributed or paid by the Company (referred to in section 115-O) will be exempt from tax in the hands of Foreign Institutional Investors (FIIs).

2. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to Securities Transaction Tax.

3. In accordance with section 115AD, FIIs will be taxed @ 10% (plus applicable surcharge and cess) on long-term capital gains (computed without indexation of cost and foreign exchange fluctuation), if Securities Transaction Tax is not payable on the transfer of the shares and @ 15% (plus applicable surcharge and cess) in accordance with section 111A on short-term capital gains arising on the sale of the shares of the Company which is subject to Securities Transaction Tax. If the provisions of Section 111A are not applicable to the short term capital gains, then the tax will be charged @ of 30% (plus applicable surcharge and cess).

4. Under section 196D (2) of the Income-tax Act, 1961, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD.

5. Benefit of exemption under Section 54EC shall be available as outlined in Paragraph D(I)(5) above.

6. As per Section 90(2) of the IT Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the nonresident. Thus, a non-resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

IV. Mutual Funds

In accordance with section 10(23D), any income of a:

(i) Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under;

(ii) Mutual Fund set up by a public sector bank or a public financial institution;

(iii) Mutual Fund authorised by the Reserve Bank of India,

is exempt from income tax, subject to the conditions notified by the Central Government in this regard.

E. Benefits available under Wealth Tax Act, 1957

Asset as defined under section 2(ea) of the Wealth-tax Act, 1957 does not include shares held in a company and hence, shares are not liable to wealth tax.

F. Benefits available under Gift Tax Act, 1958

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax. However, if the aggregate fair market value of the shares exceeds fifty thousand rupees then, in the hands of the Donee, the same will be treated as income under the provisions of the IT Act unless the gift is from a relative as defined under Explanation to Section 56(vi) of Income-tax Act, 1961 or under circumstances mentioned in the second proviso to Section 56(vii) of the IT Act.

STATEMENT OF INDIRECT TAX BENEFITS

The indirect tax benefits listed below are the possible benefits available under the current tax laws in India. Several of these benefits are dependent on the Company fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company to derive the tax benefits is dependent upon the fulfilling such conditions.

A) Special Indirect Tax benefits available to the Company

1. In terms of Notification no. 21/2002-Cus. dated 1.3.2002 as amended last by Notification no. 21/2010-Cus. dated 27.2.2010 under Customs Tariff of India, the Power Generating Companies are eligible to import goods required for setting up of a power generation project (other than captive power generation plant) at concessional rate of 5% basic custom duty under chapter 98 (Project Imports).

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

3. Supply of goods to power projects is entitled to "Deemed Export Benefits" as available under Chapter 8 of Foreign Trade Policy of India.

B) General Indirect Tax benefits available to the Company

1. In terms of Section 8(3)(b) of the Central Sales Tax Act, 1956, the purchase of goods covered under the Registration Certificate made in the course of inter-state trade or commerce for use in the generation or distribution of electricity is eligible for concessional rate of sales tax of 2%.

Notes:

(i) All the above statements of direct and indirect tax benefits are as per the current laws. Accordingly, any change or amendment in the laws/regulation would impact the same.

(ii) 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 investments in the shares of the company.

(iii) The above Statement of Possible Tax 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 shares.

SECTION IV- ABOUT THE COMPANY

INDUSTRY

*The information in this section has been extracted from the websites of and publicly available documents from various sources, including the Ministry of Power ("**MoP**"), the Central Electricity Authority ("**CEA**") and the Planning Commission of India. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with the Issue has verified the information provided in this chapter. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information.*

Overview of the Indian Economy

India, with a population of over 1.15 billion people, had a GDP of approximately Rs.33,393.75 billion in 2008, according to the Reserve Bank of India's Handbook of Statistics on the Indian Economy 2008-2009, dated September 15, 2009. This makes it the fifth largest economy in the world, on a PPP basis, after the European Union, the United States, China and Japan, according to the CIA World Factbook.

The following table presents a comparison of India's real GDP growth rate with the real GDP growth rate of certain other countries (in percentages).

Countries	2004	2005	2006	2007	2008	2009 (Estimated)	2010 (Estimated)
Australia	3.8	2.8	2.8	4.0	2.4	0.7	2.0
Brazil	5.7	3.2	4.0	5.7	5.1	(0.7)	3.5
China	10.1	10.4	11.6	13.0	9.0	8.5	9.0
India	**7.9**	**9.2**	**9.8**	**9.4**	**7.3**	**5.4**	**6.4**
Japan	2.7	1.9	2.0	2.3	(0.7)	(5.4)	1.7
Korea South	4.6	4.0	5.2	5.1	2.2	(1.0)	3.6
Malaysia	6.8	5.3	5.8	6.2	4.6	(3.6)	2.5
Russia	7.2	6.4	7.7	8.1	5.6	(7.5)	1.5
Thailand	6.3	4.6	5.2	4.9	2.6	(3.5)	3.7
UK	3.0	2.2	2.9	2.6	0.7	(4.4)	0.9
USA	3.6	3.1	3.7	2.1	0.4	(2.7)	1.5

Source: IMF World Economic Outlook, October 2009, available at https://www.imf.org/external/pubs/ft/weo/2009/02/pdf/text.pdf

According to the RBI's Macroeconomic and Monetary Developments Second Quarter Review 2009-10, dated October 26, 2009, India is one of the fastest growing large economies in the world with a GDP growth of 6.7% in fiscal 2009, 6.1% in the first quarter of fiscal 2010 and an expected growth in GDP of 6.0% in fiscal 2010. The decrease in growth is mainly due to the global economic contraction and deterioration in the global financial markets. According to the estimates released in May 2009 by the CSO, India's GDP during the fourth quarter of 2008-2009 grew at a rate of 5.8% compared to 8.6% in the corresponding quarter in the preceding year.

India follows a system of successive five-year plans that establish targets for economic development in various sectors, including the power sector. According to the Planning Commission of India, the 11th five year plan (2007-08 to 2011-12) aims at a sustainable GDP growth rate of 9.0%. The power sector has been recognized by GoI as a key infrastructure sector to sustain the growth of the Indian economy. As per the projections of investment in infrastructure during the 11th Plan, which are listed in the table below, the power sector is expected to attract 30.4% of the total $581.68 billion projected investment in infrastructure during the 11th Plan.

(Rs. crore at 2006-2007 prices)

Sectors	Rs. Crore(1)	$ billion(2)	Sectoral shares (%)
Electricity (incl. NCE)	7,25,325	176.91	30.4
Roads	3,66,843	89.47	15.4
Telecom	3,14,118	76.61	13.2
Railways (incl. MRTS)	3,03,530	74.03	12.7
Irrigation (incl. Watershed)	2,62,508	64.03	11.0
Water Supply and Sanitation	2,34,268	57.14	9.8

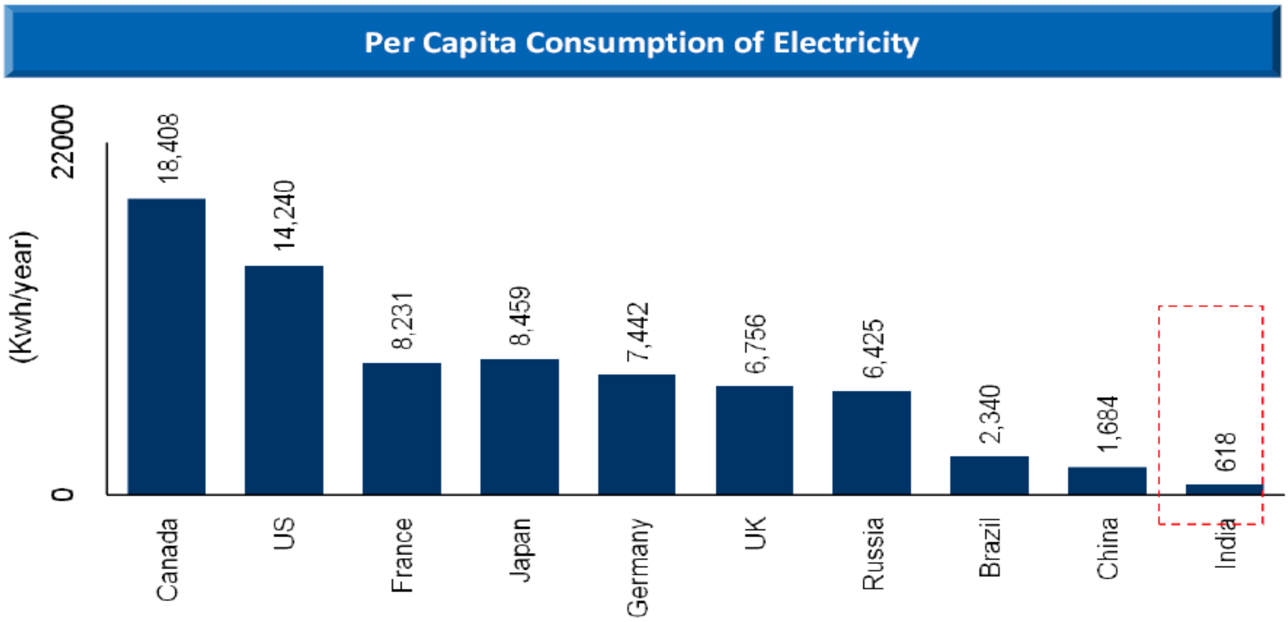
Sectors	Rs. Crore[(1)]	$ billion[(2)]	Sectoral shares (%)
Ports	86,989	21.22	3.6
Airports	40,880	9.97	1.7
Storage	26,327	6.42	1.1
Gas	24,118	5.88	1.0
Total	**23,84,905**	**581.68**	**100.0**

(1) 1 crore = 10 million
(2) Exchange rate of Rs. 41.00 per US$1.00

Source: *"Projections of Investment in Infrastructure during the Eleventh Plan" available at infrastructure.gov.in/pdf/Inv_Projection.pdf*

Overview of Indian Power Industry

The low per capita consumption of electric power in India compared to the world average presents a significant potential for sustainable growth in the demand for electric power in India. According to the 17th Electric Power Survey, May 2007, India's peak demand is expected to grow at a CAGR of 7.6% over a period of 10 years and would require a generating capacity of 300,000 MW by 2017 to cater to demand. According to the CEA January 2010 Report, as on December 31, 2009, India had an installed capacity of 156,092.23 MW. The following chart illustrates India's low per capita consumption of electricity compared to other countries.



Source: *World Energy Outlook, 2006; Human Development Report 2007-08; China Electricity Council, China Power Year Book, Government of India, Ministry of Statistics & Programme Implementation*

India has historically had energy shortages, which have been increasing over the years. Energy deficits averaged 8.9% and the peak power deficit averaged 12.8% between fiscal year 2003 and fiscal year 2009. According to the CEA January 2010 Report, the total energy deficit and peak power deficit from April 2009 to December 2009 was approximately 9.8% and 12.6% respectively.

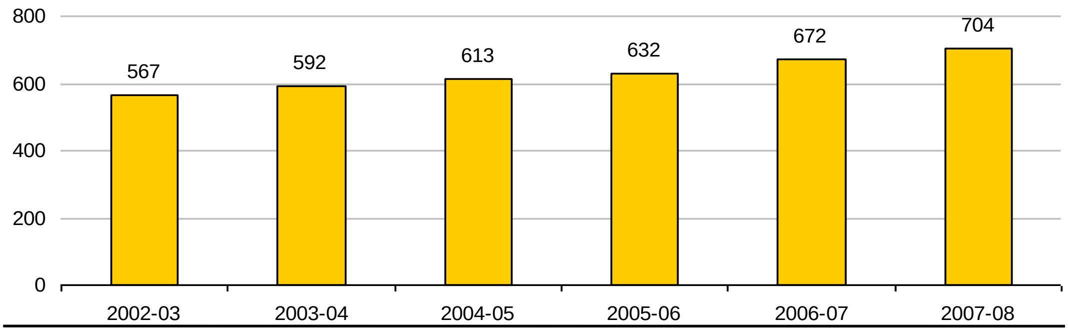
The shortages in energy and peak power have been primarily due to the slow pace of capacity addition. During the 10th plan period (Fiscal 2002 to Fiscal 2007), capacity addition achieved compared to target capacity addition was 51.5%. During the 11th plan period (Fiscal 2008 to Fiscal 2012), capacity addition achieved was 9,263.0 MW or 56.7% of the target capacity addition of 16,335.2 MW in Fiscal 2008, while in Fiscal 2009, capacity addition achieved was 3,453.7 MW, or 31.2% of the target capacity addition of 11,061.2 MW.

The GoI has recognized the power sector as a key infrastructure sector to be developed to sustain Indian economic growth and has taken various steps to reform the power sector to attract private participation, increase competition and reduce AT&C losses

Indian Power Consumption

The per capita consumption of power in India has increased from 566.7 kWh/year in 2002-03 to 704.2 kWh/year in 2007-08, at a CAGR of 4.4% from 2002-03 to 2007-08. The following chart highlights the growth in per capita consumption of power.

Growth in per Capita Consumption
(kwhr/year)



Source: Monthly Review of Power Sector December 09 (CEA) available at http://www.cea.nic.in/power_sec_reports/executive_summary/2009_12/1-2.pdf

Due to inadequate supply and distribution infrastructure, the per capita consumption of energy in India is low in comparison to most other parts of the world. An increase in per capita consumption of electricity in India requires an increase in accessibility of electricity in rural India. The GoI has set a target to achieve 1,000 kWh per person by fiscal year 2012, according to its mission of "Power for All by 2012" and as envisaged in its National Electricity Policy.

Demand/Supply Overview

The Indian power sector has historically been characterized by energy shortages, which have been increasing over the years. Demand for energy increased at a CAGR of 6.0% from fiscal year 2003 to fiscal year 2009. During the same period, supply of energy increased at a CAGR of 5.6%. As depicted in the table below, historically India witnessed shortages in energy and peak power requirements. The energy deficit averaged at 8.9% and the peak power deficit averaged 12.8% from fiscal year 2003 to fiscal year 2009, with the deficits increasing over that period.

Period	Energy Requirement (MU)	Energy Availability (MU)	Energy Deficit/ Surplus (MU)	Energy Deficit/ Surplus (%)	Peak Demand (MW)	Peak Met (MW)	Peak Deficit/ Surplus (MW)	Peak Deficit/ Surplus (%)
2002-03	545,983	497,890	(48,093)	(8.8)	81,492	71,547	(9,945)	(12.2)
2003-04	559,264	519,398	(39,866)	(7.1)	84,574	75,066	(9,508)	(11.2)
2004-05	591,373	548,115	(43,258)	(7.3)	87,906	77,652	(10,254)	(11.7)
2005-06	631,757	578,819	(52,938)	(8.4)	93,255	81,792	(11,463)	(12.3)
2006-07	690,587	624,495	(66,092)	(9.6)	100,715	86,818	(13,897)	(13.8)
2007-08	739,345	666,007	(73,338)	(9.9)	108,866	90,793	(18,073)	(16.6)
2008-09	774,324	689,021	(85,303)	(11.0)	109,809	96,685	(13,124)	(12.0)
Average (1)			(58,412)	(8.9)			(12,323)	(12.8)
CAGR (1)	6.0%	5.6%			5.1%	5.2%		

Source: Power Scenario at a Glance, January 2010 (CEA) available at http://www.cea.nic.in/planning/POWER%20SCENARIO%20AT%20A%20GLANCE/PSG.pdf

The deficits in electric energy and peak power requirements varies across India. While the peak deficit was 12.6% from April 2009 to December 2009 for India in general, the Western region experienced the highest peak deficit of 17.2% and the Northern region experienced a peak power deficit of 15.4%. The following table depicts the energy and peak power deficits across varies regions in India during April to December 2009.

Period (April-December 2009)	Energy Requirement (MU)	Energy Availability (MU)	Energy Deficit/ Surplus (MU)	Energy Deficit/ Surplus (%)	Peak Demand (MW)	Peak Met (MW)	Peak Deficit/ Surplus (MW)	Peak Deficit/ Surplus (%)
Northern	193,716	170,861	(22,855)	(11.8)	37,159	31,439	5,720	(15.4)
Western	189,612	165,606	(24,006)	(12.7)	37,631	31,177	(6,454)	(17.2)
Southern	161,183	151,370	(9,813)	(6.1)	29,216	26,445	(2,771)	(9.5)
Eastern	65,884	62,986	(2,898)	(4.4)	12,980	12,384	(596)	(4.6)
N. Eastern	7,159	6,315	(844)	(11.8)	1,760	1,445	(315)	(17.9)
All India	617,554	557,138	(60,416)	(9.36)	116,266	101,609	(14,687)	(12.6)

Source: "Power Scenario at a Glance," January 2010 available at http://www.cea.nic.in/planning/POWER%20SCENARIO%20AT%20A%20GLANCE/PSG.pdf

The deficits are the consequence of slow progress in the development of additional power generation capacity.

Power Overview in Western India

The following table provides a summary of the demand/supply scenario in Western India for the period between the 9th Plan end and December 2009.

Period	Peak Demand (MW)	Peak Met (MW)	Peak Deficit/ Surplus (MW)	Peak Deficit/ Surplus (%)	Energy Requirement (MU)	Energy Availability (MU)	Energy Deficit/Surplus (MU)	Energy Deficit/ Surplus (%)
9th plan end	26,510	22,024	-4,486	-16.9	175,016	156,793	-18,223	-10.4
2002-03	28,677	22,853	-5,824	-20.3	190,745	166,687	-24,058	-12.6
2003-04	29,704	23,657	-6,047	-20.4	191,680	171,236	-20,444	-10.7
2004-05	31,085	24,128	-6,957	-22.4	204,048	181,010	-23,038	-11.3
2005-06	31,772	25,257	-6,515	-20.5	215,983	186,904	-29,079	-13.5
2006-07	36,453	27,463	-8,990	-24.7	232,391	196,117	-36,274	-15.6
2007-08	38,277	29,385	-8,892	-23.2	247,173	208,228	-38,945	-15.8
2008-09	37,240	30,154	-7,086	-19.0	254,486	213,724	-40,762	-16.0
April–December 2009	37,631	31,177	-6,454	-17.2	189,612	165,606	-24,006	-12.7
December 2009	37,158	30,680	-6,478	-17.4	22,846	19,198	-3,648	-16.0

Source: CEA, "Power Scenario at a Glance", January 2010

The power requirements of Western India are met by the power generated by state utilities, IPPs and the state government's share in the power generated by the central power stations. The total installed capacity in the western region as on December 31, 2009 was 49,027.47 MW. The following table provides details of the installed capacity in the Western region:

Sector	Hydro	Thermal				Nuclear	Wind	Total
		Coal	Gas	Diesel	Total			
State	5,480.50	15,857.50	1,804.72	17.28	17,679.50	0.00	328.89	23,488.89
Private	447.00	4,148.00	2,805.50	0.20	6,985.70	0.00	4,234.29	11,666.99
Central	1,520.00	6,978.00	3,533.59	0.00	10,511.59	1,840.00	0.00	13,871.59
Total	**7,447.50**	**27,015.50**	**8,143.81**	**17.48**	**35,176.79**	**1,840.00**	**4,563.18**	**49,027.47**

Source: CEA, "Power Scenario at a Glance", January 2010

The expected capacity addition (sector-wise and state-wise) in the Western region during the 11th Plan is given below:

Sector	Hydro	Thermal				Nuclear	Wind	Total
		Coal	Gas	Diesel	Total			
State	250.0	7,525.0	1,467.0	0.0	8,992.0	0.0	0.0	9,242.0

Private	400.0	4,370.0	1,128.0	0.0	5,498.0	0.0	0.0	5,898.0
Central	520.0	4,980.0	740.0	0.0	5,720.0	0.0	0.0	6,240.0
Total	1,170.0	16,875.0	3,335.0	0.0	20,210.0	0.0	0.0	21,380.0

Source: CEA, "Power Scenario at a Glance", January 2010

It is expected that despite the planned capacity addition, the Western region will continue to have deficits in power.

Demand Projections of Energy and Peak Power

According to the 17th Electric Power Survey, May 2007, India's energy requirement will grow at a CAGR of 7.1% to 1,392,066 Million Units ("**MUs**") over a period of 10 years (i.e., fiscal year 2007 to fiscal year 2017). As per the 17th EPS Report, to meet this energy demand, the corresponding installed generating capacity required would be about 300,000 MW in fiscal year 2017.

The table below provides details on the total projected energy, peak power requirement and the installed capacity required according to the GoI, Integrated Energy Policy, Report of the Expert Committee (August 2006).

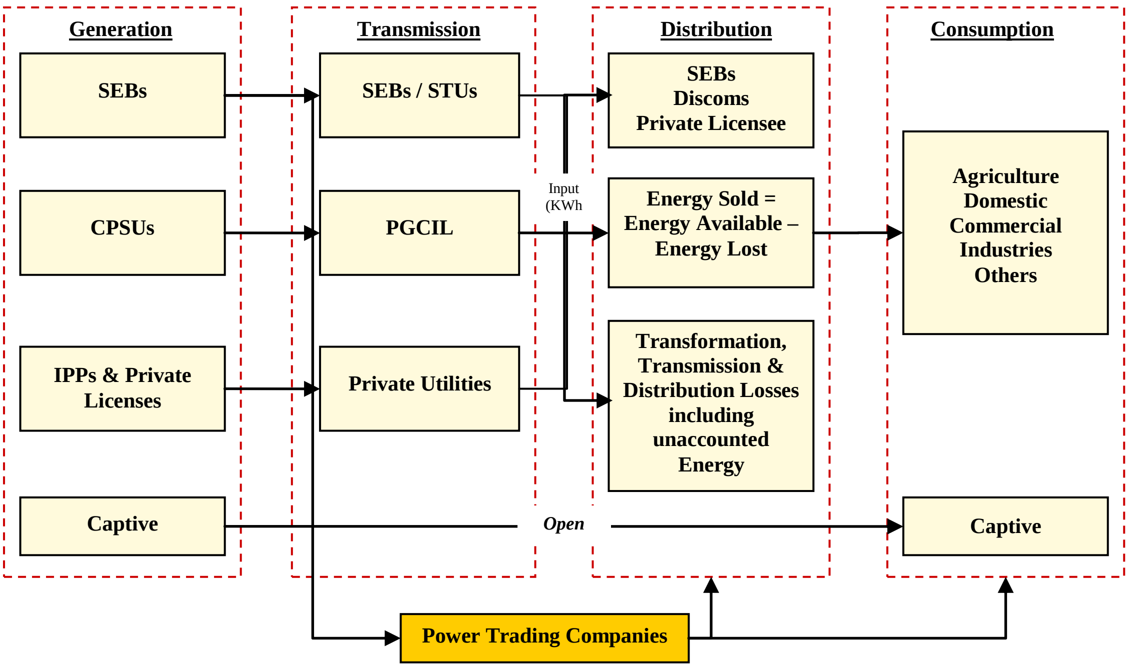
Year	Billion kWh				Projected Peak Demand (GW)		Installed Capacity Required (GW)	
	Total Energy Requirement		Energy Required at Bus Bar[(1)]		@ GDP Growth Rate		@ GDP Growth Rate	
	@ GDP Growth Rate		@ GDP Growth Rate					
	8%	9%	8%	9%	8%	9%	8%	9%
2011-12	1,097	1,167	1,026	1,091	158	168	220	233
2016-17	1,524	1,687	1,425	1,577	226	250	306	337
2021-22	2,118	2,438	1,980	2,280	323	372	425	488
2026-27	2,866	3,423	2,680	3,201	437	522	575	685
2031-32	3,880	4,806	3,628	4,493	592	733	778	960

(1) Energy demand at bus bar is estimated assuming 6.5% auxiliary consumption.

Source: Government of India Integrated Energy Policy, Report of the Expert Committee (August 2006) available at http://planningcommission.gov.in/reports/genrep/rep_intengy.pdf

Structure of Indian Power Industry

The following diagram depicts the structure of the Indian power industry for generation, transmission and distribution and consumption:



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

Generation

Generation generally refers to the bulk production of electric power for industrial, residential and rural use. Currently, under Indian law, any generating company can establish, operate and maintain a generating station if it complies with the technical standards relating to connectivity with a grid. Approvals from the GoI, State Government and the techno-economic clearance from the CEA are no longer required, except for hydroelectric projects. Generating companies are now permitted to sell electricity to any licensees and, where permitted by the respective state regulatory commissions, to consumers.

Installed Generation Capacity

According to CEA January 2010 Report, as on December 31, 2009, the total installed power generation capacity in India was 156,092.23 MW. State Electricity Boards accounted for 50.23% and Central Public Sector Units accounted for 31.91% of that total installed power generation capacity. The participation from the private sector is comparatively small at 17.85%.

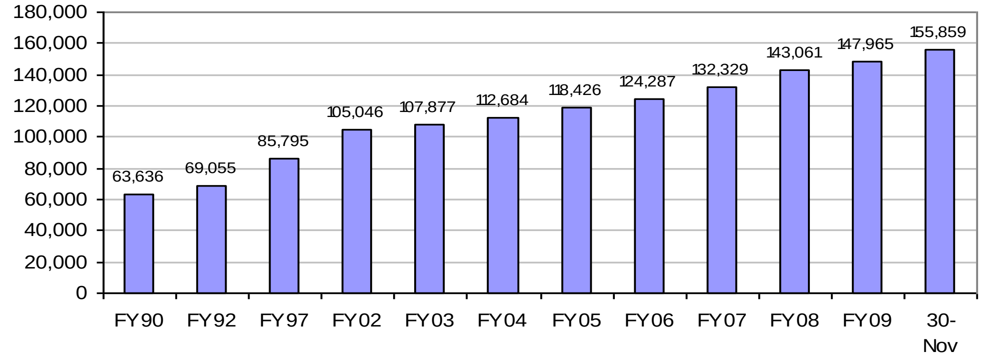
Currently, Indian generation uses all available fuel options and conventional, non-conventional and emerging power generation technologies. As of December 31, 2009, thermal power plants powered by coal, gas and diesel accounted for approximately 63.97% of power generated, hydro electric plants accounted for 23.63% of power generated, nuclear power plants accounted for 2.64% of power generated and renewable energy sources accounted for approximately 9.75% of power generated.

Installed Capacity as on December, 2009 (Figures in MW)						
Sector	**Hydro**	**Thermal**	**Nuclear**	**R.E.S.**	**Total**	**% of Total**
State	27,087.00	48,703.23	-	2,623.80	78,413.99	50.23%
Central	8,565.00	37,127.23	4,120.00	-	49,812.63	31.91%
Private	1,233.00	14,031.02	-	12,601.59	27,865.61	17.85%
Total	**36,885.40**	**99,861.48**	**4,120.00**	**15,225.35**	**156,092.23**	100.00%
% of Total	23.63%	63.92%	2.64%	9.75%	100.00%	

Source: CEA, "Power at a Glance," January 2010

The following chart depicts the historical installed capacity of generation in India. The generation capacity growth has been low in India, during the last five years (i.e., fiscal year 2004 to fiscal year 2009). The generation capacity increased at a CAGR of 5.6% while the energy demand during the same period increased at a CAGR of 6.7%.

Growth of Installed Capacity (in MW)



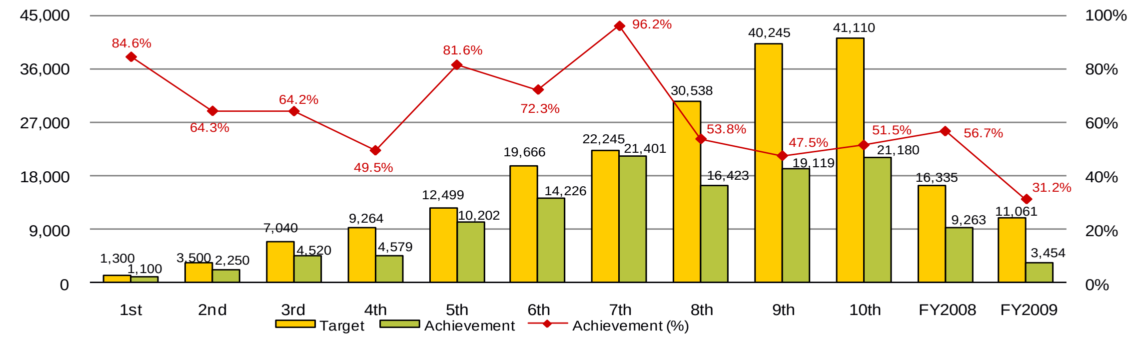
Source: http://cea.nic.in/power_sec_reports/executive_summary/2009_11/11.pdf

Historical Capacity Additions

During the last ten five-year plans, the actual capacity addition always fell short of the targeted capacity. During the last two five-year plans, the achievement in terms of capacity addition has declined to a level of 47.5% in 9th and 51.5% in 10th plan, as illustrated by the graph below. According to the CEA Monthly Review of Power Sector Report for March 2008 and March 2009, the capacity addition target set out in the 11th Plan (fiscal year 2008 to fiscal year 2012) was 16,335.2 MW and 11,061.2 MW for fiscal year 2008 and fiscal year 2009, respectively. The actual capacity addition achieved for the same periods was 9,263.0 MW, or 56.7% of the 11th plan target and 3,453.7 MW, or 31.2% of the 11th plan target, respectively.

The following chart depicts the targeted capacity additions set forth in each five year plan by Ministry of Power.

All India Capacity Addition Targets and Achievements (From 1st to 11th Plan)
(MW) **(%)**



Source: National Electricity Plan (April 2007) available from printed reports procured from Central Electricity Authority and CEA Monthly Review of Power Sector Report March 2009 available at http://www.cea.nic.in/power_sec_reports/executive_summary/2009_03/1-2.pdf

The failure to meet these capacity addition targets, due to delays in land acquisition, equipment procurement and coal linkages has aggravated the demand/supply gap for electric power in India.

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

According to Monthly Review of the Power Sector, October 2009 (CEA), thermal plants can be based on coal, lignite, gas, LNG or liquid fuel. Based on the installed power generation capacity as on December 31, 2009, coal based thermal plants comprised 52.3% of the total available thermal capacity.

The Geological Survey of India estimates that coal reserves stood at 257 billion ton as on January 1, 2007 with approximately 89% of these being of non-coking grade, which is primarily used for power generation. According to the National Electricity Plan (April 2007), the geographical distribution of these coal reserves is in the states of Bihar, Jharkhand, Madhya Pradesh, Chhattisgarh, West Bengal, Orissa and Andhra Pradesh. In addition, the geological reserves of lignite are approximately 35.6 billion ton, according to National Electricity Plan (April 2007). Lignite is available in only a few states of India, such as Tamil Nadu, Rajasthan and Gujarat. Since lignite is available at a relatively shallow depth and is non-transportable, its use for power generation at pithead stations is found to be attractive.

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 because it is more environmentally friendly and is easier to use than oil.

Hydro

Hydroelectric power generation is based on the sustainable development of river basins. The hydroelectric potential of a river basin forms an integral part of the electric power supply industry, as well as water resources development of the basin.

According to National Electricity Plan (April 2007), the total theoretical potential of hydroelectric power generation and economic power potential are estimated to be about 300,000 MW and 50,000 MW, respectively. Hydroelectric potential in India is approximately 84,000 MW at a plant load factor of 60%.

The geographical spread of hydroelectric potential in India is in six major river systems; Indus, Brahmaputra, Ganga, central Indian river system, the east flowing river system and the west flowing river systems. The hydro potential of a river depends on its run-off and is directly related to rain and snow fall levels. Most of the inflow to the basins occur during the monsoon months and storage type hydro projects are required to optimally utilize water resources. According to the National Electricity Plan (April 2007), India has one of the lowest per capital storage rates, and approximately 80% of the surface water from the rivers flow in to the sea unutilized, rather than being stored for generating power. The total annual energy potential of the Hydroelectric power generation schemes identified in India is estimated to be about 600 billion units and 739 billion units in 90% and 50% dependable flow conditions, respectively.

Nuclear

According to National Electricity Plan (April 2007), nuclear power is a clean, environment friendly and economically viable source of power generation. The role of nuclear power is important as a complement to the fossil thermal power generation to meet the base load demand and to minimize coal transportation from the regions rich in coal reserves to deficit regions located far from the coal belt. Nuclear power will have an increasingly important role in power generation and providing energy security given the finite resources of fossil fuel. As nuclear fuel is a concentrated source of energy, quantities of waste are much smaller than in the case of coal-based stations.

India has limited uranium resources but vast thorium resources. The potential of nuclear energy in India from thorium resources is equivalent to India's total electricity requirements for several hundreds of years considering current consumption levels.

Future programmes have been laid out in the National Electricity Plan (April 2007), for the development of 7,280 MW and 20,000 MW of nuclear power by 2012 and 2020, respectively. Capacity additions of 2,880 MW were planned during the first two years of the 11th plan and one Prototype Fast Breeder Reactor unit of 500 MW is scheduled to be added during 2011-12. The three stages of the nuclear power programme are (i) Pressurized Heavy Water Reactors, which use natural uranium; (ii) Fast Breeder Reactors, which use plutonium-based fuel; and (iii) advanced Nuclear Power Systems, which use thorium.

According to National Electricity Plan (April 2007), India is one of the few countries in the world and the only country among the developing countries to have achieved self reliance in all aspects of nuclear power generation, beginning from the prospecting and mining of uranium, the fabrication of fuel assemblies and the production of heavy water, to fuel reprocessing and plutonium recycling. As nuclear power projects are capital-intensive, the gestation period of projects has a considerable influence on the economics of nuclear power. Accordingly, considerable efforts have been made to reduce the gestation period of the projects.

On August 1, 2008, the International Atomic Energy Agency ("**IAEA**") approved the Safeguards Agreement with India and in September, 2008, the Nuclear Suppliers Group approved an exemption from its nuclear cooperation guidelines for India, allowing Nuclear Suppliers Group member states to provide nuclear materials, technologies, and equipment to India. India has already signed nuclear fuel supply agreements with France and the United States. These developments should enable India to receive adequate supplies of nuclear fuel and technology.

Solar

The process of converting solar radiation, or sunlight into electricity using solar cell device is referred to as Solar Photovoltaic Generation, or SPV. A solar cell, when exposed to sunlight, generates electricity. The magnitude of the electric current generated depends on the intensity of the solar radiation, ambient temperature, exposed area of solar cell and type of material used in fabricating the solar cell.

The SPV Programme is aimed at deployment of relevant SPV technologies in urban, commercial and rural applications. According to National Electricity Plan (April 2007), India's SPV potential is 20 MW per square kilometre, and as on December 31, 2006, India had an installed solar power generation capacity of 3.0 MW.

Wind

India's wind power development programme was initiated in 1983-84. According to National Electricity Plan (April 2007), India now ranks 5th in the world after USA, Germany, Spain and China in wind power generation and the technically viable amount of wind power which can be exploited economically in India is 13,000 MW and India's gross wind power generation potential is 45,000 MW.

According to the Ministry of New and Renewable Energy's press release date July 13, 2009, the existing wind power installed capacity in India is 10,242 MW, with the majority of the capacity addition being achieved through private investment. The unit capacity of wind electric generators presently range from 225 kW to 2 MW and operate with wind speeds ranging between 2.5 to 25 meters per second.

Wind turbines generally have three blades, which rotate with wind flow and are coupled to a generator through either a gear box or directly. The blades rotate around a horizontal hub connected to a generator. The power produced by the generator is controlled automatically as wind speeds vary. After the identification of an appropriate site, the site is mapped for a period of one to two years after which wind turbines are installed over a period of two to three months at appropriate distances between them to minimize any potential disturbances between turbines.

Capacity Addition Plans (11th and 12th Plans)

11th Plan (fiscal year2008 to fiscal year2012)

According to the National Electricity Plan (April 2007), the requirement of additional capacity during the 11th Plan (fiscal year 2008 to fiscal year 2012) to meet all-India peak demand of 152,746 MW and energy generation requirement of 1,038 BU at the end of 11th Plan (Fiscal 2012) is approximately 82,500 MW.

The following table depicts the capacity addition during the 11th Plan as on December 31, 2010.

Projected Capacity Additions (MW)				
Sector	**Hydro**	**Thermal**	**Nuclear**	**Total**
Central	8,654	24,840	3,380	36,874
State	3,482	23,301	-	26,783
Private	3,491	11,552	-	15,043
All-India	**15,627**	**59,693**	**3,380**	**78,700**

Source: Power Scenario at a Glance, January 2010 available at http://www.cea.nic.in/planning/POWER%20SCENARIO%20AT%20A%20GLANCE/PSG.pdf

This represents a growth in generation capacity of 9.8% per annum during the 11th Plan period, over the installed capacity of 132,329 MW at the end of fiscal year 2007. According to the "White Paper on Strategy for 11th Plan", dated August 2007, to achieve the planned capacity generation target during the 11th plan, investment of Rs. 4,109.00 billion is required.

12th Plan (fiscal year 2013 to fiscal year 2017)

According to the National Electricity Plan (April 2007), the capacity addition required during the 12th Plan would be approximately 71,000 MW to 107,500 MW based on normative parameters.

The following table presents the various scenarios for required capacity generation during the 12th Plan.

Capacity Addition required during 12th Plan (2012-17)					
GDP Growth	**GDP / Electricity Elasticity**	**Electricity Generation Required (BU)**	**Peal Demand (MW)**	**Installed Capacity (MW)**	**Capacity Addition Required During 12th Plan (MW)**

Capacity Addition required during 12th Plan (2012-17)					
GDP Growth	**GDP / Electricity Elasticity**	**Electricity Generation Required (BU)**	**Peal 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: National Electricity Plan (April 2007), available from printed reports procured from Central Electricity Authority

Captive Power Generation

Another segment of power generation in India is the captive power segment. Captive power refers to power generation from a project set up for industrial consumption. According to Monthly Review of Power Sector, December 2009 (CEA), captive power capacity, at 19,509 MW, accounted for 12.50% of the total installed capacity in India as on December 31, 2009. The dependence on captive power has been increasing, due to the continuing shortage of power and India's economic growth.

The Electricity Act 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.

Merchant Power Generation

Merchant power plants ("**MPPs**") generate electricity for sale in the open wholesale market. MPPs are generally built and owned by private developers at their own cost. Merchant power plants are a product of the restructuring of the electricity industry.

MPPs can generally be categorized into different classes based on the amount of time that the facility is operating and their variable costs to produce electricity. A facility's variable cost to produce electricity, in turn, determines the order in which it is used to meet fluctuations in electricity demand. Base-load facilities are those that typically have low variable costs and provide power at all times. Base-load facilities are used to satisfy the base level of demand for power, or "load," that is not dependent upon time of day or weather. Peaking facilities have the highest variable cost to generate electricity and typically are used only during periods of the highest demand for power. Intermediate facilities have cost and usage characteristics between those of base-load and peaking facilities.

Typically, base-load units are selected for an area of relatively high load factors or stable energy use. Alternatively, peaking units are typically selected for an area of relatively low-load factors or high volatility in load demand. The availability goals of all units are driven by "in-market" availability, that is availability during periods when power prices are significantly above the variable cost of producing power at the facility.

In order to facilitate the development of electricity market, the Ministry of Power has issued the approach and the guidelines on the development of IPPs. IPPs up to a capacity of about 1000 MW would be provided coal linkage and captive coal blocks may also be provided to IPPs with capacities in the range of 500 - 1000 MW. The National Electricity Plan (April 2007) estimates that approximately 10,000 to 12,000 MW capacity will be developed through this initiative. The National Electricity Plan believes capacity addition through this route will further contribute to better economic growth, better reliability of power, more spinning reserves and promote the creation of competition in the electricity market.

Tariffs

Tariffs are the predetermined price by which a power generator sells its electricity in India. The National Tariff Policy ("**NTP**") is the main regulation governing electricity pricing in India. The GoI finalized the NTP, on January 6, 2006, as amended on March 31, 2008. The main objectives of the NTP include promoting competition, efficiency in operations and improvements in the quality of supply, as well as ensuring the availability of electricity to consumers at reasonable and competitive rates. The NTP provides guidelines for multi-year tariffs, rate of returns for generation and transmission projects, tariff modalities for utilities, subsidy to consumers and cross subsidy calculations.

The current approach to tariffs in the Indian power sector is based on a cost-plus mechanism, wherein the regulators set benchmarks for parameters determining both the fixed (or capacity) charge and the energy (or variable) charge components of tariffs. Profits of the generator (i.e. rate of return on investment and other incentives) are then added on top, hence "cost-plus". Elements of fixed charges include depreciation, interest on loans and finance charges, return on equity, operation and maintenance expenses, interest on working capital, and taxes; whereas energy charges mainly cover fuel cost. Energy charges are paid according to fuel consumption for scheduled generation, while the fixed charges are paid in proportion to the generator's availability (ability to generate), regardless of actual energy generation. Energy charges are calculated using fixed operational benchmarks, not actual operational data. Scheduled generation from a generator is determined by (national, regional, and state) load dispatch centers, based on projected demand and generator's declared capacity for the day. In addition, there are bonuses to encourage running a generation facility at a high PLF and bonuses and penalties to regulate the generator's behavior for its interchange of power with the power grid. Therefore, the present generation tariff in India consists of four parts (i) fixed (capacity) charge based on the generator's availability to generate power, (ii) energy (variable) charge based on the generator's scheduled generation, (iii) unscheduled interchange (UI) charge or bonus, if any, based on a generator's behavior with respect to any unscheduled interchange of power with the power grid and that action's effect on the power grid, and (iv) PLF incentive, if any.

The nature of a power project, in terms of whether the power generator is a public or a private entity, dictates how the tariff for a particular power project is determined. Tariffs for generating companies owned by the GoI and other entities with interstate generation transmission operations are set by the CERC. Tariffs for state sector generators are regulated by the state electricity regulatory commissions. Tariffs for IPPs are governed by agreements between power generation companies and the purchaser, known as power purchase agreements or PPAs and therefore can have more market components to the pricing mechanism.

Guidelines for Determination of Tariff by Bidding Process for Procurement of Power by Distribution Licensees

The NTP requires 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. Even for the public sector projects, tariffs of all new generation and transmission projects should be decided on the basis of competitive bidding after a period of five years or when CERC is satisfied that the situation is ripe to introduce such competition. However, a developer of a hydroelectric project who is not a state controlled or a state owned company, has the option of having the tariff determined by a regulatory commission on a performance based cost of service basis, provided that certain conditions described in NTP are fulfilled.

The Guidelines for competitive bidding for determination of tariff for procurement of power by distribution licensees were issued on January 19, 2005, as amended on March 27, 2009, 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.

The guidelines apply for procurement of base-load, peak-load and seasonal power requirements through competitive bidding, generally in two different categories:

- Where the location, technology, or fuel is not specified by the procurer (Case 1);
- For hydro-power projects, load center projects or other location specific projects with specific fuel allocation such as captive mines available, which the procurer intends to set up under a tariff based bidding process (Case 2).

However, the guidelines provide that separate RFP's shall be used for procuring base-load, peak-load or seasonal power requirements, as the case may be.

Transmission

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. Some interstate transmission links are jointly owned by the State Electricity Boards ("**SEBs**"). In addition, PGCIL owns and operates many inter-regional transmission lines, which are a part of the national grid. Inter-regional transmission lines facilitate the transfer of power from a region with a surplus to one with a 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 coordination 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. According to the National Electricity Plan (April 2007), the present interregional power transfer capacity of 14,100 MW at the end of 10th Plan is expected to be enhanced to 37,700 MW by 2012. For the creation of such a national grid, the total investment requirement in the central transmission sector during the 11th Plan period is expected to be Rs. 1,400 billion.

In addition, the Electricity Act 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, provided there is available space on the transmission network. Private sector investments have been allowed in the transmission sector and foreign direct investment in this sector is being encouraged by the GoI.

Distribution

Power distribution is a critical link between power generation, power transmission and end users of power. As a result of high AT&C, and the historically weak financial health of SEBs, investments in the distribution sector have been relatively low and the growth and maintenance of distribution systems in India has been poor.

To improve the distribution of power, the GoI has formulated the Accelerated Power Development Reform Programme ("**APDRP**"). The objectives of this programme are to improve the financial viability of state power utilities, reduce AT&C to around 10%, improve customer satisfaction and increase the reliability and quality of the power supply.

The APDRP scheme has two components. First, the scheme has an investment component. GoI provides additional central assistance for strengthening and upgrading the sub-transmission and distribution network. Twenty-Five percent of the project cost is provided as additional central plan assistance in the form of a grant to the state utilities. To begin with, the GoI provided a loan in an amount of 25% of the project cost. However, in accordance with the recommendation of 12th Finance Commission, the loan component has been discontinued since FY 2005-06. Now utilities have to arrange for the payment of the remaining 75% of the project cost from FIs like Power Finance Corporation/Rural Electrification Corporation or their own resources. Special category states (such as the North Eastern states, Jammu and Kashmir, Himachal Pradesh, Uttaranchal and Sikkim) are entitled to 90% assistance in the form of the grant with the remaining 10% balance being funded by the states themselves.

The second component of the scheme is the incentive component. An incentive equivalent of 50% of the actual cash loss reduction by SEBs/Utilities is provided as a grant. Fiscal year 2000-01 is the base year for the calculation of loss reduction in subsequent years. The cash losses are calculated net of subsidy and receivables.

Trading

Historically the main suppliers and consumers of bulk power in India have been the various government controlled generation and distribution companies who typically contracted power on a long-term basis by way of PPAs with regulated tariffs. However, in order to encourage entry of IPPs and private sector investment in the power sector, the Electricity Act recognized power trading as a distinct activity from generation, transmission and distribution. This recognition has facilitated the development of a trading market for electricity in India by providing for open access to transmission networks for normative charges.

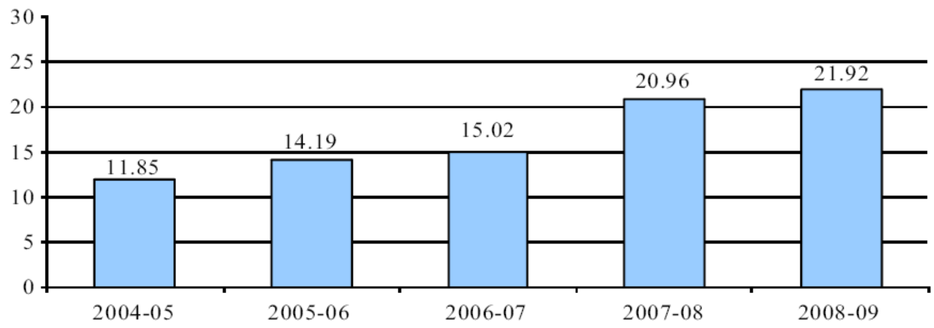
The Electricity Act specifies trading in electricity as a licensed activity. "Trading" has been defined as the purchase of electricity for resale. This may involve wholesale supply (i.e., purchasing power from generators and selling the power to the distribution licensees) or retail supply (i.e., purchasing power from generators or distribution licensees for sale to end consumers).

Indian Energy Exchange ("**IEX**") is India's first nation-wide automated and online electricity trading platform. IEX seeks to catalyze the modernization of electricity trading in India by allowing trading through a technology enabled platform. On June 9, 2008, IEX received Central Electricity Regulatory Commission approval for commencing operations. IEX is a demutualised exchange that facilitates efficient price discovery and price risk management in the power trading market. IEX offers a broader choice to generators and distribution licensees for the sale and purchase of power, which facilitates trading in smaller quantities. IEX enables participants to precisely adjust their portfolio as a function of consumption or generation. *(Source: www.iexindia.com).*

Power Exchange India Limited ("**PXIL**") is a fully electronic, nation-wide exchange for trading of electricity. It has been promoted by two of India's leading exchanges, National Stock Exchange of India Ltd (NSE) and National Commodities & Derivatives Exchange Ltd (NCDEX). PXIL aims to provide transparent and fair price discovery mechanism which can signal massive potential investments into the Indian Power Sector. PXIL received regulatory approval from CERC on September 30, 2008 to begin operations. PXIL successfully began its operations on October 22, 2008. (*Source: http://www.powerexindia.com/index.html)*

With the aid of the reforms, the volume of power traded, as well as its traded price, has grown rapidly over the last few years. The following chart shows the increasing volume of power traded for the periods indicated.

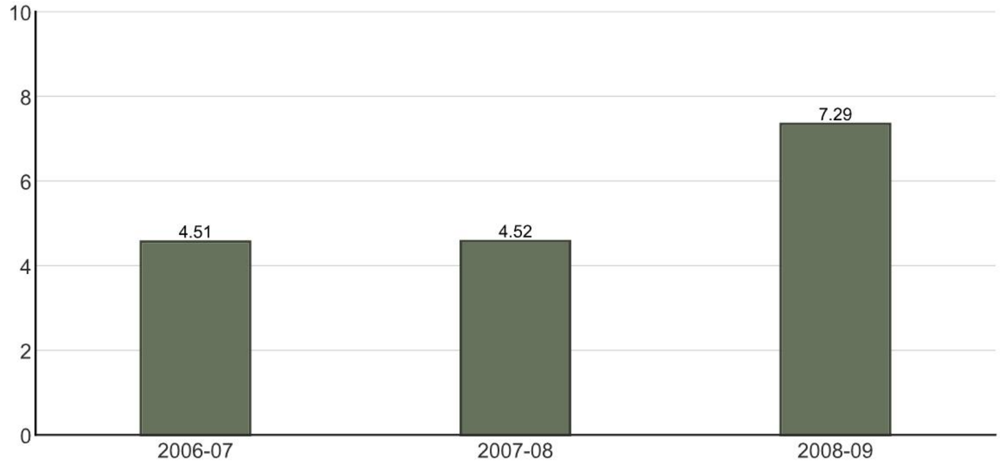
Volume of Electricity Traded by the Trading Licensees
BU



Source: http://www.cercind.gov.in

The following chart shows prices of power traded for the periods indicated:

Weighted Average Price of Electricity Traded by Licensees and Power Exchanges (BU)



Note: The Price in 2008-09 represents the Weighted Average Price of electricity transacted through trading licensees and power exchanges and the price in the rest of the years represents the price of electricity transacted through licensees only.

Source: http://www.cercind.gov.in/2009/December09/ANNUAL_REPORT_2008-09_ENGLISH.pdf

Regulatory Concessions

The GoI has designated or planned a series of ambitious power projects since the 1990s – Mega Power Projects ("**MPPs**") and Ultra Mega Power Projects ("**UMPPs**"). These projects are awarded to developers on the basis of competitive bidding and carry with them certain concessions and benefits.

Mega Power Projects

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

- an inter-state thermal power plant with a capacity of 700 MW or more, located in the states of Jammu and Kashmir, Sikkim, Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland and Tripura; or

- an inter-state thermal power plant of a capacity of 1,000 MW or more, located in states other than those specified in clause (a) above; or

- an inter-state hydro electricity power plant of a capacity of 350 MW or more, located in the states of Jammu and Kashmir, Sikkim, Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland and Tripura; or

- an inter-state hydro electricity power plant of a capacity of 500 MW or more, located in states other than those specified in clause (c) above.

Fiscal concessions/benefits available to the Mega Power Projects:

- Zero Customs Duty: The import of capital equipment would be free of customs duty for these projects.

- Deemed Export Benefits: Deemed export benefits are available to domestic bidders for projects both under public and private sector on meeting certain requirements.

- Pre-conditions for availing the benefits: Goods required for setting up of any mega power project, qualify for the above fiscal benefits after the project is certified that:

(i) the power purchasing states have granted to the Regulatory Commissions full powers to fix tariffs; and
(ii) the power purchasing states undertakes, in principle, to privatize distribution in all cities, in that state, each of which has a population of more than one million, within a period to be fixed by the Ministry of Power.

- Income Tax benefits: In addition, the income-tax holiday regime as per Section 80-IA of the Income Tax Act 1961 is also available.

Ultra Mega Power Projects

Development of UMPPs has been identified by GoI as a key area of potential development. These are very large sized projects, approximately 4000 MW each, involving an estimated investment of about Rs. 160,000 million. These projects are designed to meet power needs of a number of states and distribution companies located in these states, and are being developed on a Build, Own, and Operate ("**BOO**") basis. As promotion of competition is one of the key objectives of the Electricity Act and of the legal provisions regarding procurement of electricity by distribution companies, identification of the project developer for these projects is being done on the basis of tariff based competitive bidding. Guidelines for determination of tariff for procurement of power by distribution licensees have been notified in January 2005 under the provisions of the Electricity Act. The Power Finance Corporation ("**PFC**"), a PSU under the Ministry of Power, has been identified as the nodal agency for this initiative.

Salient features of the Plant and Choice of Technology

- The Ultra Mega Power Projects ("**UMPPs**") are required to use super critical technology with a view to achieve higher levels of fuel efficiency, resulting in saving of fuel and lower green-house gas emissions;
- Flexibility in unit size subject to adoption of specified minimum supercritical parameters;
- Integrated power project with dedicated captive coal blocks for pithead project; and
- Coastal projects to use imported coal.

To date, four UMPPs have been awarded, Sasan in Madhya Pradesh, Mundra in Gujarat, Krishnapatnam in Andhra Pradesh and Tilaiya in Jharkhand.

National Electricity Policy

In compliance with the Electricity Act, the GoI issued the National Electricity Policy in February, 2005. The National Electricity Policy aims at achieving the following objectives: make electricity accessible to all households by 2010; meet power demands by 2012, with energy and peaking shortages overcome and adequate spinning reserve available; supply quality power reliably in an efficient manner and at reasonable rates; increase the per capita availability of electricity to over 1000 units by 2012; minimize lifeline consumption of 1 unit/household/day as a merit good by year 2012; foster a financial turnaround and a commercially viable electricity sector; and protect consumers' interests.

Mission 2012: Power for All

In *Mission 2012: Power for All*, the MoP set power sector development goals. A comprehensive blueprint for power sector development has been prepared, which encompasses an integrated strategy for the sector development with the following objectives: sufficient power to achieve GDP growth rate of 8%; reliable and quality power at premium cost; commercial viability of power industry; and power for all.

There are a number of strategies to achieve the objectives. First, the power generation strategy focuses on low cost generation, optimisation of capacity utilisation, control of the input cost, optimisation of fuel mix, technology upgrades and utilisation of non-conventional energy sources. Second, the transmission strategy focuses on development of a national grid, including Interstate connections, technology upgrades and optimisation of transmission cost. Third, the distribution strategy to achieve distribution reforms focuses on system upgrades, loss reduction, theft control, consumer service orientation, quality power supply commercialization, decentralized distributed generation and supply for rural areas. Fourth, the regulation strategy aims at protecting consumer interests and making the sector commercially viable. Fifth, the financing strategy focuses on generating resources for required growth of the power sector. Sixth, the conservation strategy focuses on optimising the utilisation of electricity with focus on demand-side management, load management and technology upgrades to provide energy efficient equipment/gadgets. Finally, the communication strategy focuses on political consensus with media support to enhance the general public awareness.

OUR BUSINESS

*The following information is qualified in its entirety, and should be read together with, the more detailed financial and other information included in this Draft Red Herring Prospectus, including the information contained in "**Risk Factors**" on page xv.*

In this section, a reference to the "Company" means Avantha Power and Infrastructure Limited. Unless the context otherwise requires, references to "we", "us", or "our" refers to Avantha Power and Infrastructure Limited and its Subsidiaries, on a consolidated basis.

Overview

We are an established power generation company with 191 MW of operational thermal power capacity, 2,400 MW of generating capacity under various stages of implementation and 1,320 MW of generating capacity under planning spread across India. Once all of our projects under implementation and development have achieved commercial operation, we expect to have total installed capacity of 3,911 MW. 165 MW of our operational thermal power capacity is primarily captive in nature, with four wholly-owned power plants located in Ballarpur (Maharashtra), Bhigwan (Maharashtra), Yamuna Nagar (Haryana) and Sewa (Orissa). 26.19 MW of our operational gas power capacity is generated by our gas-fired Malanpur Power Plant (Madhya Pradesh) with two of its three engines operating as a captive power producer and the remaining engine operating as an independent power producer. Our four wholly-owned Captive Power Units primarily supply power and steam to BILT, one of our Promoters, and BGPPL, a Group Entity, and they also sell surplus power on a merchant basis. Power from our 59% owned Malanpur Power Plant is primarily supplied to SRF Limited, which is not part of the Avantha Group, and surplus power is sold on a merchant basis. Our two thermal power projects in Raigarh (Chhattisgarh) and Seoni (Madhya Pradesh) are under various stages of implementation and one thermal power project in Gujarat is under planning. We sell and intend to sell the power generated from our operational, under implementation and under planning projects through PPAs of various durations and also on a merchant basis.

In April 2006, we acquired four power projects of BILT through the Scheme of Demerger. Through this process, we inherited from BILT 95 MW of co-generation capacity and more than 25 years of experience in operating and maintaining co-generation power plants. Since then, we have expanded the captive power generation capacity in these four wholly-owned power plants to 165 MW and we are the captive power and steam supplier to BILT, BGPPL and BBEL. For further details, see "***History and Certain Corporate Matters***" on page 101. Pursuant to a share purchase agreement dated March 1, 2010, we acquired from Crompton Greaves, one of our Promoters, a 59% stake in MCPL for an aggregate consideration of Rs. 514 million. MCPL owns and operates the Malanpur Power Plant with installed capacity of 26.19 MW, primarily servicing captive consumer, SRF Limited and selling surplus power on merchant basis.

We are part of the Avantha Group, a well-known Indian conglomerate promoted by Mr. Gautam Thapar. The Avantha Group operates in diversified sectors including power transmission and distribution equipment, pulp and paper, food processing, farm forestry and chemicals and operates in over 10 countries.

For fiscal 2009, we generated revenues and profit before taxes of Rs. 3,276.44 million and Rs. 162.70 million, respectively. For the six month period ended September 30, 2009, we generated revenues and profit before taxes of Rs. 1,915.50 million and Rs. 69.42 million, respectively.

Our Power Projects

We classify our projects as operational, under implementation and under planning. Currently, we have four coal based captive power and steam power plants and one gas fired power plant that are operational, two thermal power projects under various stages of implementation and one thermal power project under planning. Brief details of these power projects are set forth below. For further details in relation to our power projects mentioned below, see "***– Our Power Generation Business***" on page 73.

- *Operational Power Plants* – the details of our four wholly-owned captive power plants and one 59% owned gas fired power plant are as follows:

Unit	Location	Capacity	Product	Captive Consumers
Ballarpur	Ballarpur,	67.50 MW	Power and steam	BGPPL

Unit	Location	Capacity	Product	Captive Consumers
	Chandrapur district, Maharashtra			
Bhigwan	Bhigwan, Pune district, Maharashtra	60.00 MW	Power and steam	BGPPL and BBEL
Yamuna Nagar	Shreegopal, Yamuna Nagar district, Haryana	24.50 MW	Power and steam	BILT
Sewa	Sewa, Jeypore district, Orissa	13.00 MW	Power and steam	BILT
Malanpur	Malanpur Industrial Area, Bhind district, Madhya Pradesh	26.19 MW	Power	SRF Limited for the two captive power producing engines

We have entered into a long term PPA for sale of power and steam with our Promoter, BILT, and a Group Entity, BGPPL, for the off-take of the output of these four wholly-owned plants. We have also entered into a PPA with BBEL, one of our Group Entities, for sale of electricity and steam, subject to availability, from our Bhigwan Unit. For fiscal 2009, our four wholly-owned Captive Power Units generated revenue from the sale of power and steam of Rs. 3,266.81 million and for the six months ended September 30, 2009, these four wholly-owned Captive Power Units generated revenue from the sale of power and steam of Rs. 1,907.33 million.

- *Power Plants Under Implementation* – the Chhattisgarh Power Project and the Madhya Pradesh Power Project.

The Chhattisgarh Power Project is expected to have a total capacity of 1,200 MW, and is being implemented in two phases of 600 MW each at Raigarh, Chhattisgarh.

(a) Chhattisgarh Power Project Phase I will be for a unit of 600 MW in Raigarh, Chhattisgarh. We have entered into a MoU with the GoCH and Chhattisgarh State Electricity Board ("**CSEB**") and an implementation agreement with the GoCH and CSEB for this project. For Chhattisgarh Power Project Phase I, we have received LoAs from SECL, which allows us to enter into a long term fuel supply agreement with SECL within three months of fulfilling certain conditions precedent, as long as these conditions precedent are fulfilled within the 24-months term of the LoA. We have achieved debt financial closure on June 24, 2009 by way of a Rupee term loan of Rs. 21,500 million. As of January 31, 2010, we have deployed Rs. 2,295.99 million of the estimated total project cost of Rs. 28,720 million for the implementation of this project. We currently expect Chhattisgarh Power Project Phase I will be commissioned by the second quarter of fiscal 2013.

(b) Chhattisgarh Power Project Phase II will be for an additional unit of 600 MW in Raigarh, Chhattisgarh, at the same site as Chhattisgarh Power Project Phase I. We have entered into a MoU for Chhattisgarh Power Project Phase II with the GoCH and Chhattisgarh State Power Holding Company Limited ("**CSPHCL**"). As of January 31, 2010, we have deployed Rs. 44.45 million of the estimated total project cost of Rs. 29,030 million. We have received an underwritten commitment for debt financing of Rs. 21,750 million for Chhattisgarh Power Project Phase II from Axis Bank Limited. We currently expect that Chhattisgarh Power Project Phase II will be commissioned by the second quarter of fiscal 2014.

The Madhya Pradesh Power Project is expected to have a capacity of 1,200 MW, which is being implemented into two phases of 600 MW each at Seoni, Madhya Pradesh.

(a) Madhya Pradesh Power Project Phase I will be for a unit of 600 MW in Seoni, Madhya Pradesh. We have entered into a MoU with the GoMP and an implementation agreement with the GoMP for this project and amendments thereon to change the location of this project to Seoni district from the Jhabua district. For this Madhya Pradesh Power Project Phase I, we have received LoAs from SECL and MCL, which allows us to enter into a long term fuel supply agreement with SECL and MCL within three months of fulfilling certain conditions precedent, as long as these conditions precedent are fulfilled within the 24-months term of the LoA, and we are also in the process of amending these LoAs to change the location. We have also achieved debt financial closure for the Madhya Pradesh Power Project Phase I on December 30, 2009, by way of a Rupee term loan of Rs. 21,800 million. As of January 31, 2010, we have deployed Rs. 578.51 million of the estimated total project cost of Rs. 29,100 million for the implementation of this project. We currently expect that Madhya Pradesh Project Phase I will be commissioned by the fourth quarter of fiscal 2013.

(b) Madhya Pradesh Power Project Phase II will be for an additional unit of 600 MW in Seoni, Madhya Pradesh, at the same site as Madhya Pradesh Power Project Phase I. We have entered into amendments to the MoU and implementation agreement entered for Madhya Pradesh Power Project Phase I to expand the capacity by this 600 MW for a total project capacity of 1,200 MW. As of January 31, 2010, we have deployed Rs. 31.95 million of the estimated total project cost of Rs. 29,240 million. We have received an underwritten commitment for debt financing of Rs. 21,910 million for Madhya Pradesh Power Project Phase II from Axis Bank Limited. We currently expect that Madhya Pradesh Project Phase II will be commissioned by the fourth quarter of fiscal 2014.

- *Planned Power Projects* – the Gujarat Power Project is expected to have two units of 660 MW each, with combined capacity of 1,320 MW in Gujarat. A MoU with the Government of Gujarat was executed in January 2009 for a power project with capacity of 1,200 MW. We are in the process of amending this MoU with the Government of Gujarat to 1,320 MW. We currently expect that both 660 MW units will be commissioned by the fourth quarter of fiscal 2016. We have already identified the land for the Gujarat Power Project and have applied to the Government of Gujarat for approval to acquire this land.

Our Acquisitions

Pursuant to a share purchase agreement dated March 1, 2010, we have acquired from Crompton Greaves Limited, one of our Promoters, a 59% stake in MCPL for an aggregate consideration of Rs. 514 million. MCPL owns and operates a gas fired power plant with 3 engines of 8.73 MW each, aggregating to an installed capacity of 26.19 MW (out of which two engines aggregating to 17.46 MW are operating as CPP while one engine of 8.73 MW is operating as an IPP). MCPL is located in Malanpur Industrial Area, Bhind district, Madhya Pradesh, and services captive consumer, SRF Limited (which is not part of the Avantha Group) and also sells power on merchant basis.

We have also entered into three MoUs, each dated January 31, 2010, to explore the option of purchasing three coal mines in Indonesia for an aggregate consideration of approximately US$60 million. These MoUs required us to pay an aggregate token advance, which is 90% refundable subject to certain conditions, of US$600,000 upon their execution.

Our Competitive Strengths

We believe that we are well positioned to benefit from the growth opportunities in the Indian power sector due to the following competitive strengths:

Ability to leverage our relationship with the Avantha Group

We are a part of the Avantha Group. The Avantha Group is a well-known Indian conglomerate that operates in diversified sectors, including power transmission and distribution equipment, pulp and paper, food processing, farm forestry and chemicals. We believe that our affiliation with the Avantha Group enables us to bid for certain power projects that we may otherwise be unable to bid for autonomously due to the necessity to fulfill certain financial and/or other eligibility criteria.

The Avantha Group has established diversified relationships through the building and managing of large and diversified projects. We believe this will assist us to enter into contracts and establish sustainable working relationships with major power project equipment suppliers and contractors at competitive costs and terms. For instance, our power projects under implementation are being implemented pursuant to BTG contracts which have been awarded to BHEL, one of India's largest engineering and manufacturing enterprise in the energy-related/infrastructure sector. In addition, we believe that our Promoters' financial strength and experience in executing large scale projects lend us credibility with regard to our ability to finance and complete large-scale power projects. Crompton Greaves Limited, which is also one of our Promoters, has extensive experience in designing, manufacturing and marketing technologically advanced electrical products and services related to power generation, transmission and distribution. We intend to leverage Avantha Group's experience and relationships in the procurement of vendor services and power transmission equipment to help us build and manage our planned commercial power generation facilities and exploit future business opportunities in this sector.

We Have Experience in Operating and Expanding the Capacity of Power Plants

We have experience in operating four power plants in India, with a capacity of 165 MW. With the acquisition of the four wholly-owned Captive Power Units with 95 MW pursuant to the Scheme of Demerger in April 2006, we inherited over 25 years of experience in commissioning and operating four captive power plants in Ballarpur (Maharashtra), Bhigwan (Maharashtra), Yamuna Nagar (Haryana) and Sewa (Orissa). We have a track record of building and operating our power projects in an efficient manner, and have expanded the capacity of our four wholly-owned Captive Power Units from 95 MW to 165 MW after the demerger.

As a result, we believe that we have the skills necessary to develop and operate power projects and have also established a qualified and experienced team to undertake the development and operation of power projects in India. We believe that our experience in project implementation provides us with a competitive advantage in an industry where substantial expansion is expected in the foreseeable future.

Our Projects in Madhya Pradesh and Chhattisgarh have Achieved Significant Milestones

We have made significant progress in securing land, water and fuel linkages for Chhattisgarh Power Project Phase I and Madhya Pradesh Power Project Phase I. We have received LoAs from SECL for Chhattisgarh Power Project Phase I and LoAs from SECL and MCL for Madhya Pradesh Power Project Phase I, which allows us to enter into long term fuel supply agreements with SECL and MCL within three months of fulfilling certain conditions precedent, as long as these conditions precedent are fulfilled within the 24-month term of the respective LoAs. Furthermore, we have achieved debt closure in respect of Phase I of both of these projects and have placed orders for key equipment for the plant with reputable vendors and suppliers. We expect that Chhattisgarh Power Project Phase I will be commissioned by the second quarter of fiscal 2013 and Madhya Pradesh Power Project Phase I will be commissioned by the fourth quarter of fiscal 2013.

For Chhattisgarh Power Project Phase II and Madhya Pradesh Power Project Phase II, we have obtained firm underwriting commitments for the debt financing required for these projects. We currently expect that Chhattisgarh Power Project Phase II will be commissioned by the second quarter of fiscal 2014 and Madhya Pradesh Power Project Phase II will be commissioned by the fourth quarter of fiscal 2014. See "***-Our Power Generation Business***" on page 73 for further details on the progress of these projects.

Experienced Management Team with a Track Record of Project Execution

We have an experienced and qualified management and technical team to operate and implement our power plants and projects. Our management team includes professionals with over 25 years of experience in implementing and operating large sized power projects in India. Our Managing Director, Mr. Anil Bhargava, has over three decades of experience in sales, marketing, corporate strategy, business development, project and multi-disciplinary engineering management, planning and administration in the engineering and infrastructure industries. Our Chief Executive Officer ("**CEO**"), Mr. S. C. Jhanji, has more than 40 years of experience in operations and management, corporate strategy, business development, execution and project management, project planning and administration in the pulp and paper manufacturing and power generation industries. He is responsible for overall operations and management of our captive business. Our Chief Financial Officer ("**CFO**"), Mr. Rajat Gupta, has over 16 years of experience in project and corporate finance, treasury management, corporate strategy, mergers and acquisitions in the infrastructure sector, including telecom, real estate and power as well as in the manufacturing sector. Our Head (Projects), Mr. Mahanand Jha, has 39 years of experience in implementing, commissioning, operating and maintaining large coal-based thermal power plants. Prior to joining the Company, he spent 29 years with NTPC Limited where he held various positions, including Executive Director. For further details in relation to our key managerial personnel see "***Our Management – Key Management Personnel***" on page 126.

Our Power Projects Enjoy Locational Advantages

Our power projects enjoy locational advantages in terms of easy access to the key inputs of fuel and water, are well connected by railways and roads and are close to power deficit areas. All our power projects under implementation or planning are located on the Western Grid, where according to the Central Electricity

Authority ("CEA") ("*CEA Power Scenario at a Glance," dated January 2010*), the peak deficit was 6,454 MW for the period between April 2009 and December 2009, a deficit of 17.2%. In addition, for Western India the peak deficit per period for the periods from the end of the 9^{th} 5-year plan (end of fiscal 2001) to December 2009 ranged from a low of 4,486 MW to a high of 8,990 MW, or a deficit of 16.9% to 24.7% ("*CEA Power Scenario at a Glance," dated January 2010*). We believe that our power projects are well positioned to serve this deficit in power supply due to our location on the Western Grid.

Our Chhattisgarh Power Project site is approximately 21 km away from the nearest railway station (Kirorimalnagar), 400 km from the nearest sea port (Paradip, Orissa), 265 km away from the nearest airport (Raipur) and is located less than one kilometer from the National Highway NH-216, allowing for convenient access and efficient transportation of coal, equipment and other requirements. The entire water needs for the project, including the cooling water requirement and the steam-cycle requirement will be met with water from the Mahanadi River, which is approximately 7 km from the project. The power generated from the Chhattisgarh Power Project is expected to be evacuated through a 400 kV pooling substation which is to be established by PGCIL, within approximately 20 km from the project site.

Our Madhya Pradesh Power Project is located approximately 2 km from the nearest railway station (Binaiki), 800 km from the nearest sea port (Paradip Orissa), 80 km away from the nearest airport (Jabalpur) and has convenient access to national highways to reach either Jabalpur or Nagpur, thus allowing for efficient transportation of coal, equipment and other requirements. The entire water needs for the project is expected to be met with water from the Bargi reservoir constructed across the river Narmada, which is less than 10 km from the project site. The power generated from the Madhya Pradesh Power Project is expected to be evacuated through a 400 kV pooling substation to be established by PGCIL and to be located approximately 60 km from the project site at Jabalpur. Alternatively, power may also be evacuated through a PGCIL operated substation located at Seoni, approximately 90 km from the plant site.

Our Strategy

The key elements of our strategy include:

Capitalize on the Growth of the Indian Power Generation Sector, Particularly the Deficit in the Western Grid

The power sector in India has historically been characterized by power shortages. According to the CEA, the total peak shortage was 13,075 MW in December 2009. As per the IEP Report, Expert Committee on Power, in the 11th Plan (2007-2012), a capacity addition of 71 GW, and 84 GW, assuming an 8.0% and 9.0% GDP growth rate, respectively, would be required by 2012 to meet the peak demand supply gap. In the 12th Plan (2013-2017), a capacity addition of 86 GW and 104 GW, assuming a 8.0% and 9.0% GDP growth, respectively, would be required by 2017. Although recent reports indicate that India's GDP growth rate is likely to be lower than 8.0% in the year ending March 31, 2010, we believe that the demand for power is likely to continue to increase in the short term and for the foreseeable future.

We are investing in the development and planning of power projects in states facing high energy deficits in order to be in a strong position to capture this opportunity. The thermal power projects we are implementing or planning are located in Chhattisgarh, Madhya Pradesh and Gujarat, respectively, all in the Western Grid, which has experienced a peak power deficit of 17.2% for the period between April 2009 and December 2009. The power demand in this region is expected to increase in the future as the economy, industrial activity and per capita consumption increases. These states have formulated policies for substantial investments in the power sector to support increased industrial activities. We believe that the stable and assured availability of power will lead to an increase in industrial activity in these states, which will further increase the power requirements. Though a number of power projects are under various stages of implementation in these states, such projects may not eliminate the deficit in power.

Expand and Diversify Our Portfolio Of Power Generation Assets

We intend to acquire or develop suitable power generation assets so as to maintain a pipeline of power projects under planning, under implementation and in operation.

We intend to bid for contracts to develop greenfield power projects and to continue to focus on developing power projects with cost-efficient, sustainable, long-term sources of fuel. In pursuing our intent to expand and diversify our power generation assets, we expect to consider the following key factors:

- Location: needs to be near a combination of the fuel source or a load center, water source and the power evacuation point, to be able to supply power competitively;

- Power deficits and network constraints: take advantage and profit from regional demand and supply patterns, capacity shortages, transmission constraints throughout India.

- Fuel sourcing: substantial portion of the fuel should be available pursuant to long-term linkage; and

- Diversification: diversify our generating assets by diversifying our fuel mix (various types and separate sources) and technology.

As part of this strategy, pursuant to a share purchase agreement dated March 1, 2010, we acquired from Crompton Greaves Limited, one of our Promoters, a 59% stake in MCPL for an aggregate consideration of Rs. 514 million. MCPL owns and operates a gas fired power plant with 3 engines of 8.73 MW each, aggregating to an installed capacity of 26.19 MW (out of which two engines aggregating to 17.46 MW are operating as CPP while one engine of 8.73 MW is operating as an IPP). MCPL is located in Malanpur Industrial Area, Bhind district, Madhya Pradesh, and services captive consumer, SRF Limited (which is not part of the Avantha Group) and also sells power to merchant traders. Power generated by this plant is also sold to a power trader under a short term Letter of Intent for Sale of Power.

We believe this acquisition will allow us to diversify into gas based power generation technologies, thereby reducing our concentration risks and providing a platform for further expansion into alternate technologies. Further, this acquisition provides an opportunity for us to enter into the captive power business for non-Avantha Group members.

Leverage our management's and Avantha Group's project execution and operating skills and experience in building and managing power plants to develop our power generation business

We intend to leverage the relationships that the Avantha Group has with third party suppliers and contractors to enter into contracts at competitive rates and terms. We intend to draw upon our management's and Avantha Group's project execution and operating skills and experience in building and managing power plants. We believe that this experience will assist us to compete successfully in the power generation business.

Ensuring Fuel Security

Our strategy has been to establish dedicated long term fuel supplies for each of our power projects. Establishment of a dedicated, cost-efficient and established fuel supply line for a power project will be fundamental to the success of our power generation business. We seek to ensure that we have adequate supplies of cost-efficient fuel through coal linkages to meet fuel requirements during the life cycle of our power projects. Meanwhile, we will continue to explore other options like buying overseas coal mines, importing coal to strengthen our fuel supply security. As part of this strategy, we have entered into three MoUs, each dated January 31, 2010, to explore the option of purchasing three coal mines in Indonesia for approximately US$60 million.

Engage In an Optimal Mix of Long-term and Short-term Off-Take Arrangements

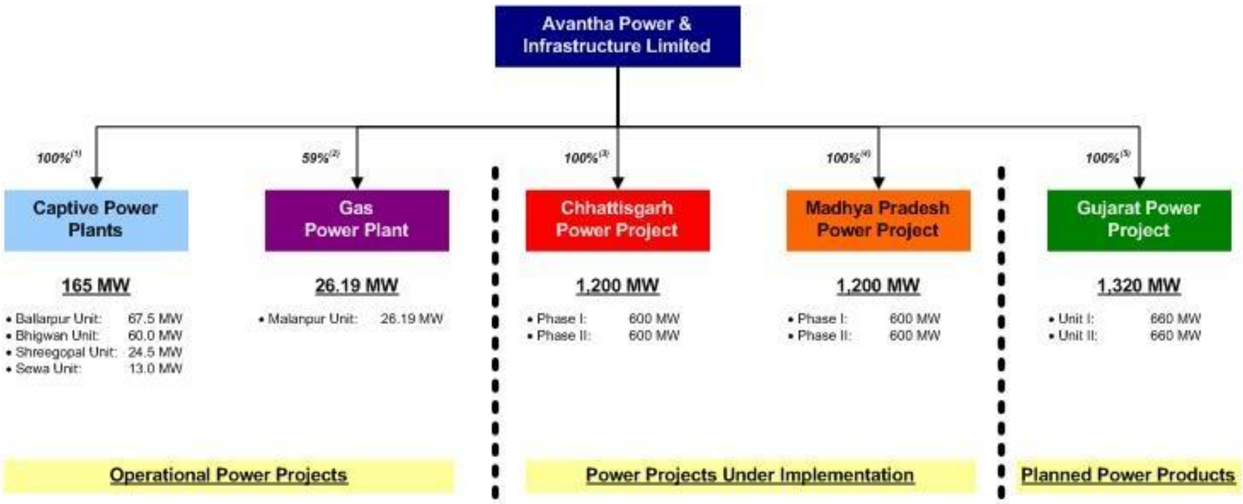
We intend to maintain an appropriate mix of long-term and short-term off-take arrangements as well as carry out merchant sales of power at market rates. We believe that secure, long-term off-take arrangements will provide a level of committed revenues whilst short-term arrangements will enable us to realize higher tariffs from time to time. Pursuant to the terms of the MOU and Implementation Agreement we have with each of GoCH and GoMP and the exercise of their respective rights of purchase thereunder, we will enter into a long-term power off-take agreement with GoCH or its nominated agency in relation to our Chhattisgarh Power Project and with GoMP or its nominated agency in relation to our Madhya Pradesh Power Project. Currently, we intend to sell approximately 70% of the power generated at our power projects under implementation pursuant to long-term off-take arrangements and the balance of the power is expected to be sold pursuant to short-term off-take arrangements or on a merchant basis.

Recruit and Train Employees to Ensure Future Supply of High Quality Personnel

Our operations require highly-skilled, qualified and experienced power project management personnel. Upon hiring such qualified personnel, we focus on continuously upgrading their skills and knowledge. In order to achieve this we provide our employees with the opportunity to undertake offsite training courses. Further, we periodically offer in-house training programs to our employees on diversity management, performance management and assessment, and corporate social responsibility as well as programs focused on the development of various soft skills essential for effective people management and leadership development. We believe that these training programs will enable us to develop the highly-skilled and experienced project management personnel necessary to have well-run operations at our power projects.

Our Power Generation Business

The following chart outlines our corporate organizational structure for our different power projects:



(1) Power Projects directly held by APIL
(2) Power Projects held through 59% owned subsidiary, Malanpur Captive Power Limited
(3) Power Project being implemented by our almost 100% subsidiary, Korba West Power Company Limited, held around 49% directly by APIL and around 51% indirectly through APIL's 100% subsidiary, TKS Developers Limited
(4) Power Project being implemented by almost 100% subsidiary, Jhabua Power Limited, held around 49% directly by APIL and around 51% indirectly through APIL's 100% subsidiary, Jhabua Power Investments Private Limited
(5) Power Project under planning in APIL

We classify our projects as operational, under implementation and under planning.

- *Operational* – if the engineering, procurement and construction phase has been completed and we are earning revenue from operations pursuant to the terms of a power off-take agreement or sale on a short-term basis. We currently have four wholly-owned captive power projects and one gas fired power plant in the operational phase.

- *Under Implementation* – if (i) our Board of Directors has approved the project, (ii) we have either signed a MoU or implementation agreement with respective state governments, (iii) a detailed project report for such project has been finalized, (iv) the project has either achieved debt financial closure or has obtained firm underwriting commitment, and (v) the main BTG equipment contract has been awarded. Our projects under implementation include the Chhattisgarh Power Project and the Madhya Pradesh Power Project.

- *Under Planning* – if we have signed a MoU with a state government. We currently have one project in the planning phase – the Gujarat Power Project.

Operational Thermal Power Plants

We have four wholly-owned operating power plants that are captive in nature and are located within the paper manufacturing units of either BGPPL or BILT. These captive power plants are the Ballarpur Unit, the Bhigwan Unit, the Yamuna Nagar Unit and the Sewa Unit.

We entered into a PPA and a take or pay agreement with BILT on June 20, 2006 and June 23, 2006 respectively for the purchase of power and steam from all our Captive Power Units for up to 155 MW. Subsequent to the demerger of BGPPL from BILT, BILT, BGPPL and our Company entered into a tripartite agreement on January 3, 2008, pursuant to which we agreed to continue to supply power and steam as provided in the PPA and take or pay agreement to the paper mills of BILT that were transferred to BGPPL. Subsequently, on July 24, 2008, the parties amended the PPA.

The PPA has a term of 15 years, which can be subsequently extended for periods of five years on such terms and conditions as may be mutually agreed upon between the parties. The rates for the sale of power and steam are determined on a cost plus basis and the payment is structured on a monthly basis. In addition to the basic power and steam tariff, BILT and BGPPL are required to pay us for any increase in the fuel (coal) cost, operation and maintenance cost, cost of repairs required for continuous operations of the power plants, all taxes and statutory levies along with any additional costs we incur in complying with any new law and regulations. Since almost all of the operating costs attributable to the power and steam sold to BILT and BGPPL are passed through to BILT and BGPPL (including the fuel cost), any increase in these operating costs does not have a significant impact on the profitability of our captive power plants. If we are unable to supply power and steam to BILT and BGPPL, or BILT and BGPPL are unable to take power and steam from us, even as a result of force majeure, BILT and BGPPL are required to pay us a minimum power tariff pursuant to a take or pay agreement. On the other hand, if we produce more power than that required by BILT and BGPPL, we are free to sell the surplus power to any third party. For further details, see "***History and Certain Corporate Matters – Material Agreements for Our Power Projects***" on page 106.

Ballarpur Unit

The Ballarpur Unit is situated at Ballarpur in Chandrapur district, Maharashtra and is located in proximity to the Ballarpur paper mill of BGPPL on land under a 15 year (renewable) lease, dated June 22, 2006, from BGPPL. The unit has an installed capacity of 67.5 MW. The capacity of this unit was expanded from 27.5 MW to 67.5 MW in September 2009. This unit currently provides both power and steam to BGPPL. We expect to sell any excess power on a merchant basis, and under this basis we have an agreement with the Maharashtra State Electricity Distribution Company Limited ("**MSEDCL**") to sell up to 10 MW of power.

The Ballarpur Unit uses a blend of linkage coal and market coal for fuel. Linkage coal is supplied by Western Coalfields Limited ("**Western Coalfields**") pursuant to a five year fuel supply agreement entered into on April 30, 2008, which is renewable on terms mutually agreed. We have submitted an application to MoC for the sanction of coal linkages for our capacity expansion from 27.5 MW to 67.5 MW and the Standing Linkage Committee (Long-Term) of the Ministry of Coal authorized issuance of LoA for this additional capacity of 40 MW in accordance with the provisions of the New Coal Distribution Policy at their meeting on January 29, 2010. Additional coal is procured from the open market on an as-and-when required basis. The price of the linkage coal is determined in accordance with the notifications issued by CIL or any other designated statutory authority from time to time.

The Ballarpur Unit produced approximately 207 MUs of power and 1,511,317 metric tonnes of steam in fiscal 2009 and approximately 106 MUs of power and 802,314 metric tonnes of steam for the six months ended September 30, 2009.

Bhigwan Unit

The Bhigwan Unit is situated at NH-9 near Bhigwan in Pune district, Maharashtra located in proximity to the Bhigwan paper mill owned and operated by BGPPL. The power plant is situated on land under a renewable 15 year lease, dated June 22, 2006, from BGPPL.

The unit currently has an installed capacity of 60 MW, after an capacity expansion from 30 MW to 60 MW in June 2009. The unit provides both power and steam to BGPPL and any surplus power is sold on a merchant basis. Currently we sell up to 28 MW of power from this unit to MSEDCL through a short term energy purchase agreement. It has also further requested our Company to continue to supply power till the execution of a new energy purchase agreement. Further we also have a PPA with BBEL, one of our Group Entities, for sale of electricity and steam, subject to availability.

The Bhigwan Unit uses a blend of linkage coal and market coal for fuel. Linkage coal is supplied by Western Coalfields pursuant to two five year fuel supply agreements entered into on April 30, 2008, which are renewable on terms mutually agreed. We have submitted an application to MoC for the sanction of coal linkages for our capacity expansion from 30 MW to 60 MW and the Standing Linkage Committee (Long-Term) of the Ministry of Coal authorized issuance of LoA for this additional capacity of 30 MW in accordance with the provisions of the New Coal Distribution Policy at their meeting on January 29, 2010. Additional coal is procured from the open market on an as-and-when required basis. The price of linkage coal is determined in accordance with the notifications issued by CIL or any other designated statutory authority from time to time.

The Bhigwan Unit produced approximately 219 MUs of power and 1,180,445 metric tonnes of steam for fiscal 2009 and approximately 150 MUs of power and 799,978 metric tonnes of steam for the six months ended September 30, 2009.

Yamuna Nagar Unit

The Yamuna Nagar Unit is situated in Shreegopal in Yamuna Nagar district, Haryana and is located in proximity to the Shreegopal paper mill of BILT. The power plant is situated on land under a renewable 15 year lease from BILT, dated June 22, 2006. The unit has an installed capacity of 24.5 MW and provides power and steam to BILT with surplus power sold on a merchant basis.

The Yamuna Nagar Unit uses blend of linkage coal and market coal for fuel. Linkage coal is supplied by the Eastern Coalfields Limited under a five year fuel supply agreement, dated April 30, 2008, which is renewable on terms mutually agreed. Additional coal is procured from the open market on an as-and-when required basis. The price of linkage coal is determined in accordance with the notifications issued by CIL or any other designated statutory authority from time to time.

The Yamuna Nagar Unit produced approximately 134 MUs of power and 954,560 metric tonnes of steam for fiscal 2009 and approximately 69 MUs of power and 481,333 metric tonnes of steam for the six months ended September 30, 2009.

Sewa Unit

The Sewa Unit is situated in Sewa in Jeypore district, Orissa, located in proximity to the Sewa paper mill of BILT. The power plant is situated on land under a renewable 15 year lease, dated June 22, 2006, from BILT. The unit has an installed capacity of 13 MW and provides power and steam to BILT.

The Sewa Unit uses blend of linkage coal and market coal for fuel. Linkage coal is supplied by the Mahanadi Coalfields Ltd. under a five year fuel supply agreement, dated April 30, 2008, which is renewable on terms mutually agreed. Additional coal is procured from the open market on an as-and-when required basis. The price of linkage coal is determined in accordance with the notifications issued by CIL or any other designated statutory authority from time to time.

The Sewa unit produced approximately 97 MUs of power and 716,697 metric tonnes of steam for the fiscal 2009 and approximately 49 MUs of power and 366,616 metric tonnes of steam for the six months ended September 30, 2009.

Malanpur Power Plant

We have also acquired, pursuant to a share purchase agreement dated March 1, 2010, a 59% stake in MCPL from Crompton Greaves Limited, one of our Promoters, for an aggregate consideration of Rs. 514 million. MCPL owns and operates the Malanpur Power Plant, a gas fired power plant with installed capacity of 26.19 MW, with three gas engines of approximately 8.73 MW each. The plant started commercial production in February 2007, and achieved its installed capacity by January 2008. One of these engines was converted into Independent Power Producer (IPP) status with effect from January 1, 2010, while the remaining two engines are being used for generating power for a captive consumer, SRF Limited. The Malanpur Power Plant is situated at Malanpur Industrial Area, Bhind district, Madhya Pradesh, and is located on land under a 30 years lease, dated July 25, 2006, from Industrial Infrastructure Development Corporation (Gwalior) M.P. Limited. The Malanpur Power Plant currently provides power to captive customer SRF Limited, which is not part of the Avantha Group, pursuant to a power consumption agreement dated April 7, 2006 and subsequently amended and restated on December 21, 2009, with SRF Limited for supply of up to 8.5 MW of power for a period of 12 years from the date of commercial operation of the Malanpur Power Plant. A portion of the surplus power available is sold to a power trader under a short term Letter of Intent for Sale of Power. The current short term Letter of Intent for Sale of Power with NTPC Vidyut Vyapar Nigam Limited is valid up to April 30, 2010 and MCPL is in discussions with various power traders for power sales for future periods.

The Malanpur Power Plant uses gas as input fuel for power generation. Gas is supplied by GAIL (India) Limited pursuant to a 20 year gas sale agreement entered into on December 31, 2008, which is extendable on terms mutually agreed. The quantity of gas available under this agreement with GAIL (India) Limited supports capacity utilization up to approximately 18.93 MW at 100% utilization. The price of the linkage gas is determined by a formula, consisting of a foreign currency component, which fluctuate on a monthly basis, and an INR component, which escalates on an annual basis.

The Malanpur Power Plant produced approximately 141.62 MUs of power in fiscal 2009 and approximately 77.03 MUs of power for the six months ended September 30, 2009.

Power Projects Under Implementation

In addition to our four operational captive power plants, below are the summary details of our current portfolio of thermal power projects at various stages of implementation:

Facility	Chhattisgarh Power Project Phase I, Raigarh	Chhattisgarh Power Project Phase II, Raigarh	Madhya Pradesh Power Project Phase I, Seoni	Madhya Pradesh Power Project Phase II, Seoni
Proposed Installed Capacity	600 MW coal fired	600 MW coal fired	600 MW coal fired	600 MW coal fired
Financing	Syndicated Rupee Term Loan for Rs. 21,500 million was executed on June 24, 2009.	Underwritten commitment has been received for debt financing of Rs. 21,750 million from Axis Bank Limited.	Syndicated Rupee Term Loan for Rs. 21,800 million was executed on December 30, 2009	Underwritten commitment has been received for debt financing of Rs. 21,910 million from Axis Bank Limited.
Contracts Award Status	BTG, main plant civil, 400kV switchyard, generator transformer, cooling tower, 275 meter chimney, water treatment plant and site and infrastructure development contracts have been awarded and a notice to proceed has been issued.	Notice of award for BTG contract has been issued	BTG contract has been awarded and notice to proceed has been issued.	Notice of award for BTG contract has been issued
Fuel Supply Status	We have received LoAs from SECL to supply us with 2.74 MTPA of coal.	We have submitted an application to the MoC for the sanction of coal linkages.	We have received LoAs from SECL and MCL to supply us with 2.74 MTPA of coal. We are required to and in the process of amending these LoAs to accommodate this project's change in location.	We have submitted an application to the MoC for the sanction of coal linkages.
Water Supply Status	We have received approval from GoCH for the allocation of 20 million cubic metres of water per annum from the Mahanadi River.	We have received in principle approval from the Chhattisgarh State Investment Promotion Board for the allocation of 20 million cubic metres of water per	We have received approval from GoMP for the allocation of 23 million cubic metres of water per annum from the Bargi reservoir.	We have applied to GoMP for allocation of 23 million cubic meters of water per annum from the Bargi reservoir.

Facility	Chhattisgarh Power Project Phase I, Raigarh	Chhattisgarh Power Project Phase II, Raigarh	Madhya Pradesh Power Project Phase I, Seoni	Madhya Pradesh Power Project Phase II, Seoni
		annum from the Mahanadi River.		
Off-Take Arrangement Status	As per the implementation agreement, 5% of power generated is to be sold to GoCH or its nominated agency at energy cost. GoCH or its nominated agency has first right to purchase an additional 30% of the power generated. GoCH has exercised its right to purchase this 30% of power in addition to 5% of power. We have also entered into a term sheet with Reliance Energy Trading Limited for the sale of 210 MW of the power generated for 15 years.	As per MoU, 5% of power generated is to be sold to GoCH or its nominated agency at energy cost and GoCH or its nominated agency has first right to purchase an additional 30% of the power generated.	As per the implementation agreement, 5% of the power generated is to be sold to GoMP at energy cost and GoMP has first right to purchase an additional 30% of the power generated. GoMP has exercised its right to purchase this 30% of power in addition to 5% of power.	As per the implementation agreement, 5% of the power generated is to be sold to GoMP at energy cost and GoMP has first right to purchase an additional 30% of the power generated.
Land Acquisition Status	Entire private land of approximately 344 acres required for this Phase I project has been acquired. We have received in principle approval to lease government land and for the acquisition of tribal land.	Project to be located in the same site as Chhattisgarh Power Project Phase I. Private land required for Phase II is being acquired simultaneously with Phase I land. We have already acquired approximately 48 acres of private land out of the approximately 271 acres of additional land required for Phase II.	Entire private land of approximately 246 acres required for this Phase I project has been acquired. We have received in principle approval to lease the government land and to acquire the tribal land.	Project to be located in the same site as Madhya Pradesh Power Project Phase I. Private land required for Phase II is being acquired simultaneously with Phase I land. We have already acquired approximately 73 acres of private land out of the approximately 434 acres of additional land required for Phase II.
Expected Commissioning Date*	Second quarter of fiscal 2013*	Second quarter of fiscal 2014*	Fourth quarter of fiscal 2013*	Fourth quarter of fiscal 2014*
Estimated Project Cost (*in Rs. Million*)	28,720**	29,030***	29,100****	29,240*****

* *Expected commissioning dates as indicated in the table depend on construction, civil and other works including supply and installation of necessary equipment being completed in a timely manner in accordance with terms of contracts entered into by us.*

** *The project cost estimates for the Chhattisgarh Power Project Phase I was based on the Detailed Project Report prepared by Fichtner Consulting Engineers (India) Private Limited and as appraised by Axis Bank Limited.*

*** *The project cost estimates for the Chhattisgarh Power Project Phase II was based on the Detailed Project Report prepared by Fichtner Consulting Engineers (India) Private Limited and as appraised by Axis Bank Limited.*

**** *The project cost estimates for the Madhya Pradesh Power Project Phase I was based on the Detailed Project Report prepared by Fichtner Consulting Engineers (India) Private Limited and as appraised by Axis Bank Limited.*

***** *The project cost estimates for the Madhya Pradesh Power Project Phase II was based on the Detailed Project Report prepared by Fichtner Consulting Engineers (India) Private Limited and as appraised by Axis Bank Limited.*

The abovementioned projects will be financed through a combination of the net proceeds from the offering contemplated by this Draft Red Herring Prospectus, various other equity sources and / or debt financing. No assurance can be given that we will undertake these projects, or that they will be completed in the expected timeframe or within the expected budget. See "***Risk Factors – Internal Risk Factors***" on page xv. If we are unable to commence operations as expected, our results of operations will be materially and adversely affected.

Chhattisgarh Power Project

We are developing a 1,200 MW thermal power project in Raigarh, Chhattisgarh. The power project will be commissioned in two phases of 600 MW each for an aggregate capacity of 1,200 MW upon completion of construction. For Chhattisgarh Power Project Phase I, the MoU with the GoCH and CSEB was executed on January 24, 2007 and an implementation agreement with the GoCH and the CSEB was executed on July 28, 2008. For Chhattisgarh Power Project Phase II, the MoU with the GoCH and CSPHCL was executed on November 17, 2009. We currently expect that Chhattisgarh Power Project Phase I will be commissioned by the second quarter of fiscal 2013 and that Chhattisgarh Power Project Phase II will be commissioned by the second quarter of fiscal 2014.

Financing

The total investment required for the Chhattisgarh Power Project Phase I is estimated at Rs. 28,720 million, to be financed by a mix of debt and our contribution in the proportion of 3:1. Hence, of this Rs. 28,720 million, Rs. 21,500 million is being funded by a Rupee term loan, syndicated by a consortium of 16 banks. The common loan agreement was executed on June 24, 2009. The balance of our contribution will be provided by us as and when required, including Rs. 5,000.00 million out of the Net Proceeds. We have deployed Rs. 2,295.99 million in the Chhattisgarh Power Project Phase I as on January 31, 2010, of which Rs. 2,067.07 million has been funded from our contributions and Rs. 228.92 million is from the secured debt drawn from the consortium lenders under this term loan.

The total investment estimated for the Chhattisgarh Power Project Phase II is approximately Rs. 29,030 million, expected to be financed by a mix of debt and our contributions in the proportion of 3:1. Hence, of this amount, Rs. 21,750 million is expected to be funded via debt. We have received an underwritten commitment for debt financing of Rs. 21,750 million for the Chhattisgarh Power Project Phase II from Axis Bank Limited. The balance of the funding of Rs. 7,280 million is proposed to be met by us, of which Rs. 44.45 million has already been contributed by us as on January 31, 2010.

Procurement/Implementation

The Chhattisgarh Power Project Phase I is being executed through a number of package contracts, which are typically fixed-term contracts. We have issued a letter of award dated March 7, 2009, awarding the contract, and a notice to proceed dated May 1, 2009, to BHEL for the BTG, station control and instrumentation, along with the associated electrical packages to source the main plant equipment. The main plant civil, 400 kV switchyard, generator transformer, cooling tower, 275 meter chimney and site and infrastructure development contracts and others have also been awarded. The basic and detailed engineering of the project has been completed by our engineering consultant Fichtner Consulting Engineers (India) Private Limited. Orders for the balance of the equipment, including mechanical, electrical and civil packages are under negotiation and we expect to award them shortly. For further details in relation to the aforementioned agreements, see "***History and Certain Corporate Matters – Material Agreements for Our Power Projects***" on page 106.

For the Chhattisgarh Power Project Phase II, we have issued a notice of award, dated February 25, 2010 awarding the contract to BHEL for BTG, station control and instrumentation, along with associated electrical packages to source the main plant equipment. Awarding of other contracts is in process.

Regulatory Approvals

We have applied to the MoEF for environmental clearance for the Chhattisgarh Power Project Phase I. In addition, for the Chhattisgarh Power Project Phase I, we have received defense clearance, approval of water allotment and in-principle approval for railway siding among others. For details of approvals received, pending applications and approvals yet to be applied for, see "***Government and Other Approvals***" and "***Risk Factors – We require a number of approvals, licenses, registrations and permits for our business and the failure to***

obtain or renew them in a timely manner may adversely affect our operations" on pages 206 and xvii, respectively.

Fuel Supply

The estimated annual consumption of coal for the Chhattisgarh Power Project Phase I is approximately 2.87 million tonnes per annum ("**MTPA**"). The coal for the project will be procured through long term coal linkages from SECL. SECL has issued LoAs to us dated July 25, 2008 and June 6, 2009, for supply of an aggregate of 2.74 MTPA of coal corresponding to Grade "F". Each LoA is valid for a term of 24 months from the date of issue. The supply of coal is subject to satisfaction of certain conditions specified in the LoA during its term and the execution of a fuel supply agreement no later than three months after satisfaction of such conditions. The balance of our coal requirement for the Chhattisgarh Power Project Phase I is expected to be procured from the open market as and when required.

The estimated expected annual consumption of coal for the Chhattisgarh Power Project Phase II is approximately 2.87 MTPA. We have submitted an application to MoC for long term linkages.

The coal will be transported from the mines through railway wagons. The project site is located at about 21 km from the nearest station of South Eastern Railway in Kirorimalnagar. We are constructing a dedicated new railway line from the Kirorimalnagar station to the project site as part of the project facility.

Secondary fuel in the form of light diesel oil or heavy fuel oil will be required to start up the coal fired boilers, which we intend to source from local vendors.

Water Supply

The quantity of water required for the Chhattisgarh Power Project Phase I is estimated to be 54,466 cubic meters per day, which is approximately 20 million cubic meters per annum. The entire water requirement for the project, including cooling water requirement and steam-cycle requirement, is proposed to be met from the Mahanadi River, which is approximately 7 km from the project. An anicut on the Mahanadi River near Kalma village is proposed to be constructed by the GoCH. We propose to a lay a pipeline over the estimated distance of 7 km from the plant site to the Mahanadi River as part of the project facility. On March 20, 2008 we received approval from the GoCH for the allocation of water.

The quantity of water required for the Chhattisgarh Power Project Phase II is estimated to be 50,000 cubic meters per day, which is approximately 19 million cubic meters per annum. On January 23, 2010, we received in principle approval from the Chhattisgarh State Investment Promotion Board for the allocation of 20 million cubic meters water for Chhattisgarh Power Project Phase II .

Off-take Arrangements

As per the terms of the implementation agreement with the GoCH and the CSEB executed on July 28, 2008, we are required to sell 5% of the power produced at the Chhattisgarh Power Project Phase I to GoCH or its nominated agency at energy cost determined as per the guidelines of CSERC for a period of 20 years from commencement of supply of power. GoCH or its nominated agency also has the right of first purchase on an additional 30% of the power generated at regulated tariffs approved by the CSERC. Pursuant to a letter dated October 6, 2009, Chhattisgarh State Power Trading Company Limited (a GoCH undertaking) has exercised this right. A PPA will be entered into between KWPCL and the purchasing entity to set out the detailed provisions and procedure for supply and evacuation of such power, payment of tariff, acceptable payment security mechanism and other terms. In addition, we executed a term sheet on March 6, 2010, with Reliance Energy Trading Limited, a power trader, for the sale of 210 MW of power per annum generated at the Chhattisgarh Power Project Phase I for 15 years, subject to the negotiation and execution of a PPA. We expect to sell the balance of power generated on a merchant basis.

As per the MoU with GoCH and CSPHCL dated November 17, 2009, we are required to sell 5% of the power produced at the Chhattisgarh Power Project Phase II to GoCH or its nominated agency at energy cost determined as per the guidelines of CSERC for a period of 20 years from commencement of supply of power. GoCH or its nominated agency also has the right of first purchase on an additional 30% of the power at tariff rates approved by the CSERC. We are yet to enter into any off-take arrangements for power for the Chhattisgarh

Power Project Phase II. We intend to sell such power to both the CSEB and other entities under long-term agreements, short-terms agreements and on a merchant bases.

For further details in relation to off-take arrangements, see "***History and Certain Corporate Matters – Material Agreements for Our Power Projects***" on page 106. For further information on the tariff rates, please see "***Industry Overview – Tariffs***" on page 61.

Power Evacuation

The power generated from the Chhattisgarh Power Project is proposed to be evacuated through a 400 kV pooling sub-station being established by the PGCIL to evacuate power generated by the various independent power producers in the area. This pooling sub-station is expected within a distance of around 20 km from the project site of the Chhattisgarh Power Project. We intend to lay a 400 kV double circuit transmission line up to this pooling substation from the project site as part of the project facility. A route survey is being conducted by us to identify the possible routes for the transmission lines from the project site. A BPTA with PGCIL, dated February 24, 2010, has been executed for the transmission of power generated from the Chhattisgarh Power Project Phase I. The term of the BPTA is 25 years from November 2012.

Land

We require approximately 600 acres of land for the Chhattisgarh Power Project Phase I. The land comprises of around 98 acres of government land, around 158 acres of private land owned by tribals, which is considered tribal land and around 344 acres of private land. We have acquired all the private land required for the Chhattisgarh Power Project Phase I and have received in principle approval to lease of the government land and approval to acquire the tribal land from GoCH. It is anticipated that the government land will be available to us pursuant to a long term lease of 99 years.

The Chhattisgarh Power Project Phase II will be located at the same site as the Chhattisgarh Power Project Phase I. For Chhattisgarh Power Project Phase II we need an additional 271 acres and we have already acquired approximately 48 acres of the land required.

Madhya Pradesh Power Project

We are developing a 1,200 MW thermal power project in Seoni, Madhya Pradesh. The power project will be commissioned in two phases of 600 MW each for an aggregate capacity of 1,200 MW upon completion of construction. For Madhya Pradesh Power Project Phase I, the MoU with the GoMP was executed on January 17, 2007. The project was initially proposed to be established in the district Jhabua in Madhya Pradesh and accordingly an implementation agreement was signed with the GoMP on January 14, 2008. However, we later decided to change the location of our power plant to the Seoni district due to benefits offered by the site in terms of proximity to coal blocks and water sources, and the same was approved by GoMP in July 2008. Accordingly we have entered into an amendment to the MoU and an amendment to the implementation agreement with the GoMP on January 14, 2010 which changed the location of our power plant. This amendment to the MoU and amendment to the implementation agreement with the GoMP further expands the total capacity of the power project by 600 MW to an aggregate capacity of 1,200 MW. We currently expect that the Madhya Pradesh Power Project Phase I will be commissioned by the fourth quarter of fiscal 2013 and that the Madhya Pradesh Power Project Phase II will be commissioned by the fourth quarter of fiscal 2014.

Financing

The total investment estimated for the Madhya Pradesh Power Project Phase I is Rs. 29,100 million, which will be financed by a mix of debt and our contribution in the proportion of 3:1. Hence, of this Rs. 29,100 million, Rs. 21,800 million is being funded via a Rupee term loan, syndicated by a consortium of 15 banks. The common loan agreement was executed on December 30, 2009. The balance of our contribution will be provided by us as and when required, including Rs. 5,000.00 million out of the Net Proceeds. We have deployed Rs. 578.51 million in the Madhya Pradesh Power Project Phase I as on January 31, 2010, all of which is from our contributions.

The total investment estimated for the Madhya Pradesh Power Project Phase II is approximately Rs. 29,240 million, expected to be financed by a mix of debt and our contribution in the proportion of 3:1. Hence, of this amount Rs. 21,910 million is expected to be funded via debt financing. We have received an underwritten commitment for debt financing of Rs. 21,910 million for the Madhya Pradesh Power Project Phase II from Axis Bank Limited. The balance of the funding of Rs. 7,330 million is proposed to be met by us, of which Rs 31.95 million has already been contributed by us as on January 31, 2010.

Procurement/Implementation

The Madhya Pradesh Power Project Phase I is being executed through a number of package contracts, which are typically fixed-time and fixed price contracts. We have issued a notice to proceed, dated March 18, 2010, awarding the contract to BHEL for the BTG, station control and instrumentation, along with the associated electrical packages to source the main plant equipment. The basic and detailed engineering of the project has been completed by our engineering consultant Fichtner Consulting Engineers (India) Private Limited. For further details in relation to the aforementioned agreements, see "***History and Certain Corporate Matters – Material Agreements***" on page 106. Orders for major equipments and various other mechanical, electrical and civil packages are also in process and we expect to award them shortly.

For the Madhya Pradesh Power Project Phase II, we have issued a notice of award, dated February 25, 2010, awarding the contract to BHEL for BTG, station control and instrumentation, along with the associated electrical packages to source the main plant equipment and the awarding of other contracts is in process.

Regulatory Approvals

We have received environmental clearance, dated February 17, 2010, from the MoEF for the Madhya Pradesh Power Project Phase I and have applied to the MoEF on February 26, 2010 for environmental approval for the Madhya Pradesh Power Project Phase II. However, the MoEF clearance for the Madhya Pradesh Project Phase I restricts us from acquiring tribal land. We have filed an application dated March 12, 2010, to amend the environmental clearance, with the MoEF. In addition for Madhya Pradesh Power Project Phase I we have received approval of water allotment. We have also received defense clearance for the Madhya Pradesh Power Project. For details of approvals received and pending applications see "***Government and Other Approvals***" on page 206.

Fuel Supply

The estimated annual consumption of coal for the Madhya Pradesh Power Project Phase I will be approximately 2.97 MTPA. We have already received LoAs dated August 1, 2008 and June 6, 2009, from SECL for a quantity of 2.09 MTPA of coal corresponding to Grade "F" and an LoA dated June 11, 2009, from MCL for a quantity of 0.65 MTPA of coal corresponding to Grade "F". Each LoA is valid for a term of 24 months from the date of execution. The supply of coal is subject to satisfaction of certain conditions specified in the LoAs during its term and the execution of a fuel supply agreement no later than three months after satisfaction of such conditions. In addition, we are required to and therefore in the process of amending these LoAs to accommodate the Madhya Pradesh Power Project's change in location from Jhabua to Seoni. The balance of our coal requirement for the Madhya Pradesh Power Project Phase I is expected to be procured from the open market as and when required.

The estimated annual consumption of coal for the Madhya Pradesh Power Project Phase II will be approximately 2.97 MTPA. We have submitted an application to MoC to secure long-term linkages for this coal requirement.

The coal will be transported from the mines through railway wagons. The project site is located at approximately 2 km from the nearest the Binaiki Railway Station on South Eastern Railway. We expect to build a railway line from the Binaiki Railway Station to the project site as part of the project facility.

Secondary fuel in the form of light diesel oil or heavy fuel oil will be required to start up the coal fired boilers, which we intend to source from local vendors.

Water Supply

The quantity of water required for the Madhya Pradesh Power Project Phase I is estimated to be approximately 62,000 cubic meters per day, which is approximately 23 million cubic meters of water per annum. The entire water requirement for the project site, including cooling water requirement and steam-cycle requirement, is proposed to be sourced from the Bargi reservoir constructed across river Narmada, a perennial water source, which is approximately 10 km from the project site. The GoMP has sanctioned 23 million cubic meters of water per annum from this reservoir for the Madhya Pradesh Power Project Phase I on July 27, 2009 and we entered into the Agreement for Supply of Water with GoMP, acting through Narmada Valley Development Authority, for the supply of such 23 million cubic meter of water per annum on December 10, 2009. We propose to a lay a pipeline over the estimated distance of 10 km from the plant site to the reservoir as part of the project facility.

The amount of water required for the Madhya Pradesh Power Project Phase II is estimated to be 50,000 cubic meters per day, which is approximately 19 million cubic meters per annum and we have applied to GoMP for the water required.

Off-take Arrangements

As per the terms of the implementation agreement with the GoMP executed on January 14, 2008 and subsequently amended on January 14, 2010, we are required to sell 5% of the power produced at the Madhya Pradesh Power Project to GoMP at energy cost determined as per the guidelines of MPERC for a period of 20 years from commencement of supply of power. GoMP also has the first right to purchase an additional 30% of the power at tariff rates approved by the MPERC. Pursuant to a letter dated January 29, 2010, the Energy Department of GoMP has exercised this right for the power generated by the Madhya Pradesh Power Project Phase I. A PPA will be entered into between JPL and the purchasing entity to set out the detailed provisions and procedure for supply and evacuation of such power, payment of tariff, acceptable payment security mechanism and other terms. We expect to sell the balance power on a long-term basis, short-term basis and merchant basis. We have submitted a bid for sale of 200 MW of power on a long-term basis from Madhya Pradesh Power Project Phase I to Gujarat Urja Vikas Nigam.

As per the terms of the implementation agreement with the GoMP, as amended on January 14, 2010, we are required to sell 5% of the power produced at the Madhya Pradesh Power Project Phase II to GoMP or its nominated agency at energy cost determined as per the guidelines of MPERC for a period of 20 years from commencement of supply of power. GoMP or its nominated agency also has the first right to purchase an additional 30% of the power from the Madhya Pradesh Power Project Phase II at tariff rates approved by the MPERC. We are yet to enter into any off-take arrangements for power of Madhya Pradesh Power Project Phase II. We intend to sell such power to both the GoMP and other entities under long-term agreements, short-terms agreements and on a merchant bases.

For further details in relation to off-take arrangements, see "***History and Certain Corporate Matters – Material Agreements for our Power Projects***" on page 106. For further information on the tariff rates, see "***Industry Overview – Tariffs***" on page 61.

Power Evacuation

The power generated from the Madhya Pradesh Power Project is proposed to be evacuated through a 400 kV pooling sub-station of PGCIL located at a distance of around 60 km from the project site in Jabalpur. Alternatively, power can also be evacuated through a substation of PGCIL located at Seoni located at a distance of around 90 km from the plant site. As per the new CERC approved regulation implemented and regulated by PGCIL and implemented with effect from January 1, 2010, the dedicated transmission lines, for generators of capacity greater than 500 MW, shall be constructed by PGCIL and shall form part of the interstate transmission system. Therefore, we are in the process of informing PGCIL of the Madhya Pradesh Power Project and the need for power evacuation from our project site. We expect that PGCIL shall lay a 400 kV double transmission line from the pooling substation to the plant site.

Land

We require approximately 550 acres of land for the Madhya Pradesh Power Project Phase I. The land comprises approximately 219 acres of government land, approximately 85 acres of tribal land and approximately 246 acres of private land. We have acquired all the private land required for Madhya Pradesh Power Project Phase I and have received in principle approval to lease the government land and to acquire the tribal land from GoMP. However, the MoEF clearance for the Madhya Pradesh Project Phase I restricts us from acquiring tribal land. We have filed an application dated March 12, 2010, to amend the environmental clearance, with the MoEF.

The Madhya Pradesh Power Project Phase II will be located at the same site as Madhya Pradesh Power Project Phase I. For Phase II we require an additional 434 acres and we have already acquired approximately 73 acres of this land.

Gujarat Power Project

We are proposing to develop a 1,320 MW thermal power project in Gujarat. This project is expected to have two units of 660 MW each. A MoU was executed in January 13, 2009, with the Government of Gujarat in respect of this proposal. In this regard the MoU dated January 13, 2009, with the Government of Gujarat for the Gujarat Power Project, contemplates the Gujarat Power Project to be of 1,200 MW. Our Company has applied to the Gujarat government for further clearances and approvals for this enhancement.

We currently expect that both 660 MW units will be commissioned by the fourth quarter of fiscal 2016. We have already identified the land for this project and have applied to the Government of Gujarat for the approval to acquire this land. For further details in relation to the MoU, see "***History and Certain Corporate Matters – Material Agreements for our power projects***" on page 106.

Power Generation Technology

Coal Based Power Generation

The process of generation of power from coal (water steam cycle) primarily entails two main stages. In the first stage, the chemical energy stored in coal is converted into heat energy in the coal-fired boilers. In the second stage, the high pressure steam, which is generated in the boiler, is passed through a turbine (conversion of heat energy into mechanical energy), which in turn is coupled to a generator (conversion of mechanical energy into electrical energy), thereby generating power.

The water steam cycle includes the coal fired steam generator, steam turbine with condenser, feed-water tank, low-pressure heaters and high pressure heaters and the connecting pipelines. The superheated steam produced in the steam generator is supplied to the high pressure steam turbine, which drives the three-phase AC generator. After leaving the high pressure turbine, the steam is reheated in the steam generator and fed to the intermediate pressure turbine. In the low pressure turbine the steam coming directly from the intermediate pressure turbine expands to condenser pressure and is condensed in the condenser.

A closed cycle water system is used to cool the condenser. The condensate collected in the condenser hot well is discharged by the condensate extraction pumps and fed the low pressure condensate heaters into the feed water tank. The feed water is further heated by bleed steam from the turbine and the dissolved gases in the feed water are liberated. The boiler feed pumps feed water from the feed water tank via high pressure heaters to the economizer. The high temperature steam-water mix is further converted into steam in water walls and finally passed through the super heaters sections to convert the saturated steam into superheated steam.

The main sections of power generating units for our coal fired power plants include a steam generator, along with coal milling system, fans and electrostatic precipitator, integral piping, integral control system, turbine and generator unit along with boiler feed pump, regenerative heaters, condensate extraction pump, circulating and auxiliary cooling water pumps and the generator transformer with bus duct. The main sections of the utility system are the coal handling system, ash handling system, fire fighting system, air conditioning and ventilation system, switchyard and the plant water system.

Gas Based Power Generation

The power generation units at our Malanpur Power Plant are gas engine based generating units, driven by heavy duty medium speed four stroke reciprocating engines. Reciprocating engines are used to convert liquid or gaseous fuels into energy. Generating sets typically consist of an engine connected directly to an alternator via a flexible coupling. The engine and alternator are rigidly mounted on a common base frame. The gas engines at our Malanpur Power Plant are lean burn gas engines. These generating sets are capable of running in island mode or parallel with the grid, based on operational requirements.

Lean burn gas engines operate on natural gas and are spark ignited engines. In this process, gas is mixed with air before the inlet valves. During the intake period, gas is also fed into a small pre-chamber, where the gas mixture is rich compared to the gas in the cylinder. At the end of the compression phase, the gas air mixture in the pre-chamber is ignited by a spark plug. The flames from the nozzle of the pre-chamber ignites the gas-air mixture in the whole cylinder, resulting in fast combustion. After the working phase, the cylinder is emptied of exhaust and the process starts again. The exhaust gas will then pass through turbochargers, which in turn will improve the volumetric efficiency of the generating unit. A turbocharger consists of a turbine and a compressor on a shared shaft. The turbine converts the exhaust heat and pressure into rotational force, which is in turn used to drive the compressor. The compressor draws in ambient air and pumps it into the intake manifold at increased pressure, resulting in a greater mass of air entering the cylinders on each intake stroke. Heat generated from the generating sets can further be utilized to improve the overall efficiency. The exhaust gas and cooling water from engine can be flexibly utilized as low pressure steam for industrial process requirement, as direct heating or for cooling in chillers.

Employees

As of December 31, 2009, we had 190 full-time employees all of whom are based in India. We had 114, 64 and 50 employees as on March 31, 2009, March 31, 2008, and March 31, 2007, respectively. Our employees have a wide range of experience and skills in areas such as implementation and operation of power projects and transmission operations. While we consider our current labor relations to be good, there can be no assurance that we will not experience disruptions to our operations in the future due to disputes or other problems with our labor force, which may adversely affect our business and results of operations. None of our full-time company employees are unionized.

We provide and intend to provide integrated accommodation facilities to employees that are based at our operational power projects or will be based at our power projects under implementation. Further, we expect to provide a number of other benefits to our employees and members of their immediate family, such as canteen facilities, annual leave, travel allowance, a provident fund and health insurance and health care (including on-site medical clinics).

In addition, we use the services of contract laborers at our operational power projects and those under implementation. The number of contract laborers providing services to us varies from time to time based on the nature and extent of work contracted to independent contractors. As at December 31, 2009, we had a total of 252 contract laborers providing services to us at our four captive power plants, Chhattisgarh Power Project Phase I and Madhya Pradesh Power Project Phase I. When we purchased 59% stake in MCPL pursuant to a share purchase agreement dated March 1, 2010, it had 3 full-time employees.

Performance Incentive Plan

Our performance incentive plan has been developed to motivate and reward the performance of our employees. Under the current plan, a portion of annual compensation paid to an employee is based on factors such as the individual performance of the employee and the overall profitability of our Company. The proportion of salary that is incentive-based varies depending on the level of seniority of the employee and the length of the employee’s performance assessment period. Further, our Company has also instituted the ESOP 2010 in effect as on February 2, 2010, by which employee stock options are granted to certain employees of our Company. For further details, see, “***Capital Structure***” and “***Our Management***” on pages 23 and 116, respectively. MCPL, in which we purchased a 59% stake, pursuant to a share purchase agreement dated March 1, 2010, has a performance incentive plan similar to ours.

Operation and Maintenance (“O&M”)

The O&M of our wholly-owned Captive Power Units is carried out by our in-house O&M teams, whose members have more than 30 years of experience in O&M. The O&M for the Malanpur Power Plant is carried out by Wartsila India Limited pursuant to the Maintenance Agreement, dated April 26, 2006, with a 10 year term, and the Operation Agreement, dated April 26, 2006, with a 10 year term. For the power projects that are under implementation or are under planning, we intend to conduct O&M using a combination of contractors and our own in-house O&M teams. Upon commissioning the respective units of all of our power projects that are under implementation or under planning, the engineers involved in project commissioning will be redeployed to the O&M departments of the power station. We may also subcontract specialized O&M services such as coal handling, ash handling and water system management, to reputable contractors.

Insurance

Our plants and equipments at Chhattisgarh Power Project Phase I are insured against customary risks including theft, riots, civil commotion, fire and terrorist attacks, and we shall obtain similar insurance for Chhattisgarh Power Project Phase II and the Madhya Pradesh Power Project. During the construction phase it is a term of the contract award that the contractor shall arrange, secure and maintain insurance as may be necessary and for all such amounts to protect our interests, against all risks (it shall include, but not be limited to, the loss or damage in transit, theft, pilferage, riot, civil commotion, weather conditions, accidents of all kinds, fire, terrorist attack), such insurance to be effective at all times during the period of contract and the contractor's failure in this regard shall not relieve him of any of his contractual responsibilities and obligations. Any loss or damage to the equipment during handling, transporting, storage and erection, till such time the plant is taken over by us, shall be to the account of the contractor.

In addition, for our wholly-owned Captive Power Units, we have obtained insurance policies on our plant and equipment that cover customary risks, including theft, fire and earthquakes. The Malanpur Power Plant has obtained an industrial all risk policy (including terrorism risk and MLOP), public liability insurance policy and a transit marine cargo policy. Notwithstanding our insurance coverage, damage to our power projects, facilities, equipment, machinery, buildings or other properties as a result of occurrences such as fire, explosion, power loss, telecommunications failure, an intentional unlawful act, human error, natural disaster, terrorism or any decline in our business as a result of any threat of war, outbreak of disease or epidemic may not be adequately insured and could have an adverse effect on the our financial condition and results of operations. See "***Risk Factors***" on page xv.

Safety and Risk Management

We have and plan to implement work safety measures and standards to ensure healthy and safe working conditions, equipment and systems of work for all of the employees, contractors, visitors and customers at our power projects. We intend to reduce waste and other harmful pollutants by careful use of materials, energy and other resources while maximizing recycling opportunities. Each of our operational power projects has and our power projects under implementation and planning will have its own work safety management department, which ensures compliance with safety measures and standards. In addition, we have established a separate in-house safety department to address all safety related issues with respect to our projects. We have established a committee for work safety that sets safety measures and standards in accordance with the relevant safety laws and regulations in India. Our management oversees the implementation and compliance of these safety measures and standards.

Beginning at the design and engineering stage of our power projects, we adopt safety technology for all of our equipment, electrical machines and electronic control systems in accordance with international standards of industrial safety. All our operational power projects has and our power projects under implementation and planning will have safety systems and emergency shutdown systems for stoppage of the power projects in the event of abnormal conditions. We also have at our operational power projects and intend to have at our power projects under implementation and planning once operation commences, experienced fire fighting crews equipped with fire-fighting equipment, fire tenders and ambulances on call at our power projects 24 hours a day all year round.

Environmental Matters

Prior to the commencement of the development of our power projects, we undertake environment impact assessment studies. Based on the findings of such studies, we develop an environment management plan for the relevant power project. We are committed to complying with all statutory requirements, environmental regulations and quality standards set forth in the guidelines published by the MoEF and the GoI from time to time. We intend to equip our power projects under implementation and planning with pollution control devices so as to reduce the production of major pollutants at the project site to below the prescribed/permitted levels. Pollutants from the power projects will include suspended particulate matter, carbon dioxide, sulphur oxides, nitrogen oxides, liquid effluents, solid waste such as fly and bed ash, noise, and thermal pollution. Further, to keep the stack emissions within the limits and to control the ground level pollutants, we plan to equip our power projects with electrostatic precipitators and chimneys of sufficient height in accordance with the regulations of MoEF and the relevant state pollution control boards. We also plan to install effluent treatment plants to treat effluents and maximize the recycling of water. With respect to fly ash produced from our power projects, we currently give ash to Biltch Building Elements Ltd. and intend to either sell the fly ash to cement factories or to the brick manufacturers. Our wholly-owned Captive Power Units already have similar environmental management plans and pollution control devices and technologies. As a gas fired power plant, the Malanpur

Power Plant does not generate any fly-ash and emits comparatively less pollutants than coal based power plants. The plant maintains certain pollution control measures and has obtained the Consents to Operate under Section 21 of the Air Prevention and Control of Pollution Act, 1981 and Section 25/26 of the Water Prevention and Control of Pollution Act, 1974 from the Madhya Pradesh Pollution Control Board.

Property

Our registered office in New Delhi was licensed to us through a non-exclusive license agreement, dated January 1, 2010, from Biltech Building Elements Limited for an initial period of three years. Additionally, We have two lease agreements dated February 4, 2008 and March 12, 2010 for our corporate office in Gurgaon and for additional office space in Gurgaon, respectively. Furthermore, we may acquire additional space from time to time to meet the requirements of our power projects.

Competition

With the deregulation of the Indian power sector, the rapid development of the Indian electricity generation industry and the shortage of electricity supply in recent years, significant numbers of power plants (especially coal power plants) have been built or expanded, both in Chhattisgarh and Madhya Pradesh where our coal power projects under implementation will be located, and elsewhere throughout India. An increase in the power supply in the local area, including the addition of new power generation capacity by our competitors, could negatively affect the planned output of our power projects and the on-grid tariffs approved by the local Electricity Regulatory Commission ("ERC"). Competitive bidding for power procurement further increases the competition among power generating companies.

We may face competition with respect to setting up power projects, and may face competition in selling excess power generated at our power projects that is not tied-up through long-term PPAs. However, due to the significant demand supply mismatch and low per capita consumption of power in India, particularly on the Western Grid, which includes Chhattisgarh, Madhya Pradesh and Gujarat, we believe that there should be sufficient demand to absorb all entrants in the power business on the Western Grid.

We face competition in power generation from companies such as NTPC Limited, Reliance Power Limited, Tata Power Limited, Essar Power Gujarat Limited, JSW Energy Limited, Adani Power Limited and KSK Energy Ventures Limited, among others. For further details on the competitive landscape, see "***Industry Overview***" on page 52.

Intellectual Property

Pursuant to a brand equity and business promotion agreement dated October 20, 2009 (the "Brand Agreement"), we have been granted the non-exclusive and non-assignable right by AHL, one of our Promoters, to use the "Avantha" name and logo. Under the Brand Agreement, we pay AHL a brand royalty fee of 0.25% of our revenue based on our audited accounts as consideration for this right. AHL has applied for registration of the "Avantha" logo, but such registration is still pending. For further details, see "***History and Certain Corporate Matters- Material Agreements***" and "***Government and Other Approvals***" on pages 106 and 206 respectively.

Corporate and Social Responsibility ("CSR")

The Avantha Group recognizes that long term sustainability of a business is not just about growing the financial bottom line but is also linked to its ability to address the issue of sustainable development of the communities it works with and the environment in which it operates. Each business within the Avantha Group has put in place policies and programs for the development of the communities that live around its manufacturing locations and who are affected by that company's projects. These programs are focused on empowering communities so that they can take charge of their own lives. Most of the Avantha Group company's CSR projects are implemented in partnership with non-governmental organizations ("**NGOs**").

In line with the initiatives of the Avantha Group, our Company has entered into partnerships with NGOs in areas where our power plants are located or are expected to be located. The philosophy of empowerment and self reliance is carried forward into these CSR programs and initiatives. The focus of the community intervention is to create alternative livelihood for communities who have sold their land to us, so that they can lead better quality of lives going forward. These projects were started in 2009. The CSR projects at Raigarh, namely "Health, Education & Livelihood Promotion" (HELP) are being implemented in partnership with NGOs named

Carmdaksh and Pratham at Chhattisgarh. The CSR project of JPL is being implemented by Sopan, a local level NGO in Jabalpur. Activities of these NGOs include establishing self-help groups, setting up education support programs and specific inputs into sustainable agriculture. All these projects are closely monitored by dedicated CSR personnel within our Company and are reviewed periodically by senior management of our Company.

REGULATIONS AND POLICIES IN INDIA

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

Power Generation

Background

The development of electricity industry in India was fashioned by two pieces of legislations namely the Indian Electricity Act, 1910 and the Electricity (Supply) Act, 1948 (the "**Supply Act**"). The Indian Electricity Act, 1910 introduced a licensing system for the electricity industry and the Supply Act was responsible for introducing greater state involvement in the industry, facilitating regional co-ordination.

The Supply Act promoted state-owned, vertically integrated units through the creation of the SEBs, to develop 'Grid System'. Under this legislation, the SEBs were made responsible for generation, transmission and distribution of electricity within the geographical limits of each State of the Indian Union. A government department was responsible for the electricity supply in states where SEBs were not set up. Under the Constitution of India, both the State and GoI have the power to regulate the electricity industry.

In the early 1990s, the power sector was liberalized and private participation in the generation sector was permitted by way of amendments in 1991 and 1998 to the Supply Act to open generation to private sector and establishment of RLDCs and to provide for private sector participation in transmission.

In 1998, the Electricity Regulatory Commissions Act, 1998 ("**ERC Act**") was enacted by the GoI. The ERC Act provided for the establishment of independent electricity regulatory commission both at the Central and State levels. These regulatory commissions were set up with the objective of rationalizing the prevailing electricity tariff regime and promoting and regulating the electricity industry in the country.

In view of the growing interest of the foreign investors government has allowed 100% FDI in generation, transmission and distribution.

Salient features of the Electricity Act, 2003

The Electricity Act is a central unified legislation relating to generation, transmission, distribution, trading and use of electricity, that seeks to replace the multiple legislations that governed the Indian power sector.

The most significant reform initiative under the Electricity Act was the move towards a multi buyer, multi seller system as opposed to the existing structure which permitted only a single buyer to purchase power from power generators. In addition, Electricity Act provides for a greater flexibility and grants the respective electricity regulatory commission's greater freedom in determining tariffs, without being constrained by rate-of-return regulations. The Electricity Act seeks to encourage competition with appropriate regulatory intervention. An Appellate Tribunal to hear appeals against the decision of the CERC and SERCs has been established. However, Electricity Act provided that transmission, distribution and trade of electricity are regulated activities which require licenses from the appropriate electricity regulatory commission, unless exempted by the appropriate government in accordance with the provisions of Electricity Act. It was amended in 2007 to exempt captive power generation plants from licensing requirements for supply to any licensee or consumer. Government has also announced National Electricity Policy in 2005 to guide the development of the electricity sector in India.

Licensing

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

Generation

Currently, under Indian law, any generating company can establish, operate and maintain a generating station if it complies with the technical standards relating to connectivity with grid. Approvals from the GoI, State Government and the techno-economic clearance from the CEA are no longer required, except for hydroelectric projects. Generating companies are now permitted to sell electricity to any licensees and where permitted by the respective state regulatory commissions, to consumers.

In addition, no restriction is placed on setting up of captive power plant by any consumer or group of consumers for their own consumption. Under the Electricity Act, no surcharge is required to be paid on wheeling of power from the captive plant to the destination of the use by the consumer. This provides financial incentive to large consumers to set up their own captive plants. Through an amendment in 2007, Section 9 was amended to state that no separate license is required for supply of electricity generated from the captive power plant to any licensee or the consumer. The respective regulatory commissions determine the tariff for supply of electricity from a generating company to any distribution licensee, transmission of electricity, wheeling of electricity and retail sale of electricity. The CERC has the jurisdiction over generating companies owned or controlled by GoI and those generating companies who have entered into or otherwise have a composite scheme for generation and sale in more than one state. The SERCs have jurisdiction over generating stations within the state boundaries, except those under CERC's jurisdiction.

Transmission

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

CEA is required to prescribe certain grid standards under the Electricity Act and every transmission licensee must comply with such technical standards of O&M of transmission lines. In addition, every transmission licensee is required to obtain a license from the CERC and the respective SERCs, as the case may be.

The Electricity Act requires the GoI to designate one government company as the central transmission utility ("**CTU**"), which would be deemed as a transmission licensee. Similarly, each state government is required to designate one government company as state transmission utility ("**STU**"), which would also be deemed as a transmission licensee. The CTU and STUs are responsible for transmission of electricity, planning and co-ordination of transmission system, providing non-discriminatory open-access to any users and developing a co-ordinated, efficient and integrated inter-state and intra-state transmission system respectively. The Electricity Act prohibits CTU and STU from engaging in the business of generation or trading in electricity.

Under the Electricity Act, the GoI was empowered to establish the NLDC and RLDCs for optimum scheduling and despatch of electricity among the RLDCs. The RLDCs are responsible for (a) optimum scheduling and despatch of electricity within the region, in accordance with the contracts entered into with the licensees or the generating companies operating in the region; (b) monitoring grid operations; (c) keeping accounts of the quantity of electricity transmitted through the regional grid; (d) exercising supervision and control over the inter-state transmission system; and (e) carrying out real time operations for grid control and despatch of electricity within the region through secure and economic operation of the regional grid in accordance with the grid standards and grid code.

The transmission licensee is required to comply with the technical standards of O&M of transmission lines as specified by CEA, building maintaining and operating an efficient transmission system, providing non-discriminatory open access to its transmission system for use by any licensee or generating company on payment of transmission charges and surcharge in accordance with the Electricity Act.

The Electricity Act allows IPPs open access to transmission lines. The provision of open access is subject to the availability of adequate transmission capacity as determined by the CTU/STU. The Electricity Act also lays down provisions for intra-State transmission, where state commission facilitate and promote transmission, wheeling and inter-connection arrangements within its territorial jurisdiction for the transmission and supply of electricity by economical and efficient utilisation of the electricity.

Trading

The Electricity Act specifies trading in electricity as a licensed activity. Trading has been defined as purchase of electricity for resale. This may involve wholesale supply (i.e., purchasing power from generators and selling to the distribution licensees) or retail supply (i.e., purchasing from generators or distribution licensees for sale to end consumers). The license to engage in electricity trading is required to be obtained from the relevant electricity regulatory commission.

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

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

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

Distribution and Retail Supply

The Electricity Act does not make any distinction between distribution and retail supply of electricity. Distribution is a licensed activity and distribution licensees are allowed to undertake trading without any separate license. Under the Electricity Act, no license is required for the purposes of supply of electricity. Thus, a distribution licensee can undertake three activities: trading, distribution and supply through one license. The distribution licensee with prior permission of the appropriate commission may engage itself in any other activities for optimal utilisation of its assets.

Unregulated Rural Markets

The licensing requirement does not apply in cases where a person intends to generate and distribute electricity in rural areas as notified by the State Government. However, the supplier is required to comply with the requirements specified by the CEA such as protecting the public from dangers involved, eliminating/reducing the risks of injury, notify accidents and failures of transmission and supplies of electricity. It shall also be required to comply with system specifications for supply and transmission of electricity. The Electricity Act mandates formulation of national policies governing rural electrification and local distribution and rural off-grid supply including those based on renewable and other non-conventional energy sources. This policy initiative is expected to give impetus to rural electrification and also conceptualize rural power as a business opportunity.

Tariff Principles

The Electricity Act has introduced significant changes in terms of tariff principles applicable to the electricity industry. Earlier, the rate of return regulation as prescribed in the Sixth Schedule of the Supply Act, which envisaged a two-part tariff, was the basis of tariff determination. Even in the case of state reform acts, this Sixth Schedule was retained as the basis. The Electricity Act has done away with this provision and the two-part tariff mechanism.

Under the Electricity Act, the appropriate electricity regulatory commissions are empowered to determine the tariff for:

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

The appropriate ERC is required to be guided by the following while determining tariff:

- the principles and methodologies specified by the CERC for determination of the tariff applicable to generating companies and licensees;
- generation, transmission, distribution and supply of electricity are conducted on commercial principles;
- the factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments;
- safeguarding consumers interest and also ensure recovery of the cost of electricity in a reasonable manner;
- incorporate principles which reward efficiency in performance;
- multi-year tariff principles;
- tariff progressively reflects the cost of supply of electricity, at an adequate and improving level of efficiency;
- that the tariff progressively reduces and eliminates cross subsidies in the manner to be specified by the CERC;
- the promotion of co-generation and generation of electricity from renewable sources of energy; and
- the National Electricity Policy and Tariff Policy.

It is to be noted that unlike the ERC Act, the respective electricity regulatory commissions have not been expressly permitted to depart from the tariff determining factors set out above.

However, the Electricity Act provides that the ERC shall have to adopt such tariff that has been determined through a transparent process of bidding in accordance with the guidelines issued by the Central Government. The MoP has issued detailed guidelines for competitive bidding as well as draft documentation (PPAs) for competitively bid projects.

The determination of tariff for a particular power project would depend on the mode of participation in the project. Broadly, the tariffs can be determined in two ways: (i) based on the tariff principles prescribed by the CERC (cost plus basis consisting of a capacity charge, an energy charge, an unscheduled interchange charge and incentive payments); or (ii) competitive bidding route where the tariff is purely market based.

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

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

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

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

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

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

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

Central Electricity Regulatory Commission (Fixation of Trading Margin) Regulations, 2010

The Central Electricity Regulatory Commission (Fixation of Trading Margin) Regulations, 2010 (the "**CERC Trading Margin Regulations**") applies to the short term buy-short term sell contracts for inter-State trading in electricity undertaken by a person who has been granted a licence by the CERC to undertake such inter-State trading in electricity, except in cases where inter-State trading in electricity is undertaken by such licensee by virtue of the provisions of Rule 9 of the Electricity Rules, 2005, on the basis of the inter-State trading licence granted by the CERC.

The CERC Trading Margin Regulations state that the licensee shall not charge trading margin exceeding seven paise/kWh in case the sale price is exceeding Rupees three/kWh and four paise/kWh where the sale price is less than or equal to Rupess three/kWh. This margin shall include all charges, except the charges for scheduled energy, open access and transmission losses. The trading margin shall be charged on the scheduled quantity of electricity. The trading margin specified above however, shall be the cumulative value of the trading margin charged by all the traders involved in the chain of transactions between the generator and the ultimate buyer, *i.e.*, trading margin in case of multiple trader to trader transactions shall not exceed the ceiling trading margin specified under the CERC Trading Margin Regulations.

Modes of participation in power projects

GoI announced major policy reforms in October 1991 widening the scope of private sector participation in power generation. The two modes of participating in power projects are either through the MoU route or the Bidding route. The initial batch of private sector power projects were therefore awarded generally on the basis of negotiation between the SEB and a single developer ("**MoU route**").

MoU Route

The cost determination under the MoU route usually involves:

- determination of receivables of capital cost. The capital costs are required to be approved by a CEA, GoI;
- approval of interest rates and local and foreign debt;
- finalizing the term of loans and/or or other debt;
- finalizing the extent of foreign exchange protection;
- fixing operating parameters within the prescribed ceilings;
- identifying deemed generation provisions;
- evaluating the extent of despatchability;
- evaluating the level of incentive payments;
- identifying change in law in terms of tax or any other matter;
- identifying the extent of working capital permissible;

- evaluating the premium on fuel prices for assured supply;
- identifying fuel supply and transportation risk and issues;
- evaluating escalations in O&M and insurance expenses permissible;
- evaluating the extent of maintenance of spares permissible; and
- rebates in respect of prompt payment.

The MoU route with a cost plus approach was initially adapted to attract investment. However, there were several complexities in calculating the above costs despite the capital cost of the project being frozen by the CEA. Under the Electricity Act, the CEA does not have the power to determine capital cost for the projects anymore and the requisite filings for approval of capital cost and tariff are with the regulatory commissions.

This cost plus tariff mechanism is not ideally suited for competitive bidding as this would require bidding on every element of cost of generation which becomes difficult to verify and monitor over the life of the PPA. Further, the nature of costs for IPPs is very different from public sector power project costs and in the absence of complete knowledge of cost profile, it would be impossible to design a competitive bidding process based on cost plus approach that is fair to both sides thereby eliciting good investor response. In light of the same, the competitive bid route was envisaged.

Bid Route

Bidding essentially is based on bulk power tariff structure. As noted, under the Electricity Act, the regulatory commission is required to adopt a bid-based tariff, although the Guidelines for Determination of Tariff by Bidding Process for Procurement of Power by Distribution Licensees, 2005 ("**Bidding Guidelines**") permit the bidding authority to reject all price bids received. The Bidding Guidelines recommend bid evaluation on the basis of levelised tariff. The Bidding Guidelines envisages two types of bids: Case I bids, where the location, technology and fuel is not specified by the procurers, i.e., the generating company has the freedom to choose the site and the technology for the power plant; and Case II bids, where the projects are location specific and fuel specific.

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

- long-term procurement of electricity for a period of 7 years and above; and
- medium term procurement for a period of up to 7 years but exceeding 1 year.

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

Under the bid route, typically the IPPs can bid at two parameters:

- The fixed or capacity charge; and
- The variable or energy charge, which comprises the fuel cost for the electricity generated. Bidders are usually permitted to quote a base price and an acceptable escalation formula.

The Bidding Guidelines envisages a two-step process – pre-qualification and final bid. Bidders are required to submit a technical and financial bid at the RFP stage.

Increasingly, the trend is to have all purchase of power and distribution licenses through competitive bids. The Tariff Policy 2006 requires that all procurement of power after January 6, 2006 (except for PPAs approved or submitted for approval before January 6, 2006 or projects whose financing has been tied up prior to January 6, 2006) by distribution licensees has to be through competitive bidding. Some state regulators have, however, continued to purchase power under the MoU route, stating that the Tariff Policy is merely indicative and not binding.

National Electricity Policy

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

- access to electricity - available for all households by 2010;
- 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 1000 units by 2012;
- minimum lifeline consumption of 1 unit/household/day as a merit good by year 2012;
- financial turnaround and commercial viability of electricity sector; and
- protection of consumers' interests.

National Electricity Plan

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

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

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

Policy for setting up of Mega Power Projects

The Mega Power Policy was introduced by Ministry of Power, GoI, on November 10, 1995, wherein projects with capacity of 1000 MW and more and catering power to more than one State were classified as mega power projects.

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

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

Fiscal concessions/benefits available to the Mega Power Projects:

- Zero Customs Duty: The import of capital equipment would be free of customs duty for these projects;
- Deemed Export Benefits: Deemed export benefits are available to domestic bidders for projects both under public and private sector on meeting certain requirements;
- Pre-conditions for availing the benefits: Goods required for setting up of any mega power project, qualify for the above fiscal benefits after the project is certified that:

i. the power purchasing States have granted to the Regulatory Commissions full powers to fix tariffs;
ii. the power purchasing States undertakes, in principle, to privatize distribution in all cities, in that State, each of which has a population of more than one million, within a period to be fixed by the Ministry of Power, GoI; and

- Income Tax benefits: In addition, the income-tax holiday regime as per Section 80-IA of the Income Tax Act, 1961 is also available.

Roles of key organisations and players

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

Central and State Governments

The Electricity Act reserves a significant involvement of the GoI in the functioning of the power sector. It has been assigned a number of duties, including planning and policy formulation, rule making, appointing, establishing, designating authority, prescribing duties and other tasks, funding, and issuing directions.

The GoI designates a CTU and establishes the NLDC, RLDC, the Appellate Tribunal, the Coordination Forum, and the Regulators' Forum. It has the power to vest the property of a CTU in a company or companies and decide on the jurisdiction of benches of the appellate tribunal. It also prescribes the duties and functions of the CEA, NLDC and RLDC.

The GoI is also responsible for the following: a) specifying additional requirements for granting more than one distribution licensee; b) providing no-objection certificates for granting license if the service area includes Central Government installations such as cantonment, aerodrome, defence area, etc; c) demarcating the country into transmission regions for the purpose of inter-State transmission; d) issuing guidelines for transparent bidding process; e) approving the salary and benefits of the employees of the CEA, CERC and appellate tribunal; f) referring cases to the Appellate Tribunal for removal of members of the CERC on the ground of misbehaviour; and g) prescribing the procedures for inquiry into misbehaviour by members.

The State Government exercises appointing, designating powers, provides funds and makes rules notifications, etc. It has the powers to appoint or remove members of the SERC including the chairman, to approve the terms and conditions of appointment of the secretary to the SERC and other staff. It is also responsible for constituting the selection committee for appointing members of SERC. It establishes the state load despatch centre ("**SLDC**"), notifies the STU, vests property of STU in companies, draws up reorganisation of the SEB through acquiring its assets and re-vests it through a transfer scheme. It is empowered to constitute special courts, and state coordination forum. The State Government creates the SERC fund and can provide loan or grants for running the SERC. It also decides how the SERC should utilize the fund and how it should maintain accounts. The State Government can also provide subsidy to consumers, but the Electricity Act requires it to compensate the licensee in advance by the amount of loss expected to be suffered by the licensee in implementing the subsidy. The State Government notifies rural areas where exemption of license conditions would apply and issues directions to the SERC on public interest issues.

Central Electricity Authority

The CEA was created under the Supply Act and the Electricity Act retains the agency by relegating it mostly to a consultative role. There was some overlap of duties and power between the CERC and the CEA earlier, which the Electricity Act has now removed. The technical clearance required for power projects under the provisions of the Supply Act has been eliminated, except in cases of hydro projects above a certain capital investment.

Electricity Regulatory Commissions

The Electricity Act retains the two-level regulatory system for the power sector. At the central level, the CERC is responsible for regulating tariff of generating stations owned by the GoI, or those involved in generating or supplying in more than one State, and regulating inter-State transmission of electricity. The SERCs on the other hand regulate intra-state transmission and supply of electricity within the jurisdiction of each state. CERC and the SERCs are guided by the National Electricity Policy, Tariff Policy and the National Electricity Plan while discharging their functions under the Electricity Act. The Electricity Regulatory Commissions are also guided by any direction given by the GoI for CERC or the State Government for the SERC pertaining to any policy involving public interest. The decision of the government is final and non-challengeable with respect to the question that whether directions pertain to policy involving public interest or not. The commissions have been entrusted with a variety of functions including determining tariff, granting licensees, settling disputes between the generating companies and the licensees. The ERCs are a quasi-judicial authority with powers of a civil court and an appeal against the orders of the Commissions lie to the Appellate Tribunal.

Appellate Tribunal

Under the earlier electricity legislations, the High Court was the appellate authority against orders that are passed by the SERC. Under the Electricity Act, the Appellate Tribunal has been set up as an appellate body against orders of the relevant electricity regulatory commissions or adjudicating officers in settling disputes. The Appellate Tribunal has the power to summon, enforce attendance, require discovery and production of documents, receive evidence and review decisions. The orders of the Appellate Tribunal are executable as decrees of a civil court. The orders of the Appellate Tribunal can be challenged in the Supreme Court by the aggrieved party.

Enforcement Agencies

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

Investigating Authority

The Electricity Regulatory Commissions have the powers to direct any person to investigate the affairs of and undertake inspection of the generating company if there is any failure by the generating company/licensee to comply with the provisions of the Electricity Act or the license. The Electricity Regulatory Commissions may direct the generating company/licensee to take such action as may be necessary upon receipt of report from such Investigation Authority.

Electrical Inspector

If the relevant government receives a complaint that there has been an accident in connection with the generation, transmission, distribution or supply of electricity or that in case of use of electrical lines or electrical plant, there is a likelihood of injury to human being or animal, it may require an Electrical Inspector to inquire and report as to the cause of the accident and the manner and extent to which the provisions of Electricity Act have been complied with. The Electrical Inspector is vested with the powers of a civil court under the Civil Procedure Code, 1908 for enforcing the attendance of witnesses and compelling the production of documents and material objects.

Foreign Investment Regulation

The industrial policy was formulated in 1991 to implement the Government's liberalisation programme and consequently industrial policy reforms relaxed industrial licensing requirements and restrictions on foreign investment.

The procedure for investment in the power sector has been simplified for facilitating FDI. FDI is allowed under the automatic route for 100% in respect of projects relating to electricity generation, transmission and distribution, other than atomic reactor power plants and for coal and lignite mining for captive consumption by power projects, subject to the provisions of the Coal Mines (Nationalisation) Act, 1973, as amended. There is no limit on the project cost and the quantum of FDI.

Indian Energy Exchange for Online Trading in Electricity

India's first power exchange – IEX became operational and trading was launched on June 27, 2008. The IEX is promoted by Financial Technologies (India) Limited and PTC. Another power exchange namely PXIL, promoted by NSE and National Commodities & Derivatives Exchange Ltd., started operations from October 22, 2008. Both the power exchanges are operating successfully and contributing to trade and distribution of market information, promotion of competition and creation of liquidity in a deregulated power market. The trading is done through a web/electronic trading platform which ensures transparency and price discovery.

Labor and Environmental Regulations

Depending upon the nature of the activity undertaken by us, applicable environmental and labor laws and regulations include the following:

- The Contract Labour (Regulation and Abolition) Act, 1970;
- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- The Employees' State Insurance Act, 1948;
- The Factories Act, 1948;
- The Industrial Disputes Act, 1947;
- The Payment of Wages Act, 1936;
- The Workmen's Compensation Act, 1923;
- The Minimum Wages Act, 1948;
- The Payment of Bonus Act, 1965;
- The Payment of Gratuity Act, 1972;
- The Environment (Protection) Act, 1986;
- The Environment Impact Assessment Notification S.O. 1533(E), 2006;
- The Forest (Conservation) Act, 1980 and The Forest (Conservation) Rules, 2003;
- The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008;
- The Water (Prevention and Control of Pollution) Act, 1974;
- The Water (Prevention and Control of Pollution) Cess Act, 1977; and
- The Air (Prevention and Control of Pollution) Act, 1981.

Labor Laws

The Factories Act, 1948, as amended (the "Factories Act")

The Factories Act defines a 'factory' to be any premise which employs or employed on any day in the previous twelve months, ten or more workers and in which a manufacturing process is being carried on with the aid of power or any premises where there are or were in the previous twelve months, at least twenty workers working even though there is no manufacturing process being carried on with the aid of power. State Governments prescribe rules with respect to the prior submission of plans, their approval for the establishment of factories and the registration and licensing of factories.

The Factories Act provides that the 'occupier' of a factory (defined as the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors) shall ensure the health, safety and welfare of all workers while they are at work in the factory, especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers' health and safety, cleanliness and safe working conditions.

If there is a contravention of any of the provisions of the Factories Act or the rules framed thereunder, the occupier and manager of the factory may be punished with imprisonment for a term up to two years or with a fine up to Rs.100, 000 or with both, and in case of contravention continuing after conviction, with a fine of up to Rs.1, 000 per day of contravention. In case of a contravention which results in an accident causing death or serious bodily injury, the fine shall not be less than Rs.25, 000 in the case of an accident causing death, and Rs.5, 000 in the case of an accident causing serious bodily injury.

Environmental Laws

Our business is subject to environment laws and regulations. The applicability of these laws and regulations varies from operation to operation and is also dependent on the jurisdiction in which we operate. Compliance with relevant environmental laws is the responsibility of the occupier or operator of the facilities.

Our operations require various environmental and other permits covering, among other things, water use and discharges, stream diversions, solid waste disposal and air and other emissions. Major environmental laws applicable to our operations include:

The Environment (Protection) Act, 1986 (the "EPA")

The EPA is an umbrella legislation in respect of the various environmental protection laws in India. The EPA vests the GoI with the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. This includes rules for *inter alia,* laying down the quality of environment, standards for emission of discharge of environment pollutants from various sources, inspection of any premises, plant, equipment, machinery, examination of manufacturing processes and materials likely to cause pollution. Penalties for violation of the EPA include fines up to Rs.100, 000 or imprisonment of up to five years, or both.

There are provisions with respect to certain compliances by persons handling hazardous substances, furnishing of information to the authorities in certain cases, establishment of environment laboratories and appointment of Government analysts.

The Environment Impact Assessment Notification S.O. 1533(E), 2006 (the "EIA Notification")

The EIA Notification issued under the EPA and the Environment (Protection) Rules, 1986, as amended, provides that the prior approval of the MoEF, GoI, or State Environment Impact Assessment Authority, as the case may be, is required for the establishment of any new project and for the expansion or modernisation of existing projects specified in the EIA Notification. The EIA Notification states that obtaining of prior environmental clearance includes a maximum of four stages, i.e., screening, scoping, public consultation and appraisal.

An application for environmental clearance is made after the identification of prospective site(s) for the project and/or activities to which the application relates but before commencing any construction activity, or preparation of land, at the site by the applicant. Certain projects which require approval from the State Environment Impact Assessment Authority may not require an Environment Impact Assessment Report. For projects that require preparation of an Environment Impact Assessment Report public consultation involving both public hearing and written response is conducted by the State Pollution Control Board. The appropriate authority makes an appraisal of the project only after a Final EIA Report is submitted addressing the questions raised in the public consultation process.

The prior environmental clearance granted for a project or activity is valid for a period of ten years in the case of river valley projects, project life as estimated by Expert Appraisal Committee or State Level Expert Appraisal Committee subject to a maximum of 30 years for mining projects and five years in the case of all other projects and activities. This period of validity may be extended by the regulatory authority concerned by a maximum period of five years.

The mining of minerals in a leased area of 50 hectares or more; coal or lignite based thermal power plants with a capacity of 500 MW or more; and hydro-electric power plants with a capacity of 50 MW or more, requires clearance from the MoEF, GoI. The mining of minerals in a leased area of five hectares or more, but less than 50 hectares; coal or lignite based thermal power plants with a capacity of more than 50 MW, but less than 500 MW; and hydro-electric power plants with a capacity of 25 MW or more, but less than 50 MW requires clearance from State Environment Impact Assessment Authority.

The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 (the "Hazardous Wastes Rules")

The Hazardous Wastes Rules aim to regulate the proper collection, reception, treatment, storage and disposal of hazardous waste by imposing an obligation on every occupier and operator of a facility generating hazardous waste to dispose such waste without adverse effect on the environment, including through the proper collection, treatment, storage and disposal of such waste. Every occupier and operator of a facility generating hazardous waste must obtain an approval from the Pollution Control Board. The occupier, the transporter and the operator are liable for damages caused to the environment resulting from the improper handling and disposal of hazardous waste. The operator and the occupier of a facility are liable for any fine that may be levied by the respective State Pollution Control Boards. Penalty for the contravention of the provisions of the Hazardous Waste Rules includes imprisonment up to five years and imposition of fines as may be specified in the EPA or both.

The Water (Prevention and Control of Pollution) Act, 1974 (the "Water Act")

The Water Act aims to prevent and control water pollution as well as restore water quality by establishing and empowering the Central Pollution Control Board and the State Pollution Control Boards. Under the Water Act, any person establishing any industry, operation or process, any treatment or disposal system, use of any new or altered outlet for the discharge of sewage or new discharge of sewage, must obtain the consent of the relevant

State Pollution Control Board, which is empowered to establish standards and conditions that are required to be complied with. In certain cases the State Pollution Control Board may cause the local Magistrates to restrain the activities of such person who is likely to cause pollution. Penalty for the contravention of the provisions of the Water Act include imposition of fines or imprisonment or both.

The Central Pollution Control Board has powers, *inter alia*, to specify and modify standards for streams and wells, while the State Pollution Control Boards have powers, *inter alia*, to inspect any sewage or trade effluents, and to review plans, specifications or other data relating to plants set up for treatment of water, to evolve efficient methods of disposal of sewage and trade effluents on land, to advise the State Government with respect to the suitability of any premises or location for carrying on any industry likely to pollute a stream or a well, to specify standards for treatment of sewage and trade effluents, to specify effluent standards to be complied with by persons while causing discharge of sewage, to obtain information from any industry and to take emergency measures in case of pollution of any stream or well.

A central water laboratory and a state water laboratory have been established under the Water Act.

The Water (Prevention and Control of Pollution) Cess Act, 1977 (the "Water Cess Act")

The Water Cess Act provides for levy and collection of a cess on water consumed by industries with a view to augment the resources of the Central and State Pollution Control Boards constituted under the Water Act. Under this statute, every person carrying on any industry is required to pay a cess calculated on the basis of the amount of water consumed for any of the purposes specified under the Water Cess Act at such rate not exceeding the rate specified under the Water Cess Act. A rebate of up to 25% on the cess payable is available to those persons who install any plant for the treatment of sewage or trade effluent, provided that they consume water within the quantity prescribed for that category of industries and also comply with the provision relating to restrictions on new outlets and discharges under the Water Act or any standards laid down under the EPA. For the purpose of recording the water consumption, every industry is required to affix meters as prescribed. Penalties for non-compliance with the obligation to furnish a return and evasion of cess include imprisonment of any person for a period up to six months or a fine of Rs.1,000 or both and penalty for non payment of cess within a specified time includes an amount not exceeding the amount of cess which is in arrears.

The Air (Prevention and Control of Pollution) Act, 1981 (the "Air Act")

Pursuant to the provisions of the Air Act, any person, establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant State Pollution Control Board prior to establishing or operating such industrial plant. The State Pollution Control Board is required to grant consent within a period of four months of receipt of an application, but may impose conditions relating to pollution control equipment to be installed at the facilities. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the State Pollution Control Board. The penalties for the failure to comply with the provisions of the Air Act include imprisonment of up to six years and the payment of a fine as may be deemed appropriate. If an area is declared by the State Government to be an air pollution control area, then, no industrial plant may be operated in that area without the prior consent of the State Pollution Control Board.

Under the Air Act, the Central Pollution Control Board has powers, *inter alia*, to specify standards for quality of air, while the State Pollution Control Boards have powers, *inter alia*, to inspect any control equipment, industrial plant or manufacturing process, to advise the State Government with respect to the suitability of any premises or location for carrying on any industry and to obtain information from any industry.

Kyoto Protocol and Carbon Credits

The Kyoto Protocol is a protocol to the International Framework Convention on Climate Change with the objective of reducing greenhouse gases (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. India ratified the Kyoto Protocol on August 22, 2006.

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 Clean Development Mechanism ("**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
- Voluntary or Verified Emission Reductions (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 fulfil the required standards, VERs can be generated. VERs, however, cannot be used for compliance under the Kyoto Protocol.

HISTORY AND CERTAIN CORPORATE MATTERS

Incorporation

Our Company was originally incorporated as 'BILT Power Limited' on July 20, 2005, under the Companies Act, with the RoC. Our Company received a certificate of commencement of business on November 14, 2005. Pursuant to a special resolution of the shareholders of our Company on February 5, 2008, the name of our Company was changed to 'Avantha Power & Infrastructure Limited', in order to align our name with our group identity (Avantha Group) and to reflect the change in our objects to include infrastructure related activities. Consequent to such change of name, a fresh certificate of incorporation dated April 2, 2008, was issued by the RoC.

Our Company is not operating under any injunction or restraining order.

Restructuring

Scheme of Demerger

The equity shareholders and creditors of BILT, our Company and Avantha Realty Limited ("**Avantha Realty**") entered into a scheme of arrangement and demerger, effective from April 1, 2006, (the "**Scheme of Demerger**"), whereby the power and real estate divisions of BILT were demerged and transferred to and vested in our Company and Avantha Realty, respectively. The Delhi High Court and the Mumbai High Court (Nagpur Bench) by its orders dated May 25, 2006, and dated April 25, 2006, respectively, approved the Scheme of Demerger, which was subsequently filed with the RoC on June 22, 2006.

Pursuant to the Scheme of Demerger, all immovable properties, movable assets, investments, loans and advances, permits and approvals, liabilities and obligations, and security deposits in relation to the power division of BILT (i.e. the Captive Power Units) were transferred to and vested in our Company, and all immovable properties, permits and approvals, liabilities and obligations, and security deposits in relation to the real estate division of BILT were transferred to and vested in Avantha Realty. The employees engaged in the power division of BILT became employees of our Company and the employees engaged in the real estate division of BILT became employees of Avantha Realty. In accordance with the terms of the Scheme of Demerger, our Company paid an amount of Rs. 2,350 million to BILT in consideration of the demerger and transfer of the power division of BILT to our Company.

Changes in Registered Office

There has been no change in the registered office of our Company since incorporation.

Key Events and Milestones

Calender Year	Key Events, Milestones and Achievements
2005	Incorporated as BILT Power Limited
2006	Demerger of power assets of BILT to our Company under the Scheme of Demerger
2008	Change of name to 'Avantha Power & Infrastructure Limited'
	Acquired 85% stake in KWPCL and JPL
2009	MoU with the Government of Gujarat for 1,200 MW power project
	Successful implementation of the 30 MW expansion of our CPP at Bhigwan
	Financial closure for Chhattisgarh Power Project Phase I achieved
	Successful implementation of the 40 MW expansion of our CPP at Ballarpur
	MoU with the Chhattisgarh State Power Holding Company Limited and the GoCH for Chhattisgarh Power Project Phase II
	Acquisition of approximately 15% stake in KWPCL and JPL
	Financial closure for Madhya Pradesh Power Project Phase I achieved
2010	Amendment to the MoU and Implementation Agreement with the GoMP for change in the location of Madhya Pradesh Power Project Phase I and enhancement of capacity to 1,200 MW of Madhya Pradesh Power Project
	Firm underwritten commitment from Axis Bank Limited for Chhattisgarh Power Project Phase II and Madhya Pradesh Power Project Phase II
	Acquisition of 59% stake in MCPL from Crompton Greaves Limited, one of our Promoters

Our Company has 19 shareholders as on the date of filing of this Draft Red Herring Prospectus with the SEBI.

For details relating to our financial statements, see "***Financial Statements***" on page F1.

Main Objects

The main objects of our Company are set forth in the table below:

Clause	Particulars
IIIA(1)	*"To generate, accumulate, transmit, distribute, purchase, sell and supply electricity, power or any other energy whether from conventional sources such as thermal, hydel, oil, gas, lignite, bio-mass, coal, diesel, nuclear or baggasse or from non-conventional sources such as wind, waste, solar and geo-thermal and tidal waves."*
IIIA(2)	*"To promote, own, acquire, erect, construct, commission, establish, maintain, improve, manage, operate, alter, carry on, control, take on hire, lease power plants, co-generation power plants, energy conservation projects, power houses, transmission and distribution systems for generation, distribution, transmission and supply of electricity, power or any other energy, function as a licensee, acquire concessions, facilities or licenses or deal in electrical power or any other form of energy and to buy, sell, supply, exchange, market the same to the State Electricity Boards, State Governments, appropriate authorities, licensees, specific industrial units and other consumers for industrial, commercial, agricultural, household or any other purpose in India and elsewhere including operation/maintenance and supply of facilities for the aforesaid purposes on a commercial basis to the customers or bulk distributors and to construct, lay-down, establish, power/energy generating stations, including buildings, structures, works, machineries, equipments, cables and to undertake or to carry on the business of managing, owning, controlling, erecting, maintaining, commissioning, operating, running, leasing or transferring to third person, power/energy plants and to act as consultants and advisors in relation to the business aforementioned."*
IIIA(3)	*"To establish captive power plants on a co-operative basis or otherwise, for industrial and other consumers and supply power either directly or through the transmission lines of the state electricity boards or other authorities by entering into appropriate arrangements and to do all incidental acts and things necessary for the attainment of the foregoing objects."*
IIIA(4)	*"To carry on the business of general electric power supply company or any other power kind of power supply in all the branches and to construct, lay down, establish, fix and carry out all necessary power stations, cables, wires, lines, accumulators, lamps and works and to generate, accumulate, distribute and supply electricity and to light cities, towns, streets, docks, markets, theaters, buildings and places, both public and private."*
IIIA(5)	*"To carry on the business of infrastructure development and infrastructure projects including business of real estate developers, constructors, surveyors, installers, assemblers, manufacturers, researchers, designers, maintainers, buyers, sellers, hirers, exporters, importers, distributors, agents, dealers, improvers covering survey, civil, structural and electrical works required for any infrastructure projects and to construct, develop, acquire, hold, mortgage, lease, take on lease, exchange or otherwise deal in ports, roads, land, building, hotels, houses, flats, bungalows, shops, hereditaments etc. of any tenure or freehold for residential, business or other purposes."*

The main objects clause set out in our Memorandum of Association enables us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

For details relating to our business, operations and competitors see "***Our Business***", "***Industry***" and "***Financial Statements***" on pages 67, 52 and F1 respectively.

Amendments to our Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association.

Date of Shareholders' approval	Nature of Amendment
June 12, 2006	The authorized share capital of our Company was increased pursuant to which Clause V of the Memorandum of Association was replaced with the following: *"The authorized share capital of the Company is Rs. 75, 00, 00, 000 (Rs. Seventy Five Crores only) divided into 7, 50, 00,000 Equity Shares of Rs. 10 each."*
September 25, 2007	Clause III of the Memorandum of Association was amended pursuant to addition of sub-clauses 31, 32 and 33 as provided below: *"31. To trade, deal in and undertake the manufacture of building blocks, slabs, bricks, tiles, pipes, cement lime and building construction materials and requisites whether from sand, clay, soil, fly ash, concrete of any kind or other material.* *32. To carry on all or any of the business of real estate developers, infrastructure development including development of Special Economic Zones, builders, contractors, architects, decorators and furnishers and to construct on, develop, acquire, hold, mortgage, lease, take on lease, exchange or otherwise deal in land, buildings, hotels, houses, flats, bungalows, shops, hereditaments of any tenure or freehold for residential, business or other purposes.* *33. To explore, prospect, take on lease or on royalty basis or otherwise acquire mines, mining rights and lands or any interest therein in India or elsewhere and to quarry, mine, dress, reduce, draw, extract, caline, smelt, refine, manufacture, process and otherwise acquire, buy, sell or otherwise dispose off and deal in all types, qualities and descriptions of coal, ores, metal and mineral substances and to carry on its business of metallurgists, founders and engineers."*
February 5, 2008	Clause I of our Memorandum of Association was amended with respect to the name of our Company being changed to "*Avantha Power & Infrastructure Limited*".
April 1, 2008	The authorized share capital of our Company was increased pursuant to which Clause V of the Memorandum of Association was replaced with the following: *"The authorized share capital of our Company is Rs. 175, 00, 00,000 (Rs.One Hundred and Seventy Five Crores) divided into 17, 50, 00,000 Equity Shares of Rs. 10 each."*
April 1, 2008	Clause III(A)(5) of the Memorandum of Association was amended by inserting the following new object: *"To carry on the business of infrastructure development and infrastructure projects including business of real estate developers, constructors, surveyors, installers, assemblers, manufacturers, researchers, designers, maintainers, buyers, sellers, hirers, exporters, importers, distributors, agents, dealers, improvers covering survey, civil, structural and electrical works required for any infrastructure projects and to construct, develop, acquire, hold, mortgage, lease, take on lease, exchange or otherwise deal in ports, roads, land, buildings, hotels, houses, flats, bungalows, shops, hereditaments etc. of any tenure or freehold for residential, business or other purposes."*
July 22, 2008	The authorized share capital of our Company was increased pursuant to which Clause V of the Memorandum of Association was replaced with the following: *"The authorized share capital of the Company is Rs. 400, 00, 00,000 (Rs.Four Hundred Crores only) divided into 40, 00, 00,000 Equity Shares of Rs. 10 each."*
March 23, 2009	The authorized share capital of our Company was increased pursuant to which Clause V of the Memorandum of Association was replaced with the following: *"The authorized share capital of the Company is Rs. 850, 00, 00,000 (Rs.Eight Hundred and Fifty Crores only) divided into 85, 00, 00,000 (Eighty Five Crores) Equity Shares of Rs. 10 each."*
February 2, 2010	The authorized share capital of our Company was increased pursuant to which Clause V of the Memorandum of Association was replaced with the following:

Date of Shareholders' approval	Nature of Amendment
	"The authorized share capital of the company is Rs. 1500, 00, 00,000 (Rupees One Thousand and Five Hundred Crores Only) divided into 150, 00, 00,000 (One Hundred and Fifty Crores) Equity Shares of Rs. 10 each."

Our Holding Companies

Two of our Promoters, AHL and BPHL are our holding companies. For further details, see "***Our Promoters and Group Entities***" on page 130.

Shareholders' Agreement

We do not have any subsisting shareholders' agreement.

Collaborations

Our Company has not entered into any collaboration with any third party as per Item (2) (VIII) (B) (1) (c) of Part A of Schedule VIII to the ICDR Regulations.

Strategic Partners

Our Company does not have any strategic partners.

Financial Partners

Apart from the various arrangements with bankers and lenders which our Company undertakes in the ordinary course of business, our Company does not have any other financial partners.

Our Subsidiaries

1. *Jhabua Power Investments Private Limited* ("JPIPL")

JPIPL, previously known as Gleneagles Healthcare Holdings Private Limited, was incorporated on September 30, 2005, under the Companies Act. JPIPL became our Subsidiary on June 3, 2008. JPIPL is engaged in the business of investment in the power sector.

Our Company acquired 100% stake in JPIPL on June 3, 2008, for a consideration of Rs. 0.10 million.

The authorized share capital of JPIPL is Rs. 20.00 million divided into 0.20 million equity shares of Rs. 100 each and the issued and paid up capital of JPIPL is Rs. 0.10 million divided into 1,000 equity shares of Rs. 100 each.

Following is the shareholding pattern of JPIPL as on March 1, 2010:

S.No.	Name of shareholder	Number of equity shares of Rs. 100 each	Percentage of shareholding
1.	Avantha Power & Infrastructure Limited	990	99.00
2.	Nominees of Avantha Power & Infrastructure Limited	10	1.00
	Total	**1,000**	**100.00**

2. *JPL*

JPL was incorporated on February 23, 1995, under the Companies Act. JPL became our Subsidiary on June 16, 2008. JPL is engaged in the business of establishing and managing power projects in India or elsewhere for generation and supply of electrical energy.

Our Company acquired 85% stake in June 2008 and further acquired approximately 15% stake in JPL, on November 23, 2009, for a total consideration of Rs. 1,301.01 million, out of which the balance amount of Rs.

120.00 million is due to be paid before May 3, 2010.

The authorized share capital of JPL is Rs. 15 million divided into 1,500,000 equity shares of Rs. 10 each and the issued and paid up capital of JPL is approximately, Rs. 11.18 million, divided into 1,118,060 equity shares of Rs. 10 each.

Following is the shareholding pattern of JPL as on March 1, 2010:

S.No.	Name of shareholder	Number of equity shares of Rs. 10 each	Percentage of shareholding
1.	Avantha Power & Infrastructure Limited	547,851	49.00
2.	JPIPL	570,149	50.99
3.	Nominees of JPIPL	30	Negligible
4.	Others	30	Negligible
	Total	**1,118,060**	**100.00**

3. *TKS Developers Limited ("TKS")*

TKS was incorporated on November 16, 1992, under the Companies Act. TKS is authorised to engage in the business of exploring, operating and working on mines and quarries, and to deal in ores and minerals.

Our Company acquired 100% stake in TKS on March 17, 2008, by way of acquisition of shares of TKS, for a consideration of approximately Rs. 2.79 million.

The authorized share capital of TKS is Rs. 4 million divided into 400,000 equity shares of Rs. 10 each and the issued and paid up capital of TKS is approximately, Rs. 2.79 million divided into 278,850 equity shares of Rs. 10 each.

Following is the shareholding pattern of TKS as on March 1, 2010:

S.No.	Name of shareholder	Number of equity shares of Rs. 10 each	Percentage of shareholding
1.	Avantha Power & Infrastructure Limited	278,150	99.75
2.	Nominees of Avantha Power & Infrastructure Limited	700	Negligible
	Total	**278,850**	**100.00**

4. *KWPCL*

KWPCL was incorporated on March 15, 1995 under the Companies Act. KWPCL is engaged in the business of generating electric energy from various sources and in the supply of electricity.

Our Company acquired 85% stake in March 2008 and further acquired approximately 15% stake in KWPCL, on November 23, 2009 for a total consideration of Rs. 1,510.01 million, out of which the balance amount of Rs. 55.60 million is due to be paid before May 3, 2010.

The authorized share capital of KWPCL is Rs. 12 million divided into 1.2 million equity shares of Rs. 10 each and the issued and paid up capital of KWPCL is approximately, Rs. 11.77 million, divided into 1,176,500 equity shares of Rs. 10 each.

Following is the shareholding pattern of KWPCL as on March 1, 2010:

S.No.	Name of shareholder	Number of equity shares of Rs. 10 each	% of shareholding
1.	Avantha Power & Infrastructure Limited	576,500	49.00
2.	TKS	599,900	50.99
3.	Nominees of TKS	70	Negligible
4.	Others	30	Negligible
	Total	**1,176,500**	**100.00**

5. *MCPL*

MCPL was incorporated on January 11, 2005 under the Companies Act. MCPL is engaged in the business of generation of electric power by conventional and non-conventional methods and managing power plants.

Pursuant to a share purchase agreement dated March 1, 2010, our Company acquired 59% stake in MCPL for an aggregate consideration of Rs. 514.00 million.

The authorized share capital of MCPL is Rs. 300 million divided into 30 million equity shares of Rs. 10 each and the issued and paid up capital of MCPL is approximately Rs. 186.82 million, divided into 18,682,185 equity shares of Rs. 10 each.

Following is the shareholding pattern of MCPL as on March 26, 2010:

S.No.	Name of shareholder	Number of equity shares of Rs. 10 each	% of shareholding
1.	Avantha Power & Infrastructure Limited	11,021,993	59.00
2.	Nominees of Avantha Power & Infrastructure Limited	7	Negligible
3.	SRF Limited	4,221,535	22.60
4.	Wartsila India Limited	2,803,000	15.00
5.	Montage Enterprises Private Limited	635,650	3.40
	Total	**18,682,185**	**100.00**

None of the equity shares of our Subsidiaries is listed on any stock exchange. None of our Subsidiaries has been declared a sick company under the Sick Industrial Companies (Special Provisions) Act, 1985, as amended, (the "**SICA**"), and no winding up proceedings have been initiated against any of our Subsidiaries. There are accumulated profits or losses of KWPCL and JPL not accounted for by our Company to the extent of 15% minority interest in KWPCL and JPL as on September 30, 2009.

Our Joint Venture

Our Company has not entered into any joint venture agreement with any party.

Material Agreements

Brand equity and business promotion agreement between our Company and AHL

Our Company entered into brand equity and business promotion agreement dated October 20, 2009, with one of our Promoters, AHL, whereby our Company was granted a non-exclusive and non-assignable subscription to use the name, "Avantha" (either in our corporate name or our brands/services) and certain marks, symbols, trading names and logos owned and registered in the name of AHL for our business upon payment of a fee of 0.25% of our revenue based on our audited accounts, as consideration. The effective date of the agreement is April 1, 2009 and the agreement is valid unless it is terminated in the manner contemplated therein.

Material Agreements for our power projects

Captive Power Units

Power purchase agreement between our Company, BILT, and BGPPL

Our Company entered into a PPA with BILT on June 20, 2006 and a take or pay agreement dated June 23, 2006. Subsequent to the demerger of BGPPL from BILT, our Company entered into a tripartite agreement with BILT, and BGPPL dated January 3, 2008, in terms of which our Company would continue to supply electricity and steam as provided under the PPA dated June 20, 2006, and the take or pay agreement dated June 23, 2006, to the paper mills of BILT which were transferred and vested with BGPPL pursuant to a scheme of arrangement and amalgamation approved by the High Court of Bombay by its order dated April 10, 2003 and the High Court of Delhi by its order dated March 27, 2003, (the "**BGPPL Scheme**"). Further, pursuant to the BGPPL Scheme, the paper mills of BILT located in Ballarpur and Bhigwan in Maharashtra, and all contracts, deeds and bonds in favor of BILT in respect of these paper mills, including the PPA, would continue to be in full force and effect in favor of BGPPL. Further, our Company entered into an addendum to the PPA dated July 24, 2008, with BILT and BBGPPL, for purchase of electricity and steam by BGPPL from our Bhigwan Unit and our Ballarpur Unit which were proposed to be expanded.

Under the said agreements our Captive Power Units located in various parts of India, including, Sewa, Yamuna Nagar, Bhigwan and Ballarpur sell electricity and steam to BILT and BGPPL for up to 155 MW (of the 165 MW total capacity of the Captive Power Units).

Term and Termination: The agreement is valid for a period of 15 years from the date of completion of all obligations under the Scheme of Demerger, for transfer of assets including power plants from BILT to our Company (i.e. the Captive Power Units), with a renewal option for a term of five years on such terms and conditions as may be mutually agreed upon between the parties, 90 days prior to the expiry of the period of 15 years, or 5 years, as the case may be. The agreement may be terminated by either of the parties by serving upon the other party a notice of an event of default (as defined under the agreement) in writing.

Tariff: The tariff for power shall be paid by each of BILT and BGPPL, monthly, for each kW of the contracted electricity and steam consumed on the basis of a prescribed formula under the agreement. In addition, BILT and BGPPL are also obligated to compensate our Company under the terms of the agreement for certain pass through items (which include costs for modifications or expansion of the requirements for protective devices as required and approved by BILT and BGPPL along with variations in the fuel costs and other variable expenses). Further, under the terms of the take or pay agreement, our Company is required to produce and sell a certain quantity of electricity and steam per month. BILT and BGPPL have to pay a monthly sum for such electricity and steam, to be calculated as per the mutually agreed rates per unit, as specified in the take or pay agreement, irrespective of whether BILT or BGPPL actually consume such amount of electricity and steam. If BILT and/or BGPPL consume electricity or steam over and above the mutually agreed specified quantities of electricity and steam, they shall pay for such additional consumption which will be calculated by multiplying the additional consumption with the mutually agreed rates for electricity and steam per unit for each month. BILT and BGPPL shall pay to our Company the amount due to us under the take or pay agreement, notwithstanding the occurrence of certain events, including, non-acceptance of the electricity or steam supplied by our Company to BILT and BGPPL, *force majeure* events and any other payment obligation of our Company to BILT and BGPPL.

Right of first refusal: Our Company has the right to sell electricity to any third party or a state utility services after meeting its commitment under the agreement. However, our Company shall prior to selling such electricity to any party as described above offer such electricity for sale to BILT and BGPPL. In the event, BILT or BGPPL refuses to purchase such electricity on the terms and conditions as may be specified in the notice, our Company shall have the right to sell such electricity to any third party on the same terms and conditions as specified in the said notice.

Indemnity: Our Company is required to indemnify BILT and BGPPL, its officers, directors, agents, employees and affiliates (and their respective officers, directors, agents and employees) from any and all claims, liabilities and damages which may occur to any person or to any property, as the case may be, due to an act of negligence or willful misconduct of any agent/employee of our Company, during the term of the Agreement.

Power purchase agreement between our Company and BBEL

Our Company entered into a PPA with BBEL on October 1, 2007, for sale of electricity and steam, subject to availability, from our Bhigwan Unit.

Term and Termination: The agreement is valid from October 1, 2007, and is valid until terminated by either party by (a) giving a prior notice of one month without assigning any reason for such termination, or (b) upon either party not remedying an event default within 30 days of being served a notice by the other party to remedy the same.

Tariff: Under the agreement BBEL shall pay to our Company minimum amounts per month as per the bill raised by our Company. Further, our Company shall charge the same rate for supply of electricity and steam as charged to BGPPL under the PPA entered into between our Company, BILT and BGPPL.

Coal/Fuel supply agreements for our Captive Power Units

Our Company has entered into coal/fuel supply agreements for each our Captive Power Units. The details are as follows:

(a) ***Ballarpur Unit***: Coal supply agreement with Western Coalfields dated April 30, 2008, for supply of approximately 0.21 mtpa of coal.

(b) ***Bhigwan Unit***: Two coal supply agreements each dated April 30, 2008, with Western Coalfields for supply of approximately, 0.05 mtpa and approximately 0.14 mtpa, respectively, of coal.

(c) ***Sewa Unit***: Fuel supply agreement with MCL dated April 30, 2008, for supply of approximately 0.15 mtpa of coal.

(d) ***Yamuna Nagar Unit***: Fuel supply agreement with Eastern Coalfields Limited dated April 30, 2008, for supply of approximately 0.18 mtpa of coal.

The agreements mentioned above are collectively referred to as the "**Coal Supply Agreements**" in relation to the Captive Power Units. Western Coalfields, MCL and Eastern Coalfields Limited are collectively referred to as the "**Coal Suppliers**".

The significant terms and conditions of the Coal Supply Agreements are as follows:

Quantity of coal to be supplied: The annual contracted quantity of coal to be supplied to our Company shall be revised to the highest of yearly quantities booked by our Company in the first three years of the term of the agreement, for the remaining two years of the agreement subject to the annual level of lifting of coal, calculated in accordance with the terms of the agreement being less than 80%. In the event that the annual level of lifting is more than 80% there shall be no revision to the annual contracted quantity. Our Company has the right to revise the quarterly quantities of coal (which is one-fourth of the annual contracted quantities), up to a maximum of 10% of increase/decrease, except for the second quarter of the year, by serving a written notice at least one month prior to the commencement of the quarter, to revise the quarterly quantity of coal. The Coal Suppliers have the right to make good the short supplies of a quarter in the succeeding quarter, to the extent of 10%. The sum total of all of the quarterly quantities shall not exceed the respective annual contracted quantity of coal under the respective Coal Supply Agreement with the Coal Suppliers.

Price of coal: The price of coal would be arrived at by adding the base price (which in relation to a specified grade of coal, is the pithead price notified from time to time by either CIL, the holding company of each of the Coal Suppliers, or by the respective Coal Supplier, and in relation to imported coal, is the landed price intimated by either CIL or the respective Coal Supplier), the sizing charges, transportation charges up to the delivery point, rapid loading charges, and all statutory charges and levies. The components forming part of the price of coal would be determined on the basis of rates/criteria duly notified by CIL, the respective coal supplier or statutory authorities from time to time, as applicable.

Term and Termination: The agreements are valid for a period of five years from May 1, 2008, which may be extended by the parties to the respective Coal Supply Agreements, on such terms as they may agree mutually. After completion of three years from May 1, 2008, either party to the respective Coal Supply Agreements may by a prior written notice to the other party for a period of not less than 30 days seek a review of the concerned agreement. The Coal Supply Agreements may be terminated only on the occurrence of certain specified events and in accordance with the respective Coal Supply Agreement including, (i) that the level of delivery by the concerned Coal Supplier falling below 30% or the level of lifting by our Company falls below 30%, (ii) our Company reselling or diverting the coal purchased under the respective agreements, and (iii) in the event of insolvency, bankruptcy, levy of an order of attachment on either of the parties to the respective Coal Supply Agreements, or if either of the parties to the respective Coal Supply Agreements commit a breach of term or condition of such agreement.

Compensation for short delivery/lifting: If for a year, the level of delivery by concerned Coal Supplier or the level of lifting by our Company falls below 60% with respect to that year (except for the fuel supply agreement dated April 30, 2008, between our Company and MCL, where the level of delivery by MCL or the level of lifting by our Company shall not fall below 100% of the annual contracted quantity), the defaulting party would be liable to pay compensation to the other party, for such shortfall in the level of delivery or lifting, as the case may be, to the extent of 10% of the rate of compensation in terms of the base price for the highest grade as specified in the agreement within 90 days of receipt of such claim from the other party.

Performance Incentive: If the concerned Coal Supplier delivers coal to our Company in excess of 90% of the respective annual contracted quantity under the agreements, in a particular year, our Company shall pay the concerned Coal Supplier a performance incentive arrived at by multiplying the base price of the highest grade of coal with the quantity in tonnes delivered by the concerned coal supplier in excess of 90% of the annual contracted quantity of coal and a variable multiplier (which is 0.15 for additional deliveries between 90-95% and 0.30 for additional deliveries in excess of 95%), which is payable within 30 days of receipt of an invoice from the concerned Coal Supplier. In the event such performance incentive is not paid within the said time period, the concerned Coal Supplier shall have the right to suspend the supply of coal.

Energy purchase agreement between our Company and MSEDCL from the Ballarpur Unit

Our Company entered into an energy purchase agreement with MSEDCL dated February 4, 2010, for the sale of surplus electricity of 6.50 million units of electricity per month, from the Ballarpur Unit.

Purchase of electricity: MSEDCL shall purchase electricity at the rate of Rs. 5.00 per unit on round-the-clock basis. During the term of the agreement, MSEDCL shall not purchase electricity in excess of 6.50 million units of electricity per month from our Company.

Term: The energy purchase agreement is valid for a period up to March 31, 2010 and may be mutually extended or renewed on such terms and conditions for such further period in accordance with the policy approved by MSEDCL and the provisions of the Electricity Act. By a letter dated March 26, 2010, the MSEDCL has intimated its intention to renew the energy purchase agreement for the period March 31, 2010, to March 31, 2011 for the purchase of up to 10 MW of electricity from the Ballarpur Unit. It has also further requested our Company to continue to supply power till the execution of the energy purchase agreement.

Energy purchase agreement between our Company and MSEDCL for the Bhigwan Unit

Our Company entered into an energy purchase agreement with MSEDCL dated March 21, 2009 for the sale of surplus electricity up to 15 million units of electricity per month, from the Bhigwan Unit.

Purchase of electricity: MSEDCL shall purchase electricity at the rate of Rs. 6.60 per unit for the period of one year on round-the-clock basis. During the term of the agreement, MSEDCL shall not purchase electricity in excess of 15 million units per month from our Company.

Term: The energy purchase agreement is valid for a period up to March 21, 2010 and may be mutually extended or renewed on such terms and conditions for such further period in accordance with the policy approved by MSEDCL and the provisions of the Electricity Act. By a letter dated March 19, 2010, the MSEDCL has intimated its intention to renew the energy purchase agreement for the period March 21, 2010, to March 21, 2011, for the purchase of up to 28 MW of electricity from the Bhigwan Unit, at the rate of Rs. 5.00 per unit on round the clock basis. It has also further requested our Company to continue to supply power till the execution of the energy purchase agreement.

Gujarat Power Project

MoU between our Company and the Energy and Petrochemical Department, Government of Gujarat for the Gujarat Power Project

Our Company entered into a MoU dated January 13, 2009, with the Government of Gujarat for the Gujarat Power Project, for 1,200 MW to facilitate our Company to establish the Gujarat Power Project. Further, on February 5, 2010, our Company intimated the Gujarat Power Corporation Limited that the capacity of the power project would be enhanced from 1,200 MW to 1,320 MW and our Company has applied to the Gujarat government for further clearances and approvals. As on the date of this Draft Red Herring Prospectus, our Company has not entered into an amendment to the MoU with the Government of Gujarat or its nominated agency for this enhanced capacity.

Power projects under implementation by our Subsidiaries

Chhattisgarh Power Project

Implementation Agreement between KWPCL, the CSEB, acting through its Secretary and the GoCH, acting through its Principal Secretary for the Energy Department, for Phase I of the Chhattisgarh Power Project.

KWPCL entered into an MoU dated January 24, 2007, with the CSEB, and the GoCH, for implementation of the Chhattisgarh Power Project Phase I among other things. Pursuant to the MoU, on July 28, 2008, the CSEB and the GoCH, and our Company entered into an implementation agreement. The brief terms of the implementation agreement are as follows:

Supply of energy: KWPCL to provide to the GoCH or its nominated agency 5% of the net electricity generated by the project annually, provided that, if KWPCL is allocated a captive coal block in the State of Chhattisgarh for supply of coal to the project, it will provide, to the GoCH or its nominated agency, 7.50% of the net electricity generated by the project at variable charges ("**Obligated Capacity of KWPCL**"), as determined by the appropriate electricity regulatory commission. KWPCL cannot supply less than the electricity required to be supplied as described above.

Right of first purchase: The GoCH or its nominated agency shall have the first right to purchase electricity up to 30% of the aggregate capacity of the generating units for a period of 20 years at the rate approved by the appropriate electricity regulatory commission. The right of first purchase is in addition to the right to purchase the Obligated Capacity of KWPCL. By way of a letter of comfort dated October 6, 2009, the Chhattisgarh State Power Trading Company Limited (a nominated agency of the GoCH) exercised this right of first refusal and agreed to purchase an additional 30% of the aggregate capacity of the generating units, subject to the terms and conditions set forth in the implementation agreement.

Term and Termination: The agreement would remain in force from the date of its signing, i.e., July 28, 2008, till Chhattisgarh Power Project Phase I ceases to operate. The agreement could be terminated by serving a notice 60 days in advance by the GoCH for the following, (i) an event of default attributable to KWPCL, (ii) if KWPCL is unable to perform its obligations due to a force majeure event for a continuous period of 18 months. The agreement may be terminated by KWPCL by serving a notice 60 days in advance, in the event, (i) the GoCH commits a material breach of the agreement, or (ii) the GoCH directly repudiates the agreement, or (iii) in the event of enactment of any law or regulation or any subsequent act of any governmental authority, which makes the performance of the obligations under the agreement impossible. On the expiry of the notice of termination, the party which served the notice of termination would be entitled to terminate the agreement under intimation to the other party, unless the event leading to the notice of termination has been rectified or complied with to the satisfaction of the party which issued the notice of termination. Further, the GoCH may terminate the agreement, in the event our Company is unable to achieve financial closure within 30 months from the date of signing of the agreement. As of the date of this Draft Red Herring Prospectus, our Company has achieved financial closure in relation to Chhattisgarh Power Project Phase I.

MoU between KWPCL, Chhattisgarh State Power Holding Company Limited and the GoCH for Chhattisgarh Power Project Phase II

KWPCL entered into an MoU dated November 17, 2009, with the Chhattisgarh State Power Holding Company Limited and the GoCH, for purchase of electricity from Chhattisgarh Power Project Phase II.

Supply of energy: KWPCL is to provide to the GoCH or its nominated agency 5% of the net electricity generated by the project annually, provided that, if KWPCL is allocated a captive coal block in the State of Chhattisgarh for supply of coal to the project, it will provide, to the GoCH or its nominated agency, 7.50% of the net electricity generated by the project at variable charges ("**Obligated Capacity of KWPCL under the MoU**"), as determined by the appropriate electricity regulatory commission. KWPCL cannot supply less than the electricity required to be supplied as described above.

Right of first purchase: The GoCH or its nominated agency shall have the first right to purchase electricity up to 30% of the aggregate capacity of the generating units for a period of 20 years at the rate approved by the appropriate electricity regulatory commission. The right of first purchase is in addition to the right of the GoCH to purchase the Obligated Capacity of KWPCL under the MoU.

Term: The MoU would be valid for a period of one year from November 17, 2009. Depending on the progress of the project, the GoCH may extend the validity of the MoU for such period as may be mutually agreed between the parties. The parties are required to replace the MoU with an implementation agreement during the term of the MoU.

Letters of Assurance from SECL dated July 25, 2008 and June 6, 2009

SECL has issued a LoA dated July 25, 2008 to KWPCL, provisionally assuring coal quantity of 1.44 mtpa for meeting the requirements of approximately 300 MW power plant and coal corresponding to Grade 'F', from March, 2011 onwards. Additionally, SECL has issued another LoA dated June 6, 2009 to KWPCL, provisionally assuring coal quantity of 1.30 mtpa for meeting the requirements of an additional of approximately, 300 MW power and coal corresponding to Grade 'F'. The LoAs dated July 25, 2008 and June 6, 2009, from SECL to KWPCL, are together referred to as the ("**SECL LoAs**")

The price of coal under the SECL LoAs shall be as notified by CIL from time to time. The SECL LoAs are valid for a period of 24 months from the date of their issue, unless extended for a further period of three months due to any *force majeure* event subject to the terms of the respective SECL LoA.

Under the terms of the SECL LoAs, KWPCL is required to complete the specified milestones, including, but not limited to, obtaining environmental approvals, acquiring requisite land and obtaining commitment for equity investment in the Chhattisgarh Power Project, within a period of 24 months from the date of issue of the respective SECL LoAs.

The terms of the SECL LoAs provide for a formal fuel supply agreement to be executed between KWPCL and SECL within three months from the expiry of the respective SECL LoA. Additionally, KWPCL has provided a commitment guarantee to SECL of Rs. 82.08 million prior to the issue of the LoA dated July 25, 2008 and a commitment guarantee of Rs. 74.10 million prior to the issue of the LoA dated June 6, 2009.

The commitment guarantee is valid for four months after the period of expiry of the respective SECL LoA. In case of non-performance of any milestone specified in the SECL LoA within the specified time period, 10% of the commitment guarantee for each such incomplete milestone shall be provided as additional commitment guarantee by KWPCL within 15 days of such milestone falling due for completion. The SECL LoAs may be cancelled or withdrawn by SECL on serving a written notice at least seven days in advance if milestones are delayed beyond the period specified and the commitment guarantee is not furnished. The commitment guarantee can be encashed in case of cancellation or withdrawal of the respective SECL LoA or failure to sign the fuel supply agreement.

Contract for design engineering, manufacturing and supply of boiler turbine generator package, station C&I along with associated electrical between KWPCL and BHEL ("BTG Contract") for Chhattisgarh Power Project Phase I

KWPCL entered into a BTG Contract with BHEL dated March 7, 2009 for inland transportation, insurance, storage of material, handling, project management, erection, testing and commissioning, conducting performance and guarantee tests for putting into successful commercial operation of Chhattisgarh Power Project Phase I for a total consideration of Rs. 9,946.20 million, approximately, USD 32.05 million and approximately, EUR 56.30 million. The payments shall be made by KWPCL upon the fulfilment of each of the obligations of BHEL under the BTG Contract including upon supply of equipments and successful completion of erection, testing and commissioning of equipments. We also issued a notice to proceed dated May 1, 2009, to BHEL for the BTG, station control and instrumentation, along with the associated electrical packages to source the main plant equipment.

In accordance with the terms of the BTG Contract, BHEL has to achieve completion of trial operation/commercial operation date no later than 42 months from the date of release of advance payment, i.e., May 1, 2009, under the terms of the BTG Contract. Further, BHEL has to maintain at its own expense insurance policy for general liability covering risks including bodily injury, diseases and death of personnel of BHEL, contractors, sub-contractors and third parties as well as damage to property due to the sole negligence of BHEL.

Scope of work: The scope of work for BHEL under the BTG Contract includes, obtaining statutory/regulatory clearances and approvals from the concerned governmental authorities, completion of design and engineering for Chhattisgarh Power Project Phase I, construction, fabrication, erection, trial run and commissioning and testing of the power plant, training of personnel at the project site for plant operation and maintenance.

Liquidated damages: BHEL has to pay liquidated damages for delay in commissioning of Chhattisgarh Power Project Phase I subject to a maximum of 5% of the contract value. Further, BHEL has to pay liquidated damages for not meeting the performance guarantee tests as specified under the BTG Contract subject to a ceiling of 20% of the contract value. In the event that there is both a delay in commissioning of Chhattisgarh Power Project Phase I and failure to meet the performance guarantee tests, BHEL has to pay cumulative liquidated damages subject to the ceiling of 20% of the contract value.

Warranty period and latent defect period: The equipment supplied by BHEL under the BTG Contract shall have a warranty period of 12 months from the date of successful completion of trial operation of Chhattisgarh Power Project Phase I. Further, BHEL under the terms of the BTG Contract is liable to indemnify KWPCL for failure of equipment due to latent defect in design, material, manufacturing and workmanship for a period of five years from the date of expiry of the warranty period.

Notice of awards ("NoA) to BHEL for design engineering, manufacturing, procuring, supplying, insurance, erection, testing, commissioning and conducting performance guarantee tests and putting into successful commercial operation of Chhattisgarh Power Project Phase II ("BTG NoA for Chhattisgarh Phase II")

KWPCL issued an LoI for the Chhattisgarh Power Project Phase II to BHEL on February 1, 2010 for a total consideration of Rs. 9,334.50 million along with EUR 35.90 million and USD 24.14 million. Subsequently, the BTG NoA for Chhattisgarh Power Project Phase II was issued by KWPCL. The payments shall be made by KWPCL upon the fulfilment of each of the obligations of BHEL under the proposed contract, including upon supply of equipments and successful completion of erection, testing and commissioning of equipments by BHEL.

Term: The effective date of the contracts to be awarded for Chhattisgarh Power Project Phase II would be the date of release of the initial advances by March 31, 2010, pursuant to which the BTG contract for Chhattisgarh Power Project Phase II would become effective

Commissioning Schedule: The completion of the trial operation of Chhattisgarh Power Project Phase II has to be accomplished within 39 months of the effective date of the BTG LoI for Chhattisgarh Power Project Phase II.

Madhya Pradesh Power Project

Implementation Agreement between JPL and the Governor of Madhya Pradesh, for Madhya Pradesh Power Project Phase I and Phase II.

JPL entered into an MoU dated January 17, 2007, with the Governor of Madhya Pradesh for implementation of the Madhya Pradesh Power Project Phase I among other things. Pursuant to the MoU on January 14, 2008, JPL, entered into an implementation agreement with the Governor of Madhya Pradesh. Further, on January 14, 2010, JPL, entered into an amendment to the MoU and an amendment to the implementation agreement with the Governor of Madhya Pradesh, to cover both Madhya Pradesh Power Project Phase I and Phase II. The brief terms of the implementation agreement are as follows:

Supply of energy: JPL is to provide to the Government or its nominated agency 5% of the net electricity generated by the project annually at energy charges to be determined by the appropriate electricity regulatory commission on the basis of the sum of the cost of normative quantities of primary and secondary fuel for delivering one kilowatt hour of electricity, provided that if JPL is also allocated a coal block in the State of Madhya Pradesh for supply of coal to the project, it will provide, to the Government or its nominated agency, 7.50% of the net electricity generated by the project (the "**Obligated Capacity of JPL**") at variable charges, as determined by CERC or MERC. JPL cannot supply less than the electricity required to be supplied as described above.

Right of first purchase: The GoMP or its nominated agency does not guarantee purchase of electricity from JPL except for the Obligated Capacity of JPL. However, the GoMP or its nominated agency shall have the first right to purchase electricity up to 30% of the aggregate capacity of the generating units for a period of 20 years at the rate approved by CERC or MERC. The right of first purchase is in addition to the right to purchase the Obligated Capacity of JPL. By way of a letter dated January 29, 2010, the GoMP has conveyed its in-principle expression of interest to purchase 30% of the aggregate capacity of Madhya Pradesh Power Project Phase I on a long term basis for 20 years. However, this in-principle expression of interest is subject to (a) the approval of tariff to be decided by the appropriate Electricity Regulatory Commission and (b) the execution of a PPA with the GoMP or its nominated agency.

Term and Termination: The agreement would remain in force from the date of its signing up to the signing of the PPA with the Government or its nominated agency for purchase of electricity. The agreement could be terminated by serving a notice 30 days in advance by the GoMP for the following, (i) an event of default attributable to JPL, (ii) if JPL is unable to perform its obligations due to a force majeure event for a continuous period of 12 months. The agreement may be terminated by JPL by serving a notice 30 days in advance, in the event, (i) the GoMP commits a material breach of the agreement, or (ii) the GoMP directly repudiates the agreement, or (iii) in the event of enactment of any law or regulation or any subsequent act of any governmental authority, which makes the performance of the obligations under the agreement impossible. On the expiry of the notice of termination, the party which served the notice of termination would be entitled to terminate the agreement under intimation to the other party, unless the event leading to the notice of termination has been rectified or complied with to the satisfaction of the party which issued the notice of termination. Further, the GoMP may terminate the agreement, in the event our Company is unable to achieve financial closure within 18 months from the date of signing of the agreement. As of the date of this Draft Red Herring Prospectus, our Company has achieved financial closure in relation to Madhya Pradesh Power Project Phase I.

LoAs from SECL dated August 1, 2008, and June 6, 2009, and LoA from MCL dated June 11, 2009, for Madhya Pradesh Power Project Phase I

SECL has issued two LoAs dated August 1, 2008, and June 6, 2009, and MCL has issued an LoA dated June 11, 2009, to JPL, provisionally assuring coal quantity of 1.44 mtpa, 0.65 mtpa and 0.65 mtpa, respectively, for meeting the requirements of Madhya Pradesh Power Project Phase I and coal corresponding to Grade ‘F’, from January, 2011 onwards. The price shall be as notified by the CIL from time to time. The LoAs are valid for a period of 24 months from the date of their respective issue, unless extended for a further period of three months due to any *force majeure* event subject to the terms of the respective LoA.

Under the terms of the LoAs, JPL is required to complete the specified milestones, including, but not limited to, obtaining environmental approvals, acquiring requisite land and obtaining commitment for equity investment in the Madhya Pradesh Power Project Phase I, within a period of 24 months from the date of issue of the respective LoA and is also required to complete such milestones as specified in the LoA.

The terms of the LoAs provide for a formal fuel supply agreement to be executed between JPL and SECL/MCL as applicable, within three months from the expiry of the respective LoA. Additionally, JPL has provided a commitment guarantee to SECL of Rs. 82.08 million and Rs. 37.05 million and Rs. 28.60 million to MCL prior to the issue of the respective LoA. The commitment guarantee is valid for four months after the period of expiry of the respective LoA. In case of non-performance of any milestone specified in the respective LoA within the specified time period, 10% of the commitment guarantee for each such incomplete milestone shall be provided as additional commitment guarantee by JPL within 15 days of such milestone falling due for completion. The LoAs may be cancelled or withdrawn by SECL or MCL, as applicable on serving a written notice at least seven days in advance if milestones are delayed beyond the period specified and the commitment guarantee is not furnished. The commitment guarantee can be encashed in case of cancellation or withdrawal of the LoA or failure to sign the fuel supply agreement.

Our Company has made an application to the MoC, on January 11, 2010, to request for the change in location of Madhya Pradesh Power Project Phase I from Jhabua district to Seoni district, which has been endorsed by the Department of Energy, GoMP, by a letter dated December 21, 2009, to the Ministry of Coal, GoI. We have not received any intimation as on the date of this Draft Red Herring Prospectus, from the Ministry of Coal, GoI, regarding the same. See, “***Government and Other Approvals- Approvals in relation to the Madhya Pradesh Power Project-Pending Approvals”*** on page 212.

Notice to Proceed (“NTP”) to BHEL for design engineering, manufacturing, procuring, supplying, insurance, erection, testing, commissioning and conducting performance guarantee tests and putting into successful commercial operation of Madhya Pradesh Power Project Phase I

JPL has awarded a contract for BTG for Madhya Pradesh Power Project Phase I, for a total consideration of Rs. 7,614.50 million along with EUR 35.90 million and USD 24.14 million. The NTP for the same has been issued to BHEL on March, 18, 2010. The payments shall be made by JPL upon the fulfilment of each of the obligations of BHEL under the proposed contract including upon supply of equipments and successful completion of erection, testing and commissioning of equipments by BHEL.

Notice of Award (“NoA”) to BHEL for design engineering, manufacturing, procuring, supplying, insurance, erection, testing, commissioning and conducting performance guarantee tests and putting into successful commercial operation of Madhya Pradesh Power Project Phase II

JPL has awarded a contract for BTG for Madhya Pradesh Power Project Phase II, for a total consideration of Rs. 7,434.50 million along with EUR 35.90 million and USD 24.14 million. The NoA for the same has been issued to BHEL on February 25, 2010. The payments shall be made by JPL upon the fulfilment of each of the obligations of BHEL under the proposed contract, including upon supply of equipments and successful completion of erection, testing and commissioning of equipments by BHEL.

Malanpur Power Plant

Gas sale agreement between GAIL (India) Limited ("GAIL"), and MCPL for the Malanpur Power Plant

MCPL entered into a gas sale agreement with GAIL dated December 31, 2008, for purchase of liquefied natural gas ("**LNG**") from GAIL. In this regard, GAIL has entered into a gas sales and purchase agreement with Petronet LNG Limited ("**PLL**") which in turn has entered into LNG sale and purchase agreements with other gas suppliers including Ras Laffan Liquefied Natural Gas Company. The brief terms of the agreement are set forth below:

Annual contracted quantity: The annual contracted quantity for the first 19 years of the contract is approximately 1,535.71 billion British Thermal Units ("**BTU**"). However, for the last contract year it is approximately, 509.10 billion BTU. The annual contracted quantity shall be subject to certain adjustments made in accordance with the terms of the agreement. Further, GAIL may at its discretion offer, or MCPL may request, excess LNG over and above the annual contracted quantity during any contract year. In the event that MCPL, requests GAIL to supply excess LNG in any contract year, GAIL shall in good faith endeavor to supply such excess quantity. In any event, the excess LNG supplied in any contract year shall not be considered as part of the annual contracted quantity (subject to such adjustments made in accordance with the agreement) for determining the annual take or pay obligations. The price payable by MCPL for such excess LNG shall be equal to the price payable by MCPL for the annual contracted quantity.

Security deposit: MCPL shall during the term of the agreement open and maintain an unconditional, standby, automatic revolving and irrevocable letter of credit, without recourse to the drawer in favour of GAIL, to secure any payments due. Such letter of credit shall be effective and delivered to GAIL no later than 15 days before January 1, 2009, and shall cover a value of LNG for a period of three fortnights as per the daily contracted quantity calculated in accordance with the terms of the agreement at the applicable tariff.

Take or pay obligations: GAIL shall sell the annual contracted quantity (subject to certain adjustments made in accordance with the terms of the agreement) of LNG to MCPL failing which it shall pay liquidated damages calculated in accordance with the terms of the agreement and MCPL shall purchase such quantities of LNG at prices determined in accordance with the terms of the agreement or pay amounts in respect of such quantities of LNG not purchased by it. The take or pay obligations shall also apply to the Recovery Period (as defined below).

Tariff: The tariff at which MCPL shall purchase and GAIL shall sell LNG will be calculated in accordance with the terms of the agreement and comprises of three components (1) contract price (which includes certain payments in foreign currency); (2) other transmission charges; and (3) taxes and duties charges. In the event that any component for the calculation of price is varied because or on account of, *inter alia* any change in law (including any change in judicial/quasi-judicial interpretation or application of any law), or any directive from any governmental agency, or changes in the policy of any governmental agency, there shall be a corresponding change in the tariff, which GAIL shall by written notice inform MCPL.

Term and Termination: The agreement is valid from January 1, 2009, till April 30, 2028. Not later than December 31, 2025, the parties may mutually agree to extend the term along with the terms and conditions of the agreement. In the event, there is any outstanding quantity of gas either to be sold by GAIL or purchased by MCPL calculated in accordance with the terms of the agreement, then the basic term or such extended term, as applicable, may be extended by a period not exceeding 12 months ("**Recovery Period**"). Further, in the event, GAIL fails to deliver 50% or more of the cumulative properly nominated quarterly contract quantity (as such term is defined in the agreement) for a period of 180 continuous days, MCPL may at its sole option, terminate the agreement upon not less than 30 days prior written notice to MCPL. In the event, MCPL fails to purchase 50% or more of the cumulative properly nominated quarterly contract quantity during a period of 180 consecutive days, GAIL may at its sole option, terminate the agreement upon not less than 30 days prior written notice to GAIL. In addition, the agreement may also be terminated by GAIL in the event that MCPL breaches its obligations in maintaining the letter of credit (as a security deposit) in the manner contemplated by the agreement, termination of the LNG sale and purchase agreements entered into by PLL with other suppliers including Ras Laffan Liquefied Natural Gas Company Limited or in the event the gas sales and purchase agreement with PLL is terminated by either GAIL or PLL.

Letter of Intent with NTPC Vidyut Vyapar Nigam Limited ("NVVN") for sale of electricity from the Malanpur Power Plant

MCPL has a letter of intent with NVVN dated November 30, 2009, for sale of 10 MW of electricity from the Malanpur Power Plant during the period from February 1, 2010 to March 31, 2010. MCPL has also entered into a fresh letter of intent on March 18, 2010 for sale of 12 MW of electricity from the Malanpur Power Plant during the period April 1, 2010 to April 30, 2010.

Tariff: The sale of power is at Rs. 6.21 (Rs./KWh) (under the letter of intent dated November 30, 2009) and Rs. 6.07 (Rs./KWh) (under the letter of intent dated March 18, 2010). NVVN shall make weekly payments against provisional energy bill raised by MCPL. In the event the payment of NVVN is within eight days of receipt of the weekly energy bill, MCPL shall provide a rebate of 2%. In the event the amount due from NVVN remains unpaid even after 30 days from the date of the weekly energy bill, NVVN shall make a late payment surcharge of 1.25% per month on all dues remaining unpaid.

Indemnity: Subject to force majeure events, if MCPL fails to schedule or NVVN fails to avail 80% of the quantum of electricity to be scheduled as per the open access initially allotted by Madhya Pradesh Power Transmission Company Limited, the defaulting party shall indemnify the other party at a rate prescribed under the letter of intent for the difference below 80% (under the letter of intent dated November 30, 2009) and 90% (under the letter of intent dated March 18, 2010).

OUR MANAGEMENT

Our Articles of Association require us to have not less than three and not more than 12 Directors. We presently have eight Directors, of which one is a whole-time/executive Director and at least four are independent Directors.

The following table sets forth details regarding our Board of Directors as on the date of filing of this Draft Red Herring Prospectus with the SEBI.

Name, Designation, Term, Occupation and DIN	Age (years)	Address	Other Directorships
Mr. Sudhir Mohan Trehan **Designation**: Chairman **Occupation**: Service **Term**: Liable to retire by rotation **DIN**: 00060106	63	501-502, Lotus-Lal Kamal Building, Nutan Laxmi Chambers, 9th North South Road, JVPD Scheme, Vile Parle West Mumbai 400 056 Maharashtra, India	**Indian Companies** 1. Crompton Greaves; 2. CG Lucy Switchgear Limited; 3. CG PPI Adhesive Products Limited; 4. Brook Crompton Greaves Limited; 5. Malanpur Captive Power Limited; 6. CG Energy Management Limited; 7. Indian Copper Development Centre; and 8. AHL **Foreign Companies** 1. Power Equipment Limited, Dubai. 2. PT CG Power Systems Indonesia; and 3. CG Holdings Belgium N.V.
Mr. Anil Bhargava **Designation***:* Managing Director **Occupation**: Service **Term***:* Liable to retire by rotation **DIN***:* 00012986	58	D-79, Naraina Vihar New Delhi 110 028 India	**Indian Companies** 1. KWPCL; 2. Biltech Building Elements Limited; 3. UHL Power Company Limited; 4. Toscana Footwear Components Limited; 5. Toscana Lasts Limited; 6. KCT Papers Limited; 7. Jhabua Power Limited; 8. T H E Paperbase Company Limited; 9. TKS; 10. SICL; 11. Sairam Infra Projects Private Limited; 12. Saraswati Travels Private Limited; 13. Arizona Printers & Packers Private Limited; and 14. Avantha Realty Limited **Foreign Companies** Nil
Mr. Bhuthalingam Hariharan **Designation**: Director **Occupation**: Service **Term**: Liable to retire by rotation **DIN**: 00012432	52	D-2/3, First Floor Paschimi Marg Vasant Vihar New Delhi 110 057 India	**Indian Companies** 1. BILT; 2. BGPPL; 3. BILT Tree Tech Limited; 4. Global Green Company Limited; 5. AHL; 6. NewQuest Insurance Broking Services Limited; 7. Solaris Chemtech Industries Limited; 8. Solaris Holdings Limited; 9. Salient Business Solutions Limited; 10. KCT Chemicals and Electricals Limited; 11. Avantha Realty Limited; 12. Content Services and Publishing Private Limited; and 13. Topscore Tradevariety Private Limited

Name, Designation, Term, Occupation and DIN	Age (years)	Address	Other Directorships
			Foreign Companies 1. Avantha International Asset B.V.; 2. Avantha International Holdings B.V.; 3. Ballarpur International Graphic Paper Holdings B.V.; 4. Ballarpur International Holdings B.V.; 5. Ballarpur International Paper Holdings B.V.; 6. Ballarpur Paper Holdings B.V. 7. Ballarpur Speciality Paper Holdings B.V. 8. Ballarpur Packaging Holdings B.V.; 9. Ballarpur International Packaging Holdings B.V.; 10. Ballarpur Packaging Holdings Private Limited; 11. Dunakiliti Konzervuzem KFT, Hungary; 12. Global Green USA Limited; 13. Greenhouse AGRAR Termelo Kereskedelmies Szolgaltato KFT, Hungary; 14. Intergarden NV, Belgium; 15. Pauwels Contracting NV, BelgiuM; 16. Sabah Forest Industries Sdn. Bhd.; and 17. Salient Business Solutions USA, Inc.
Mr. Vinayak Chatterjee **Designation**: Independent Director **Occupation**: Service **Term**: Liable to retire by rotation **DIN**: 00008933	50	E 2278, Palam Vihar Gurgaon 122 017 Haryana, India	**Indian Companies** 1. SRF Limited; 2. Feedback Ventures Private Limited; 3. Mission Holdings Private Limited; and 4. Feedback Highways OMT Private Limited **Foreign Companies** Nil
Dr. Omkar Goswami **Designation**: Director **Occupation**: Service **Term**: Liable to retire by rotation **DIN**: 00004258	53	E 121, Masjid Moth First floor, Greater Kailash III New Delhi 110 048 India	**Indian Companies** 1. Dr. Reddy's Laboratories Limited; 2. Infosys Technologies Limited; 3. DSP BlackRock Investment Managers Private Limited; 4. IDFC Limited; 5. Crompton Greaves Limited; 6. Ambuja Cements Limited; 7. Cairn India Limited; 8. Godrej Consumer Products Limited; 9. Max New York Life Insurance Company Limited; 10. CERG Advisory Private Limited; and 11. Max India Limited **Foreign Companies** Nil
Mr. Prabhakar Keshaorao Kukde	66	122, Telecom Nagar	**Indian Companies**

Name, Designation, Term, Occupation and DIN	Age (years)	Address	Other Directorships
Designation: Independent Director **Occupation**: Professional **Term**: Liable to retire by rotation **DIN**: 00040026		Near Rana Pratap Nagar Nagpur, Maharashtra India	1. Facor Steels India Limited; 2. Purti Power and Sugar Limited; 3. Power Projects Development and Management Services Private Limited; and 4. Yash Agro Energy Limited **Foreign Companies** Nil
Mr. Vinesh Kumar Jairath **Designation**: Independent Director **Occupation**: Professional **Term**: Liable to retire by rotation **DIN**: 00391684	51	194 B, Kalpataru Horizon S.K. Ahire Marg, Worli Mumbai 400 018 Maharashtra, India	**Indian Companies** 1. Tata Motors Limited; and 2. Bharat Heavy Electricals Limited **Foreign Companies** Nil
Mr. Rahul Rana **Designation**: Independent Director **Occupation**: Service **Term**: Liable to retire by rotation **DIN**: 00476406	46	240 E, 90th Street, PHE New York 10128 USA	**Indian Companies** 1. Asahi India Glass Limited **Foreign Companies** 1. Fuller Capital Management LLC

Except Mr. Rahul Rana, all our Directors are Indian nationals. None of our Directors are related to each other.

Brief biographies of our Directors

Mr. Sudhir Mohan Trehan holds a bachelors' degree in mechanical engineering from the Birla Institute of Technology, Ranchi, and a masters' degree in operational research from the State University of New York at Stony-Brook, USA. He has also completed the advanced management programme from the Harvard Business School, Boston, USA. He joined Crompton Greaves Limited in 1983, where he is presently the Managing Director. Mr. Trehan has worked in various capacities with the Indian Electrical and Electronics Manufacturers Association, the Nashik Industries and Manufacturers' Association, the Bombay Management Association and has also been the Chairman of the Confederation of Indian Industry ("**CII**"), Western Region. He was also awarded by the Indian Institution of Industrial Engineering for the year 2000-2001 as an outstanding chief executive. The Bombay Management Association conferred the 'Management Man of the Year' award on him for the year 2005–2006 in recognition of his contribution to the Indian industry. He has also been conferred with the 'Business Standard CEO of the Year' award for the year 2008-2009 by Business Standard, a premier Indian business newspaper.

Mr. Anil Bhargava holds a bachelors' degree in chemical engineering from the Indian Institute of Technology, New Delhi and post graduate diploma in foreign trade (PGDIT) from the Indian Institute of Foreign Trade, New Delhi. He has also completed a top management programme (TMP), a programme meant for senior management from the Asian Institute of Management, Manila and has over 31 years of experience in sales, marketing, corporate strategy, business development, project and multi-disciplinary engineering management, planning and administration in engineering and infrastructure industry. He has been with the Avantha Group for the last nine years. Prior to joining the Avantha Group, Mr. Bhargava was the executive director in marketing and sales with Punj Lloyd Limited. Mr. Bhargava's current responsibilities include liasoning, planning, marketing and providing strategic vision to our Company.

Mr. Bhuthalingam Hariharan holds a bachelors' degree in science from Madurai University. He is an Associate Member of the Institute of Chartered Accountants of India, the Institute of Company Secretaries of India and the Institute of Cost and Works Accountants of India. He started his career in 1983 as an accounts trainee with Sundaram Clayton Limited. He joined the Avantha Group in 1985 and has since held various senior executive positions in the group. Mr. Hariharan was inducted as a member of the board of directors of BILT in June 2001. Mr. Hariharan has over 28 years of work experience with specialization in finance matters.

Mr. Vinayak Chatterjee holds a bachelors' degree in economics from St. Stephen's College, New Delhi, and a masters' degree in business administration from the Indian Institute of Management, Ahmedabad. He co-founded the Feedback Ventures Group in 1990, one of the leading integrated infrastructure development groups in India. Mr. Chatterjee is a strategic advisor to several leading Indian companies, the GoI, various state governments, as well as multilateral and bilateral institutions in the areas of infrastructure planning and implementation. In 1998, the World Economic Forum at Davos selected him as one of the '100 Global Leaders of Tomorrow'. Mr. Chatterjee has also chaired the CII National Council on Infrastructure for the last two years and also between 2003 and 2006, the CII National Committee on Urban Infrastructure between 2001 and 2003 and the CII, Northern Region for the year 2000-2001.

Dr. Omkar Goswami holds a bachelors' degree in economics from St. Xavier's College, Kolkata, masters' degree in economics from the Delhi School of Economics in 1978 and a PhD from Oxford University in 1982. He has experience in teaching and research in the field of economics for 18 years at Oxford University, UK, Delhi School of Economics, New Delhi, Harvard University, USA, Tufts University, USA, Jawaharlal Nehru University, New Delhi, Rutgers University, USA and the Indian Statistical Institute, New Delhi. In March 1997, he became the editor of 'Business India', one of India's premier business magazines. Dr Goswami has also served as the chief economist of the CII. Dr. Goswami is the founder and chairman of CERG Advisory Private Limited, providing corporate advisory and consulting services to companies and industries in India and abroad. He has served on several government committees and was the chairman of the Committee on Industrial Sickness and Corporate Restructuring, a member of the working group on the Companies Act, the CII Committee on Corporate Governance, the Rakesh Mohan Committee on Railway Infrastructure Reform, the Vijay Kelkar Committee on Direct Tax Reforms, the Naresh Chandra Committee on Auditor-Company Relationship, the N.R. Narayana Murthy SEBI Committee on Corporate Governance Reforms, among others. He has also been a consultant to the World Bank, the Asian Development Bank and the Organisation for Economic Cooperation and Development.

Mr. Prabhakar Keshaorao Kukde holds a bachelors' degree in electrical engineering from Visvesvaraya Regional College of Engineering, Nagpur, and a post graduate degree from the University of Roorkee in 1969. He joined the Maharashtra State Electricity Board ("**MSEB**") in the year 1970 as an executive engineer and had been associated with the designing of the 400 kV Koradi-Kalwa transmission line in Maharashtra. He has been a technical member of the MSEB and has also served as an executive director in Tata Power Limited. He has over 35 years of experience in the Indian power sector. He has been awarded with the "CBIP Diamond Jubilee Award" for his contributions in the field of energy in India in the year 2000. He has represented several committees for the GoI and Maharashtra on issues such as renovation and modernization, Accelerated Power Development Program (APDP), Accelerated Power Development Reform Program (APDRP) and ABT etc. CEA, GoI constituted the "Kukde Committee" under his chairmanship to prepare a report on Operation & Maintenance (O&M) practices of power stations in India. The report has been accepted and notified by the CEA.

Mr. Vinesh Kumar Jairath holds a bachelors' degree in public administration and law from the Punjab University, Chandigarh, and a masters' degree in development economics from the University of Manchester, UK. Mr. Jairath joined the Indian Administrative Service in 1982 and has held various positions in the government of Maharashtra and the GoI, such as Director in the MoEF, GoI, New Delhi, Secretary to the governor of Maharashtra, Managing Director of the State Industrial and Investment Corporation of Maharashtra and Principal Secretary (Industries), Maharashtra. Presently, he is engaged in providing consultancy and advisory services to some overseas funds and manufacturing companies in the areas of infrastructure development and industrial investment. Mr. Jairath has over 26 years of varied administrative experience.

Mr. Rahul Rana holds a bachelors' degree in commerce from the Shri Ram College of Commerce and a masters' degree in business administration from the University of Illinois, USA. He is the Chief Executive Officer of Fuller Capital Management, LLC, where he is responsible for strategy and execution and building institutional relationships. He started his career at Salomon Brothers where he was instrumental in starting the global asset swap business. Mr. Rana has over 20 years of senior managerial experience in private equity, structured finance and capital markets at organizations such as as ABN AMRO, UBS, Kidder Peabody and Guggenheim, and has executed sizable and notable transactions. Since 1992, he has acted as advisor and banker to various Indian industrial groups, high net worth individuals and State governments. He was instrumental in starting Dillon Read's (now UBS) investment banking operations in India. For the past 15 years he has been working on Indian industry specific projects including auto components, real estate, oil and gas, transportation, financial services, information technology and retail. He has served on the board of India Centric Funds and Corporations, and is one of the directors of Asahi India Glass Limited, the largest integrated glass manufacturer in India. Mr. Rana was born in India, and over the years has developed an extensive network within the Indian diaspora both locally and abroad.

Borrowing Powers of the Board of Directors of our Company

Pursuant to a resolution passed by our shareholders on July 22, 2008, in accordance with the provisions of the Companies Act, our Board has been authorized to borrow money for the purposes of our Company upon such terms and conditions and with or without security as the Board may think fit, provided that the money or monies to be borrowed together with the monies already borrowed by our Company (apart from the temporary loans obtained from our Company's bankers in the ordinary course of business) shall not exceed, at any time, a sum of Rs. 7,500 million over and above the paid up share capital and free reserves of our Company.

Remuneration of our Directors

Mr. Anil Bhargava

Mr. Anil Bhargava was appointed as the Managing Director of our Company with effect from January 1, 2007, pursuant to a resolution of our Board dated January 8, 2007, subsequently approved by a resolution dated April 10, 2007 of the shareholders of our Company. The terms of employment and remuneration of Mr. Anil Bhargava include the following:

Particulars	Remuneration
Basic Salary	Rs. 3,500,000 per annum with authority to the Board to increase the same up to a sum not exceeding Rs. 4,900,000 per annum
Performance Incentive	Rs. 3,500,000 per annum with authority to the Board to increase the incentive up to a sum not exceeding Rs. 4,900,000 per annum
Perquisites	Monetary value of perquisites is limited to Rs. 5,887,000 per annum, with authority to the Board to increase the monetary value to a maximum of Rs. 8,241,800 per annum. Following is the list of perquisites provided to Mr. Bhargava: (a) Rent free furnished accommodation; (b) Club fees; (c) Personal accident insurance; (d) Provident fund: The contribution shall be subject to the rules framed by our Company; (e) Gratuity: Gratuity payable shall not exceed half a month's salary for each completed year of service subject to the ceiling prescribed by the GoI from time to time; and (f) Car, telephone, water, electricity, furnishings, medical reimbursements for self and family, and leave travel for self and family.

Non-executive and Independent Directors

We have not entered into any formal arrangements/service contracts with our non-executive and independent Directors providing for benefits upon termination. Our non-executive Directors are entitled to sitting fees of Rs. 15,000 for attending each meeting of the Board or a committee of the Board, pursuant to a board resolution dated February 22, 2010.

Remuneration of our Directors for fiscal 2009

(in Rs.)

S. No.	Name of Director	Sitting fees	Salaries/perquisites	Total
1.	Mr. Sudhir Mohan Trehan	60,000	Nil	60,000
2.	Mr.Anil Bhargava#	Nil	11,001,064	11,001,064
3.	Mr. Bhuthalingam Hariharan*	Nil	Nil	Nil
4.	Mr. Vinayak Chatterjee	60,000	Nil	60,000
5.	Dr. Omkar Goswami**	Nil	Nil	Nil
6.	Mr. Prabhakar Keshaorao Kukde	20,000	Nil	20,000
7.	Mr. Vinesh Kumar Jairath	20,000	Nil	20,000
8.	Mr. Rahul Rana**	Nil	Nil	Nil

S. No.	Name of Director	Sitting fees	Salaries/perquisites	Total
Total		**1,60,000**	**11,001,064**	**11,161,064**

**Pursuant to board resolution dated November 13, 2006, Mr. Bhuthalingam Hariharan was not paid any sitting fees for fiscal 2009.*
***Dr. Omkar Goswami and Mr. Rahul Rana were appointed as Directors of our Company after fiscal 2009*
 # GoI approval is awaited for excess remuneration paid to Mr. Anil Bhargava.

Shareholding of Directors in our Company

Our Articles do not require our Directors to hold any qualification shares. Except for 1,000,000 Equity Shares held by Mr. Anil Bhargava, none of our Directors hold any Equity Shares. Further, except as stated in "***Capital Structure- Notes to Capital Structure- Employee Stock Options***" on page 24, our Directors do not hold any warrants, employee stock options or other convertible instruments in our Company as on the date of filing of this Draft Red Herring Prospectus.

Interest of our Directors

All of our Directors may be deemed to be interested to the extent of remuneration and fees payable to them for services rendered as Directors of our Company such as attending meetings of the Board or a committee thereof and to the extent of other reimbursement of expenses payable to them under our Articles of Association.

Our Directors may also be regarded as interested in the stock options granted to them and also in our Equity Shares that may be subscribed by or Allotted to them or the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue.

Our Directors have no interest in any property acquired by us within two years of the date of filing of this Draft Red Herring Prospectus.

Certain of our Directors also hold directorships in our Group Entities which are authorized under their respective charter documents to engage in the power business. None of our Directors have been appointed on our Board pursuant to any arrangement with our shareholders, customers, suppliers or others.

Except as stated in this Draft Red Herring Prospectus and in particular ***"-Statement of Related Party Disclosures"*** on page F56, our Directors do not have any other interest in our business.

Changes in our Board of Directors during the last three years

The changes in our Board of Directors in the last three years preceding the filing of this Draft Red Herring Prospectus are as follows:

Name	Date of Joining/Appointment /Re-appointment	Date of Cessation	Reason
Mr. Subhash Chander Jhanji	August 17, 2007	February 19, 2010	Resignation
Dr. Omkar Goswami	October 27, 2009	N.A.	Appointment
Mr. Vinesh Kumar Jairath	June 25, 2008	N.A.	Appointment
Mr. Diwan Nand Lal Sawhney	June 12, 2006	January 25, 2010	Resignation
Mr. Rahul Rana	February 22, 2010	N.A.	Appointment

Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We believe we are in compliance with the requirements of the Listing Agreement with the Stock Exchanges, in respect of corporate governance, particularly those relating to constitution of the Board and committees thereof.

We have a Board constituted in compliance with the Companies Act and Listing Agreement with Stock Exchanges. The Board functions either on its own or through various committees constituted to oversee specific operational areas.

Our Board has eight Directors, out of which at least four are independent Directors.

Committees of the Board of Directors

Our Company has constituted the following committees in compliance with corporate governance requirements:

(c) ***Audit Committee***

Our Audit Committee was re-constituted pursuant to our Board resolution dated February 22, 2010. Our Audit Committee comprises Mr. Vinayak Chatterjee as Chairman, Mr. Bhuthalingam Hariharan, Mr. Vinesh Kumar Jairath and Mr. Prabhakar Keshaorao Kukde.

The scope and function of our 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, among other things, 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 Auditors and the fixation of audit fees or approving other payments for any other services rendered by them;

- Reviewing, with the management, the quarterly, half-yearly and 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 to be included in the report of the Board in terms of clause (2AA) of Section 217 of the Companies Act;

    (ii) Changes, if any, in accounting policies and practices along with reasons for the same;

    (iii) Major accounting entries involving estimates based on the exercise of judgement 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 financial statements;

    (vi) Disclosure of any related party transactions; and

    (vii) Qualifications in the draft audit report.

- Reviewing and monitoring, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- 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, discussing with the internal auditors any significant findings and follow up there on;

- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;

- Reviewing the financial statements, in particular, the investments made by the unlisted subsidiary companies of our Company;

- 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;

- Discussing with the 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;

- Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;

- Reviewing the functioning of the Whistle Blower mechanism, in case the same is existing; and

- Carrying out any other function as may be referred to by the Board of Directors of our Company or prescribed by the Listing Agreement, as amended, from time to time.

(d) ***Shareholders'& Investors' Grievance Committee***

Our Shareholders' & Investors' Grievance Committee was constituted pursuant to our Board resolution dated held on February 22, 2010 and comprises Mr. Vinesh Kumar Jairath as Chairman, Mr. Anil Bhargava and Mr. Prabhakar Keshaorao Kukde. The terms of reference of our Shareholders' & Investors' Grievance Committee include, among other things, the following:

- Redressal of investors' complaints such as non-receipt of declared dividends, balance sheets of our Company, etc

- Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

- Issue of duplicate certificates and new certificates on split/consolidation/renewal etc.;

- Carrying out any other function as may be referred to by the Board of Directors of our Company or prescribed by the Listing Agreement, as amended, from time to time.

(e) ***Compensation & Remuneration Committee***

Our Compensation & Remuneration Committee was re-constituted pursuant to our Board resolution dated February 22, 2010 The members of Compensation & Remuneration Committee comprise Mr. Vinayak Chatterjee as Chairman, Mr. Sudhir Mohan Trehan, Mr. Vinesh Kumar Jairath, Mr. Prabhakar Keshaorao Kukde and Dr. Omkar Goswami. The terms of reference of our Compensation & Remuneration Committee include, among other things, the following:

- Reviewing, assessing and recommending the appointment, terms of appointment and reappointment including remuneration etc of Executive and/or Non-Executive Directors and Senior Employees;

- Recommending payment of compensation / remuneration in accordance with the provisions of the Companies Act;

- Considering and recommending grant of stock options under our Company's Employees Stock Option Scheme/Plan, and its administration and superintendence in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended;

- Framing suitable policies and systems to ensure that there is no violation by any employee of the Securities and Exchange Board of India (Insider Trading) Regulations, 1992, as amended and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995, as amended,

- Carrying out any other function as may be referred to by the Board of Directors of our Company or prescribed by the Listing Agreement, as amended, from time to time.

In addition to the above, our Company has also constituted the IPO Committee, the Executive Committee and the Risk Management Committee, the details of which are as follows:

(f) ***IPO Committee***

Our IPO Committee was constituted pursuant to our Board resolution dated January 28, 2010 and comprises Mr. Bhuthalingam Hariharan (Chairman), Mr. Sudhir Mohan Trehan and Mr. Anil Bhargava. The terms of reference of IPO Committee, among other things, include the following:

- Deciding on the actual size of the public offer, including any offer for sale by promoters/shareholders, and/or reservation on a firm or competitive basis, timing, pricing and all the terms and conditions of the issue of the shares, including the objects of such public offer, price and to accept any amendments, modifications, variations or alterations thereto;

- Appointing and entering into arrangements with the Book Running Lead Managers, underwriters, syndicate members, brokers, escrow collection bankers, registrars, IPO grading agency, monitoring agency, legal advisors, stabilizing agent (for green shoe option), printers and any other agencies or persons whose appointment is required in relation to the IPO;

- Making applications for listing of the equity shares of our Company in one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s) or equivalent documentation to the concerned stock exchange(s);

- Finalizing the basis of allocation and allotting the equity shares to the successful allottees and issue of share certificates in accordance with the relevant rules;

- Settling all questions, difficulties or doubts that may arise in relation to the IPO as it may in its absolute discretion deem fit;

- Authorising and approving the incurring of expenditure and payment of fees in connection with the IPO of our Company; and

- Submitting undertakings/certificates or providing clarifications to the SEBI and the relevant stock exchanges where the equity shares of our Company are to be listed.

(g) ***Executive Committee***

Our Executive Committee was re-constituted pursuant to our Board resolution dated February 22, 2010 and comprises Mr. Bhuthalingam Hariharan as Chairman, Mr. Sudhir Mohan Trehan and Mr. Anil Bhargava. The terms of reference of the Executive Committee include, among other things, the following:

- To open, operate and close bank accounts in the name of our Company;

- To give instructions relating to our transactions with the banks;

- To authorize persons to act on our behalf and execute documents, etc.;

- To borrow money and avail of credit and lease facilities from banks, financial institutions and/or other lenders upto a limit of Rs. 2,000 million;

- To accept the terms and conditions for availing the said financial assistance and to provide security for the same by pledging and/or mortgaging assets of our Company or by other means;

- To request banks, financial institutions and/or lenders for disbursement of funds;

- To deal with all matters for taking vehicles, plant and machinery and/or other assets on hire purchase etc. from banks, financial institutions and/or other suppliers;

- To affix / authorize affixation of the common seal of our Company;

- To give consent and authorize person(s) for bidding for sale of power on behalf of our Company or any of its subsidiaries, execution of such documents as may be required and to take necessary steps in this regard.

- To give consent and authorize person(s) for bidding for acquisition of coal blocks etc on behalf of our Company or any of its subsidiaries, execution of such documents as may be required and to take necessary steps in this regard.

- To give corporate guarantee(s) and non-disposal undertaking(s) etc in connection with loans/ borrowings availed by any of the subsidiaries of our Company, within the limits approved by the Board; and

- To do all acts, deeds and things as may be required or considered necessary or incidental in the above matters.

(h) ***Risk Management Committee***

Our Risk Management Committee was constituted pursuant to our Board resolution dated February 22, 2010 and comprises Dr. Omkar Goswami as Chairman, Mr. Anil Bhargava and Mr. Rahul Rana. The terms of reference of the Risk Management Committee include, among other things, the following:

- Understanding and assessing various kinds of risks both internal and external, including but not limited to strategic, operational, financial and compliance related risks, associated with the running of business of our Company;

- Appointment of consultants / agencies and for availing of their services, as may be necessary, for dealing with the matter;

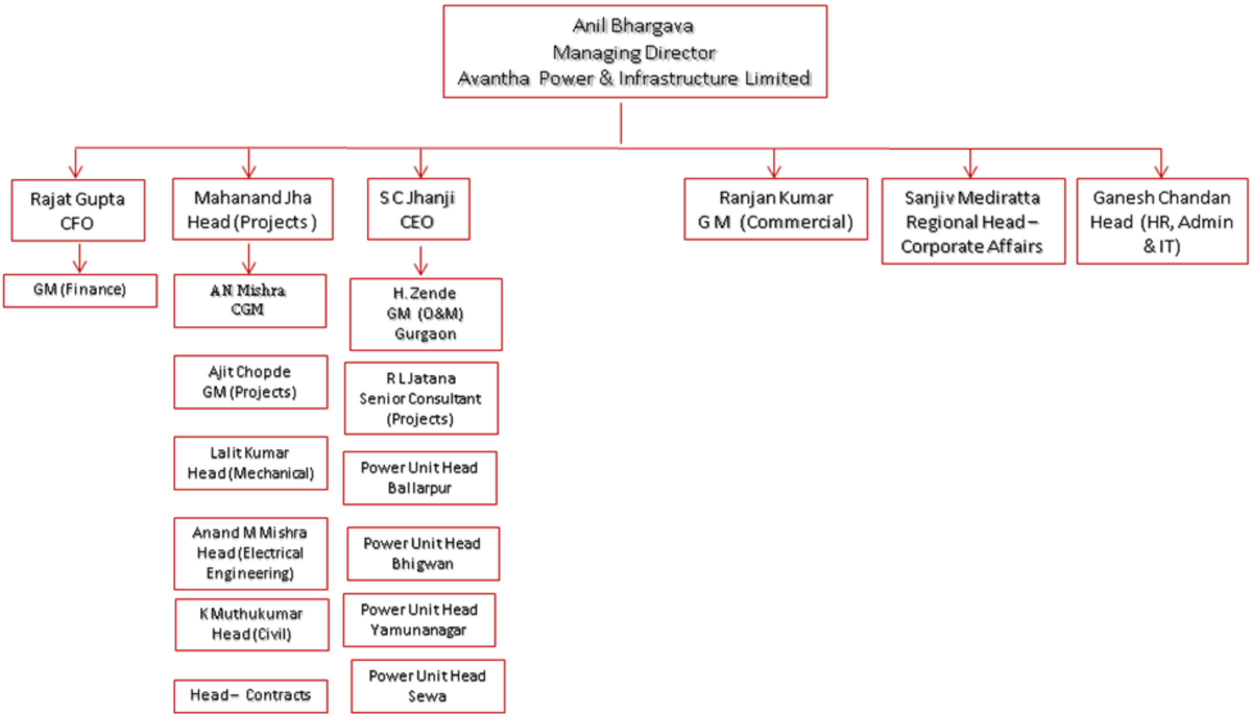
- Suggesting / implementing ways and means for eliminating / minimizing risks to the business of our Company;

- Periodic review of the management control procedures / tools being used to tackle such risks and;

- Such other matters and issues as may be necessary, to enable the Committee to perform its duties.

Management Organization Structure:

Our organization structure is as set forth below:



Key Management Personnel

The details regarding our key management personnel as on the date of filing this Draft Red Herring Prospectus are as follows:

Mr. Subhash Chander Jhanji, 62 years, is our Chief Executive Officer. He holds a diploma in mechanical engineering from Central Polytechnic, Chandigarh. He has also attended various management development programmes at the INSEAD, France and the Indian Institute of Management, Ahmedabad. He has been with the Avantha Group since 1965 except for a five year stint from 1993 to 1998 with Sinar Mass Pulp and Paper (India) Limited. As the head of engineering functions in BILT, he was actively involved in the execution of the paper related project at Bhigwan. Prior to joining our Company, he has been the vice president (operations) of BILT, overseeing operations of two major manufacturing units of BILT at Ballarpur and Shreegopal. Mr Jhanji has over 40 years of experience in corporate strategy, business development, project management, project planning and administration in the pulp and paper manufacturing and power generation industries. He is responsible for the overall growth and development of our Captive Power Units. The remuneration including bonus, paid to him for fiscal 2009 was Rs. 6.37 million.

Mr. Rajat Gupta[*], 39 years, is our Chief Financial Officer. He completed his bachelors' degree in commerce from Shri Ram College of Commerce, University of Delhi and is a member of the Institute of Chartered Accountants of India. He has over 16 years of experience in corporate strategy, project and corporate finance, treasury management, mergers and acquisitions in the infrastructure sector, including telecom, real estate, power as well as in the manufacturing sector. Prior to being CFO of our Company, he was the Chief General Manager (Finance) of BILT. He also has prior work experience with CIG Realty Investors India Private Limited (part of the Unitech group), Max India Limited, Shyam Telecom Limited, JK Corporation Limited and S.R. Batliboi & Co., Chartered Accountants. He is responsible for fund raising, project financing, financial planning, budgeting, strategy, acquisitions, accounting, and identifying and bidding for power projects. The remuneration including bonus, paid to him by our Company for fiscal 2009 was Rs. 2.47 million.

Mr. Mahanand Jha[**], 61 years, is our Head (Projects). He completed his bachelors' degree in electrical engineering from the Regional Institute of Technology, Jamshedpur. He is responsible for the implementation and commissioning of our power projects at Chhattisgarh and Madhya Pradesh. He has around 39 years of experience in the areas of construction, erection, commissioning, operations and maintenance of large coal based thermal power plants. Prior to joining our Company on July 1, 2008, he was employed with NTPC Limited for 29 years, where he had been executive director, and also with Indraprastha Gas Power Plant Limited, Indian Oil Corporation Limited and Bokaro Steel Limited. The remuneration including bonus, paid to him for fiscal 2009 was Rs. 3.15 million.

Mr. Ajit Chopde, 45 years, is our General Manager (Projects). He completed his bachelors' degree in mechanical engineering from Guru Ghasidas University, Bilaspur. He is responsible for project management, land acquisition, and execution of construction activities. He has over 21 years of experience in the areas of project management, co-ordination of greenfield projects, erection, commissioning, operation and maintenance of large power plants. Prior to joining our Company on May 21, 2008 he was employed with NTPC Limited in various capacities. The remuneration including bonus, paid to him for fiscal 2009 was Rs. 1.59 million.

Mr. Anand Mohan Mishra, 50 years, is our Head (Electrical Engineering). He completed his bachelors' degree in electrical engineering from Birla Institute of Technology, Ranchi. He is responsible for overall coordination with our technical consultants for various electrical engineering studies, finalization of specifications for awarding electrical engineering packages, due diligence and evaluation of potential bidders. He has over 29 years of experience in various operational and senior management roles. Prior to joining our Company on July 8, 2008, he was employed with NTPC Limited. The remuneration including bonus, paid to him for fiscal 2009 was Rs. 1.81 million.

Mr. Arvind Nath Misra, 55 years, is our Chief General Manager. He completed his bachelors' degree in electrical engineering from Regional Institute of Technology, Jamshedpur. He is responsible for land acquisition, team building for the Madhya Pradesh Power Project, coordination with the Madhya Pradesh State Government and local agencies for environment, topographical survey, monitoring and supervision of construction activities and in promoting good relations with local communities through the initiatives for corporate social responsibilities of our Company. He has over 31 years of experience in the areas of erection, commissioning, operation and maintenance of coal fired thermal units. Prior to joining our Company on December 3, 2009, he was employed with NTPC Limited, Bhushan Steel Limited and Madhya Pradesh State Electricity Board.

Mr. Ganesh V. Chandan, 40 years, is our Head (Human Resources, Administration and Information Technology). He completed his post graduate degree in arts from the Tata Institute of Social Sciences, Mumbai. He is responsible for establishing support functions, encouraging best people practices within our Company, ensuring statutory compliances related to human resources and looking after the technological needs of our Company. He has over 15 years of experience in the area of managing human resources in large organizations. Prior to joining our Company on May 23, 2008, he was employed with Titan Industries Limited, and has also been the Chief of Staff of US operations with Oracle Financial Services Inc., New York. The remuneration including bonus, paid to him for fiscal 2009 was Rs. 2.83 million.

Mr. Hanumant Gulabrao Zende, 51 years, is our General Manager (Operations and Maintenance). He holds a diploma in mechanical engineering from Government Polytechnic, Sholapur and is a boiler operation engineer. He is responsible for the operation and maintenance of our captive power plants and also erection and commissioning of the expansion projects at our existing units. He has over 28 years of experience in managing large captive power plants and executing power projects. Prior to joining our Company on June 22, 2006, he was employed with the Tata Power Company Limited for 13 years and with BILT for over 12 years in the power plant division. The remuneration including bonus, paid to him for fiscal 2009 was Rs. 1.41 million.

Mr. K. Muthukumar, 54 years, is our Head (Civil). He completed his bachelors' degree in civil engineering from Coimbatore Institute of Technology, Coimbatore, master's degree in engineering geology from the Indian School of Mines, Dhanbad and a masters' degree in business administration from Annamalai University. He is responsible for the supervision of the execution of civil contracts, finalization of civil engineering drawings and specifications for awarding civil engineering packages, for coordination of various engineering studies and obtaining necessary approvals from various State and local agencies. He has over 30 years of experience in civil erection related works. Prior to joining our Company on September 11, 2008 he was employed with NTPC Limited, where he has supervised projects up to 3,000 MW capacity, and has also been with National Projects Construction Corporation Limited and Jindal India Thermal Power Limited. The remuneration including bonus, paid to him for fiscal 2009 was Rs. 1.46 million.

Mr. Lalit Kumar, 44 years, is our Head (Mechanical). He completed his bachelors' degree in mechanical engineering from the Birla Institute of Technological Sciences, Pilani. He is responsible for coordination with consultants for various engineering studies, finalization of specifications for awarding mechanical engineering packages, evaluation of technical bids, conducting due diligence, obtaining necessary approvals and project management.. He has over 22 years of experience in setting up greenfield power projects. Prior to joining our

Company on April 15, 2008, he was employed with NTPC Limited and Lanco Anpara Limited, where he has supervised the 800 MW NTPC Koldam Project and 1,200 MW greenfield project. The remuneration including bonus paid to him for fiscal 2009 was Rs. 3.14 million.

Mr. R.L. Jatana[**], 66 years, is our Senior Consultant (Projects). He completed his bachelors' degree in electrical engineering from Ranchi University and his masters' degree in advanced electrical machines from the Indian Institute of Technology, Roorkee. He is responsible for providing consultancy to our Company for all project management activities related to expansion of our existing captive power plant. He has over 40 years of experience in the areas of project engineering and project management. Prior to joining our Company on December 26, 2006, he was employed with Fertilizer Corporation of India, Engineers India Limited, BILT and Advanic Agro Limited, Thailand. The remuneration including bonus paid to him for fiscal 2009 was Rs. 1.58 million.

Mr. Ranjan Kumar, 41 years, is our General Manager (Commercial). He completed his bachelors' degree in mechanical engineering from the Bihar Institute of Technology, Sindri and a masters' degree in fuel engineering from the Indian School of Mines, Dhanbad. He is responsible for coordination with central agencies for coal linkages and procurement of coal for all of our power units, sale of power through case-I bidding and other business development activities. He has over 15 years of experience in various management roles. Prior to joining our Company on August 26, 2008, he was with Hindalco Industries Limited, Tata Power Company Limited, Lanco Anpara Limited and Mosar Baer Limited. The remuneration including bonus, paid to him for fiscal 2009 was Rs. 1.40 million.

* *Mr. Rajat Gupta is currently on secondment to our Company from BILT.*
** *Mr. Mahanand Jha and Mr. R.L. Jatana are with our Company on a long-term contracted basis.*

None of our key management personnel are related to each other or to our Directors.

Some of our key management personnel have not been paid any salaries or remuneration of any nature from our Company in fiscal 2009 since they were not our employees in fiscal 2009. Further, the term of employment of our permanent employees continues until their employment is terminated by us. However, for our employees who are on a contracted basis, namely, Mr. Mahanand Jha and Mr. R.L. Jatana, the term of their office is valid until June 30, 2013, and until June 26, 2010, respectively.

None of our key management personnel have been selected pursuant to any arrangement or understanding with any major shareholders, customers or suppliers of our Company, or others.

Changes in our key management personnel during the last three years

The changes in our key management personnel in the three years prior to the date of filing of this Draft Red Herring Prospectus are as follows:

Name	Date of Appointment	Date of Cessation	Reason for change
Mr. Subhash Chander Jhanji	February 20, 2010*	N.A.	Appointment
Mr. Arvind Nath Misra	December 3, 2009	N.A.	Appointment
Mr. Rajat Gupta	October 1, 2008	N.A.	Secondment from BILT
Mr. K. Muthukumar	September 11, 2008	N.A.	Appointment
Mr. Ranjan Kumar	August 26, 2008	N.A.	Appointment
Mr. Anand Mohan Mishra	July 8, 2008	N.A.	Appointment
Mr. R.P. Chitale	July 4, 2008	October 30, 2009	Resignation
Mr. Mahanand Jha	July 1, 2008	N.A.	Appointment
Mr. Ganesh V. Chandan	May 23, 2008	N.A.	Appointment
Mr. Ajit Chopde	May 21, 2008	N.A.	Appointment
Mr. Lalit Kumar	April 15, 2008	N.A.	Appointment

*****_Mr. Subhash Chander Jhanji earlier resigned as our Deputy Managing Director on February 19, 2010 and is designated as our CEO w.e.f. February 20, 2010._

Shareholding of our key management personnel

Except Mr. Subhash Chander Jhanji, Mr. Rajat Gupta and Mr. Mahanand Jha, who hold 200,000 Equity Shares each, none of our key management employees hold any Equity Shares in our Company. The following table details the holding of options pursuant to ESOP 2010 of our key management employees in our Company as on the date of filing of this Draft Red Herring Prospectus:

Name of the key management employee	No. of options granted under ESOP 2010
Mr. Subhash Chander Jhanji	4,00,000
Mr. Rajat Gupta	2,43,750
Mr. Mahanand Jha	2,25,000
Mr. Ganesh V. Chandan	1,51,125
Mr. Anand Mohan Mishra	1,35,673
Mr. Lalit Kumar	1,33,211
Mr. K. Muthukumar	1,33,208
Mr. Arvind Nath Mishra	1,10,625
Mr. Ajit Kumar Chopde	1,01,084
Mr. Ranjan Kumar	1,00,425
Mr. Hanumant Gulabrao Zende	99,316
Mr. R. L. Jatana	Nil

Bonus or profit sharing plan for our key management personnel

Our Company has a performance linked pay which includes variable pay (based on individual performance) payable annually, and group performance linked incentive (based on our Company's performance) payable annually**.**

Employee Stock Option Plan

For details of ESOP 2010, see "***Capital Structure- Notes to Capital Structure- Employee Stock Options***" on page 24.

Interest of Key Managerial Personnel

Our key management personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment, incentive payable as per policies and options granted under the ESOP 2010 and reimbursement of expenses incurred by them during the ordinary course of business.

None of our key management personnel have been paid any consideration of any nature from our Company, other than their remuneration.

Payment or benefit to employees of our Company

Except as stated otherwise in this Draft Red Herring Prospectus, no non-salary amount or benefit has been paid or given or is intended to be paid or given to any of our Company's employees except remuneration of services rendered as Directors, officers or employees of our Company.

Except as stated in "***-Statement of Related Party Disclosures***" on page F56, none of the beneficiaries of loans and advances and sundry debtors are related to the Directors of our Company.

OUR PROMOTERS AND GROUP ENTITIES

The individual Promoter of our Company is Mr. Gautam Thapar and the corporate Promoters of our Company are Crompton Greaves, BILT, BPHL, SICL, SFSL and AHL.

Our Promoters currently hold 620,537,476 Equity Shares, constituting 95.06% of our pre-Issue paid-up capital and will continue to hold the majority of our post-Issue paid-up share capital.

Individual Promoter

Mr. Gautam Thapar

Mr. Gautam Thapar, 49 years (Voter Id No: CPJ1147628, Driving License No: P09052004324659, Address: E-16, Pushpanjali Farms, Bijwasan, New Delhi 110 062, India). He studied chemical engineering at Pratts University, USA. Mr. Thapar has over 18 years of experience in the industry. Mr. Thapar is the President of the Thapar University and the director of Avantha Foundation. Mr. Thapar is also the president of the Professional Golf Tour of India. Additionally, he is a board member of Asian Tour and the chairman of Aspen Institute India. Mr. Thapar has also been a director of several companies including Greaves Cotton Limited for the period between September 2003 to May 2007, KCT Chemicals and Electricals Limited for the period between September 2004 to February 2007 and Vani Agencies Private Limited for the period between September 1994 to July 2009. Mr. Thapar received the 'Ernst and Young Entrepreneur of the Year Award' for Manufacturing in 2008.

The directorships held by Mr. Thapar are as provided below:

Indian companies:
- Crompton Greaves;
- BILT;
- Salient Business;
- AHL;
- Avantha Realty;
- BPHL;
- CG Capital & Investments Limited;
- Global Green;
- Asahi India Glass Limited;
- KCT Papers Limited;
- Lavasa Corporation Limited;
- KCTBL;
- Sohna Stud Farm Private Limited; and
- SHL

Foreign companies:
- Ballarpur International Graphic Paper Holdings B.V.;
- Avantha International Holdings B.V.; and
- Compass Limited

Our Company confirms that the PAN, bank account numbers and passport number of Mr. Gautam Thapar will be submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus with them.

Corporate Promoters

1. Crompton Greaves

Crompton Greaves was incorporated under the Companies Act, 1913 on April 28, 1937. Crompton Greaves is engaged in the business of manufacturing and marketing of products relating to the generation, transmission, distribution and utilization of power and execution of turnkey projects. Crompton Greaves is engaged in three segments, which are (a) power systems, (b) industrial systems and (c) consumer products.

There has been no change in control or management of Crompton Greaves in the last three years.

The equity shares of Crompton Greaves are presently listed on the Stock Exchanges and its GDRs are listed on the London Stock Exchange.

Shareholding Pattern

The shareholding pattern of Crompton Greaves as on December 31, 2009 is as follows:

Category of Shareholder	No. of shareholders	Total No. of equity shares of face value Rs. 2 each	Total No. of shares held in dematerialized form	Total shareholding as a percentage of the total number of shares
(A) Shareholding of Promoter and Promoter Group				
(1) Indian				
Bodies Corporate	9	150,015,225	150,015,225	40.92
Sub Total	**9**	**150,015,225**	**150,015,225**	**40.92**
(2) Foreign	-	-	-	-
Total shareholding of Promoter and Promoter Group (A)	**9**	**150,015,225**	**150,015,225**	**40.92**
(B) Public Shareholding				
(1) Institutions				
Mutual Funds / UTI	187	70,843,121	70,839,740	19.33
Financial Institutions / Banks	32	213,318	162,897	0.06
GoI / State Government(s)	8	4,260,816	4,260,816	1.16
Insurance Companies	8	16,876,120	16,866,620	4.60
Foreign Institutional Investors	227	57,397,272	57,325,172	15.66
Sub Total	**462**	**149,590,647**	**149,455,245**	**40.81**
(2) Non-Institutions				
Bodies Corporate	1,282	25,974,701	25,888,491	7.09
Individuals				
Individual shareholders holding nominal share capital up to Rs. 1,00,000	58,140	23,673,929	18,375,784	6.46
Individual shareholders holding nominal share capital in excess of Rs. 1,00,000	31	7,527,580	7,475,080	2.05
Others				
Non Resident Indians	1,079	415,123	401,433	0.11
Non Resident Indians (non-repatriable basis)	1,033	535,389	459,663	0.15
Overseas Corporate Bodies	6	70,765	70,415	0.02
Foreign Corporate Bodies	2	7,682,522	7,682,522	2.10
Foreign Nationals	1	300	300	-
Sub Total	**61,574**	**65,880,309**	**60,353,688**	**17.97**
Total Public shareholding (B)	**62,036**	**215,470,956**	**209,808,933**	**58.78**
Total (A)+(B)	**62,045**	**365,486,181**	**359,824,158**	**99.70**
(C) Shares held by Custodians and against which Depository Receipts have been issued	**2**	**1,080,411**	**1,076,911**	**0.30**
Total (A)+(B)+(C)	**62,047**	**366,566,592**	**360,901,069**	**100.00**

Board of Directors

The board of directors of Crompton Greaves as on March 1, 2010, comprised of Mr. Gautam Thapar, Mr. S.M Trehan, Mr. S. Bayman, Dr. Omkar Goswami, Mr. Sanjay Labroo, Ms. Meher Pudumjee, Mr. S.P Talwar, Mr. Suresh Prabhu and Mr. V von Massow.

Financial Performance

The audited standalone financials of Crompton Greaves for fiscal 2009, 2008 and 2007 are set forth below:

(Amount in Rs. million, except per share data)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity capital	733.17	733.17	733.17
Reserves and surplus (excluding revaluation reserves)	11,539.91	8,426.69	5,860.13
Sales/Turnover	46,106.60	38,757.56	33,676.04
Profit/(Loss) after tax	3,970.95	3,139.22	1,923.73
Earnings per share (in Rs.)	10.83	8.56	5.25
Diluted earnings per share (in Rs.)	10.83	8.56	5.25
Net asset value per share (in Rs.)	33.48	24.99	17.99

Details of listing and highest and lowest market price during the preceding six months

Monthly high and low price of the equity shares of Crompton Greaves during the preceding six months at the BSE and the NSE are as follows:

Period	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
February 2010	449.00	392.50	448.50	394.00
January 2010	448.00	389.50	455.40	395.15
December 2009	428.00	362.90	429.80	381.90
November 2009	415.45	353.50	415.45	304.15
October 2009	395.00	304.50	430.05	304.15
September 2009	334.80	297.25	334.50	297.00

Source: www.bseindia.com and www.nseindia.com

The share price of Crompton Greaves as on March 1, 2010 on the BSE and the NSE were Rs. 415.55 and Rs. 416.40 respectively.

The market capitalization of Crompton Greaves as on March 1, 2010 was Rs. 152,326.74 million on the BSE and Rs. 152,638.33 million on the NSE.

Capital issues in the last three years

Crompton Greaves has made a bonus issue of its equity shares in the ratio of 3:4 pursuant to a special resolution dated February 24, 2010.

Promise v/s Performance

Crompton Greaves issued 6,613,750 global depository receipts in 1996-1997. The net proceeds of the issue aggregated to approximately USD 50 million, for modernizing and upgrading certain manufacturing facilities, installing balancing equipment, financing part of the company's expansion plans and for general working capital requirements.

Mechanism for redressal of investor grievance

The board of directors of Crompton Greaves have constituted a shareholders/investors grievance committee comprising Mr. Gautam Thapar and Mr. Sudhir Mohan Trehan, in accordance with Clause 49 of the Listing Agreement with the Stock Exchanges to look into redressal of investors' complaints related to transfers and transmission of shares, non-receipt of annual reports, dividends and other share related matters, the periodicity and effectiveness of the share transfer process, statutory certifications, depository related issues and activities of the registrar and share transfer agent. Mr. W Henriques, the company secretary, is the compliance officer.

Crompton Greaves normally takes seven days to dispose of investor complaints. Crompton Greaves received 25 investor complaints in the last three years and all were disposed of in that period. As on March 1, 2010, there are no investor complaints pending against Crompton Greaves.

Promoter of Crompton Greaves

The promoter of Crompton Greaves is SHL, a company incorporated under the Companies Act. The board of directors of SHL comprises Mr. Gautam Thapar, Mr. B. Hariharan, Mr. V.K. Sablok and Mr. Rajat Gupta.

There has been no change in the control or management of SHL for three years preceding the date of filing of this Draft Red Herring Prospectus.

2. BILT

BILT was incorporated under the Companies Act, 1913 on April 26, 1945. BILT is primarily engaged in the business of manufacturing of paper and paper products.

There has been no change in control or management of BILT in the last three years. Further, except the allotment of 45 million equity shares to BPHL on March 17, 2010, there has been no change in the capital structure of BILT in the last six months.

The equity shares of BILT are presently listed on the Stock Exchanges.

Shareholding Pattern

The shareholding pattern of BILT as on December 31, 2009 is as follows:

Category of Shareholder	No. of shareholders	Total No. of equity shares of face value Rs. 2 each	Total No. of shares held in dematerialized form	Total shareholding as a percentage of the total number of shares
(A) Shareholding of Promoter and Promoter Group				
(1) Indian				
Individuals	1	1,161,216	1,161,216	0.21
Bodies Corporate	3	222,689,469	222,689,469	40.09
Sub Total	**4**	**223,850,685**	**223,850,685**	**40.30**
(2) Foreign	-	-	-	-
Total shareholding of Promoter and Promoter Group (A)	**4**	**223,850,685**	**223,850,685**	**40.30**
(B) Public Shareholding				
(1) Institutions				
Mutual Funds / UTI	37	48,268,823	48,260,159	8.69
Financial Institutions / Banks	39	141,676	116,467	0.03
Government / State Government(s)	3	5,550	4,866	Negligible
Insurance Companies	11	75,073,831	75,073,831	13.51
Foreign Institutional Investors	50	63,933,407	63,885,065	11.51
Others	2	46,367,748	46,367,748	8.35
Sub Total	**142**	**233,791,035**	**233,708,136**	**42.09**
(2) Non-Institutions				
Bodies Corporate	1,353	31,041,231	30,986,589	5.59
Individuals				
Individual shareholders holding nominal share capital up to Rs. 1,00,000	77,717	48,148,703	43,332,689	8.67
Individual shareholders holding nominal share capital in excess of Rs. 1,00,000	52	7,628,690	7,537,340	1.37

Category of Shareholder	No. of shareholders	Total No. of equity shares of face value Rs. 2 each	Total No. of shares held in dematerialized form	Total shareholding as a percentage of the total number of shares
Any Others (Specify)				
Non Resident Indians	1,553	8,153,128	2,172,589	1.47
Trust	16	339,092	280,772	0.06
Clearing Member/Intermediary	285	2,571,152	2,571,152	0.46
Overseas Corporate Bodies	-	-	-	-
Foreign Corporate Bodies	-	-	-	-
Foreign Nationals	-	-	-	-
Sub Total	**80,976**	**97,881,996**	**86,881,131**	**17.62**
Total Public shareholding (B)	**81,118**	**331,673,031**	**320,589,267**	**59.70**
Total (A)+(B)	**81,122**	**555,523,716**	**544,439,952**	**100.00**
(C) Shares held by Custodians and against which Depository Receipts have been issued	1	123	-	Negligible
Total (A)+(B)+(C)	**81,123**	**555,523,839**	**544,439,952**	**100.00**

Board of Directors

The board of directors of BILT as on March 1, 2010, comprised of Mr. Gautam Thapar, Mr. Rajeev Ranjan Vederah, Mr. Bhuthalingam Hariharan, Mr. Shardul Suresh Shroff, Mr. Sanjay Mohan Labroo, Mr. Ravinder Kumar Ahooja, Mr. Amarjit Singh Dulat, Dr. Pramath Raj Sinha, Mr. Ashish Kumar Guha and Mr. Amarendra Pratap Singh.

Financial Performance

The audited standalone financials of BILT for fiscal 2009, 2008 and 2007 are set forth below:

(Amount in Rs. million, except per share data)

	Fiscal 2009 (July 1, 2008 to June 30, 2009)	Fiscal 2008 (July 1, 2007 to June 30, 2008)	Fiscal 2007 (July 1, 2006 to June 30, 2007)
Equity Capital	1,111.23	1,111.23	1,857.26
Reserves and Surplus (excluding revaluation reserves)	12,386.49	11,568.68	18,146.98
Sales/Turnover	9,993.31	9,349.20	21,623.23
Profit/(loss) after tax	1,253.85	1,294.48	2,507.67
Earnings per share (in Rs.)	2.26	2.33	14.97
Diluted earnings per share (in Rs.)	2.02	2.06	13.77
Net asset value per share (in Rs.)	24.23	22.72	107.05

Details of listing and highest and lowest market price during the preceding six months

Monthly high and low price of the equity shares of BILT during the preceding six months at the BSE and the NSE are as follows:

(Share price in Rs.)

Period	BSE		NSE	
	High	Low	High	Low
February 2010	28.70	24.85	28.20	24.75
January 2010	28.80	23.95	28.50	23.90
December 2009	26.30	23.70	26.30	23.70
November 2009	24.55	20.10	24.60	20.65
October 2009	24.95	21.95	24.90	21.95
September 2009	25.50	22.85	25.50	22.90

Source: www.bseindia.com and www.nseindia.com

The share price of BILT as on March 1, 2010 on the BSE and the NSE were Rs. 26.10 and Rs. 26.20

respectively.

The market capitalization of BILT as on March 1, 2010 was Rs. 14,499.17 million on the BSE and Rs. 14,554.72 million on the NSE.

Capital issues in the last three years

BILT allotted 154,55,916 equity shares of Rs. 10 each to BPHL in June 2007. Further, BILT made a preferential allotment of 45 million equity shares and issued 55 million unsecured zero coupon compulsorily convertible bonds to BPHL on March 17, 2010.

Promise v/s Performance

BILT issued USD 60 million zero coupon convertible bonds on July 6, 2005, convertible any time after July 12, 2006 up to the close of business on July 6, 2010 by holders into fully paid and non-assessable equity shares with full voting rights. The net proceeds of the issue of the bonds were used for (i) prepayment of debt; (ii) modernization and expansion of existing production units; (iii) import of capital goods; and (iv) any other use permitted under applicable laws and regulations.

Mechanism for redressal of investor grievance

The board of directors of BILT have constituted an investors'/shareholders' grievance committee comprising Mr. Amarjit Singh Dulat (Chairman), Mr. Gautam Thapar and Mr. Bhuthalingam Hariharan, in accordance with Clause 49 of the Listing Agreement with the Stock Exchanges to look into redressal of investors' complaints related to transfers and transmission of shares, non-receipt of annual reports, dividends and other share related matters, the periodicity and effectiveness of the share transfer process, statutory certifications, depository related issues and activities of the registrar and share transfer agent. Mr. Akhil Mahajan, the company secretary, is the compliance officer.

BILT normally takes two to three days to dispose of investor complaints. BILT received 17 investor complaints in the last three years and all were disposed of in that period. As on March 1, 2010, there were no investor complaints pending against BILT.

Promoter of BILT

The promoters of BILT are Mr. Gautam Thapar, BPHL, Blue Horizon Investments Limited and KCT Papers Limited.

The board of directors of BPHL comprises Mr. Gautam Thapar, Mr. A.K. Kelappan and Mr. D.N. Sawhney. The board of directors of Blue Horizon comprises Mr. Netra Shamshere Rana, Mr. Shyam Sunder Lal, Mr. Apurba Kumar Chatterjee, Mr. Surendra Kumar Khandelwal and Mr. Ramesh Kumar Chopra. The board of directors of KCT Papers Limited comprises Mr. Gautam Thapar, Mr. Surendra Kumar Khandelwal and Mr. Anil Bhargava.

There has been no change in the control or management of BPHL, Blue Horizon and KCT Papers Limited for three years preceding the date of filing of this Draft Red Herring Prospectus.

3. BPHL

BPHL was incorporated as a public limited company under the Companies Act, on March 18, 1975. BPHL is engaged in the business of manufacturing and dealing in rayon grade pulp, paper grade pulp, soyabean and corn.

The promoter of BPHL is AHL which holds 99.89% of its issued share capital. The board of directors of AHL comprises of Mr. Gautam Thapar, Mr. B. Hariharan, Mr. S.K. Khandelwal, Mr. V.K. Sablok. Mr. Sudhir Mohan Trehan, Mr. D.N. Sawhney and Mr. R.R. Vederah are additional directors on the board of AHL.

There have been no changes in the control or management of BPHL during the three years immediately preceding the date of filing this Draft Red Herring Prospectus with the SEBI. The equity shares of BPHL are not listed on any Stock Exchange.

Shareholding Pattern as on March 1, 2010:

S.No.	Name of Shareholder	No. of Equity Shares of Rs. 10 each	Percentage of Shareholding
1.	AHL	17,905,445	99.89
2.	Others	19,534	0.11
	Total	**17,924,979**	**100.00**

Board of Directors

The board of directors of BPHL as on March 1, 2010 comprises Mr. Gautam Thapar, Mr. A.K. Kelappan and Mr. D.N. Sawhney.

Financial Performance

The audited financial results of BPHL for fiscal 2009, 2008 and 2007 are set forth below:

(*Amount in Rs. million, except per share data)*

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity capital	179.25	179.25	179.25
Reserves and surplus (excluding revaluation reserves)	895.35	979.65	2,014.70
Sales/Turnover	166.63	322.28	249.04
Profit/(Loss) after tax	(84.30)	535.36	48.37
Earnings per share (in Rs.)	(4.70)	24.82	1.46
Diluted earnings per share (in Rs.)	(4.62)	24.41	1.01
Net asset value per share (in Rs.)	59.95	64.65	122.40

4. SICL

SICL was incorporated as a public limited company under the Companies Act, on November 10, 2003. SICL is primarily engaged in the business of manufacturing, sale and purchase of various goods.

The promoter of SICL is BPHL, which along with its nominees holds 100% of its issued share capital. The board of directors of BPHL comprises Mr. Gautam Thapar, Mr. A.K. Kelappan and Mr. D.N. Sawhney.

There have been no changes in the control or management of SICL during the three years immediately preceding the date of filing this Draft Red Herring Prospectus with the SEBI. The equity shares of SICL are not listed on any Stock Exchange.

Shareholding Pattern as on March 1, 2010:

S.No.	Name of Shareholder	No. of Equity Shares of Rs. 10 each	Percentage of Shareholding
1.	BPHL	49,940	99.88
2.	Nominees of BPHL	60	0.12
	Total	**50,000**	**100.00**

Board of Directors

The board of directors of SICL as on March 1, 2010 comprises Mr. R.K. Chopra, Mr. Anil Bhargava and Mr. S.C. Jhanji.

Financial Performance

The audited financial results of SICL for fiscal 2009, 2008 and 2007 are set forth below:

(Amount in Rs. million, except per share data)

	Year ended September 30, 2009	**Year ended September 30, 2008**	**Year ended September 30, 2007**
Equity capital	0.50	0.50	0.50
Reserves and surplus (excluding revaluation reserves)	(223.03)	(15.95)	3.88
Sales/Turnover	112.86	-	-
Profit/(Loss) after tax	(207.07)	(19.83)	(0.66)
Earnings per share (in Rs.)	(4,141.48)	(396.66)	(13.12)
Diluted earnings per share (in Rs.)	(4,141.48)	(396.66)	(13.12)
Net asset value per share (in Rs.)*	(4,270.53)	(129.05)	287.61

**includes share application money*

5. *SFSL*

SFSL was incorporated as a public limited company under the Companies Act, on January 13, 2007. SFSL is primarily engaged in the business of, *inter alia*, purchase and sale of goods.

The promoter of SFSL is BPHL and holds 100% of its issued share capital. The board of directors of BPHL comprises Mr. Gautam Thapar, Mr. A.K. Kelappan and Mr. D.N. Sawhney.

There have been no changes in the control or management of SFSL during the three years immediately preceding the date of filing this Draft Red Herring Prospectus with the SEBI. The equity shares of SFSL are not listed on any Stock Exchange.

Shareholding Pattern as on March 1, 2010:

S.No.	**Name of Shareholder**	**No. of Equity Shares of Rs. 10 each**	**Percentage of Shareholding**
1.	BPHL	49,940	99.88
2.	Joint holders of BPHL	60	0.12
	Total	**50,000**	**100.00**

Board of Directors

The board of directors of SFSL as on March 1, 2010 comprises Mr. Manoj Malhotra, Mr. Vivek Kumar Goyal and Mr Akhil Mahajan.

Financial Performance

SFSL was incorporated on January 13, 2007. The audited financial results of SFSL for fiscal 2009 and 2008 are set forth below:

(Amount in Rs. million, except per share data)

	Fiscal 2009*	**Fiscal 2008****
Equity capital	0.50	0.50
Reserves and surplus (excluding revaluation reserves)	(2.01)	(1.24)
Sales/Turnover	3.69	2.88
Profit/(Loss) after tax	(0.77)	(1.24)
Earnings per share (in Rs.)	(15.41)	(24.83)
Diluted earnings per share (in Rs.)	(15.41)	(24.83)
Net asset value per share (in Rs.)***	41.65	50.56

**Audited figures are for the period between January 1, 2008 and March 31, 2009*
***Audited figures are for the period between January 13, 2007 and December 31, 2007*
****includes share application money.*

6. *AHL*

AHL, previously known as NewQuest Corporation Limited, was incorporated as a public limited company under the Companies Act, on May 29, 1998. AHL is engaged in the business of material management agency work, commission business, manufacturing of spirulina and also has strategic investments in group companies.

The promoters of AHL are Mr. Gautam Thapar and SHL who hold 46.28% and 46.14% of its issued share capital, respectively. The board of directors of SHL comprises Mr. Gautam Thapar, Mr. B. Hariharan, Mr. V.K. Sablok and Mr. Rajat Gupta.

There have been no changes in the control or management of AHL during the three years immediately preceding the date of filing this Draft Red Herring Prospectus with the SEBI. The equity shares of AHL are not listed on any Stock Exchange.

Shareholding Pattern as on March 1, 2010:

S.No.	Name of Shareholder	No. of Equity Shares of Rs. 10 each	Percentage of Shareholding
1.	Mr. Gautam Thapar	3,310,030	46.28
2.	SHL	3,300,000	46.14
3.	TAF Asset 2 B.V.	542,035	7.58
4.	Mr. S.K. Khandelwal	10	Negligible
5.	Mr. P.K. Ravindranadhan	10	Negligible
6.	Ms. Archana Pandit	10	Negligible
7.	Mr. Akhil Mahajan	6	Negligible
8.	Mr. Deepak Bansal	2	Negligible
9.	Mr. Sandeep Pathak	2	Negligible
	Total	**7,152,105**	**100.00**

Board of Directors

The board of directors of AHL as on March 1, 2010 comprises Mr. Gautam Thapar, Mr. B. Hariharan, Mr. S.K. Khandelwal, Mr. V.K. Sablok. Mr. Sudhir Mohan Trehan, Mr. D.N. Sawhney and Mr. R.R. Vederah are additional directors on the board of AHL.

Financial Performance

The audited financial results of AHL for the nine month period ended March 31, 2009, for the year ended June 30, 2008 and June 30, 2007, are set forth below:

(Amount in Rs. million, except per share data)

	For the year ended March 31, 2009	For the year ended June 30, 2008	For the year ended June 30, 2007
Equity capital	66.10	66.10	66.10
Reserves and surplus (excluding revaluation reserves)	826.44	942.99	967.29
Sales/Turnover	214.49	331.11	278.90
Profit/(Loss) after tax	(116.55)	(24.31)	51.03
Earnings per share (in Rs.)	(18.61)	(4.65)	6.57
Diluted earnings per share (in Rs.)	(14.09)	(3.52)	4.98
Net asset value per share (in Rs.)*	526.43	152.66	166.85

**includes share application money.*

Our Company confirms that the PAN, bank account numbers, company registration numbers and the addresses of the registrars of the companies where our corporate Promoters are registered will be submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus with them.

AHL, BPHL (both promoters of our Company), SHL and KCT Papers Limited (both Group Entities of our Company) are contemplating a scheme of amalgamation whereby SHL, KCT Papers Limited and BPHL will be merged with and into AHL. The board of directors of each of the aforementioned companies has passed a resolution approving the proposal to enter into such a scheme of amalgamation. The scheme is proposed to be filed under Sections 391-394 of the Companies Act and approved by the appropriate High Courts. AHL would continue to be the Promoter of our Company after the Issue.

Group Entities

In addition to our Promoters and our Subsidiaries, the following companies/firms/ventures are promoted by our Promoters (including companies under the same management pursuant to Section 370 (1B) of the Companies Act) and thus, are our Group Entities:

S. No.	Name of the company	Brief Description of business	Promoters' direct shareholding (in percentage)*
1.	APR Sacks Limited	Manufacturing of paper sacks, containers, boxes, cartons, drums, bottles, bottle toppers and paper bags	100.00
2.	Arizona Printers & Packers Private Limited	Manufacturing glass and other containers, printing and polishing, which has subsequently been abandoned	20.08
3.	ASA Agencies Private Limited	Trading of goods	Nil
4.	Asia Aviation Limited	Owning and operating aircrafts, air transport and other allied services	0.002
5.	Avantha Foundation (Formed under Section 25 of the Companies Act)	Conducting development programmes of national concern for disadvantaged persons	99.99
6.	Avantha International Asset B.V.	Group investment holdings	Nil
7.	Avantha International Holdings B.V.	Group investment holdings	100.00
8.	Avantha Realty Limited	Owning, developing and operating real estate projects and group investment holdings	15.11
9.	Avantha Technologies Limited	Information technology enabled services and data processing	100.00
10.	BILT Graphic Paper Products Limited	Manufacturing and selling pulp, paper and paper products	0.01
11.	Ballarpur International Graphic Paper Holdings B.V.	Group investment holdings	Nil
12.	Ballarpur International Holdings B.V.	Group investment holdings	100.00
13.	Ballarpur International Packaging Holdings B.V.	Group investment holdings	Nil
14.	Ballarpur International Paper Holdings B.V.	Group investment holdings	Nil
15.	Ballarpur Packaging Holdings B.V.	Group investment holdings	100.00
16.	Ballarpur Packaging Holdings Private Limited	Group investment holdings	Nil
17.	Ballarpur Paper Holdings B.V.	Group investment holdings	Nil
18.	Ballarpur Speciality Paper Holdings B.V.	Group investment holdings	100.00
19.	BILT Industrial Packaging Company Limited	Manufacturing and selling of paper and paper board, which has subsequently been abandoned	95.78
20.	BILT Tree Tech Limited	Breeding eucalyptus seedlings and clonal plant saplings	95.84
21.	Biltech Building Elements Limited	Building of autoclave aerated concrete (AAC) blocks	100.00
22.	Blue Horizon Investments Limited	Investment holdings	9.99
23.	Brook Crompton Greaves Limited	Manufacturing of AC electric motors, spare parts thereof and pumping sets	100.00
24.	CG Actaris Electricity Management Private Limited	Manufacturing and repairing of meters, equipments, computers and electronic components	Nil
25.	CG Automation Systems USA Inc	Developing, installing and maintaining computer hardware and software	Nil
26.	CG Automation Systems UK Limited	Developing, installing and maintaining computer hardware and software	Nil
27.	CG Capital & Investments Limited	Investments in various instruments, underwriting and guaranteeing securities	100.00
28.	CG Electric Systems Hungary	Designing, engineering, manufacturing and servicing	Nil

S. No.	Name of the company	Brief Description of business	Promoters' direct shareholding (in percentage)*
	Zrt	electrical equipments	
29.	CG Energy Management Limited	Designing, engineering and consultancy services related to HT motor for export market and other incidental business	100.00
30.	CG Holdings Belgium NV	Engineering and servicing electrical equipments and investing in other companies	Nil
31.	CG Holdings Hungary Kft	Investing in other companies	Nil
32.	CG International BV	Investments in various instruments, underwriting and guaranteeing securities	100.00
33.	CG Lucy Switchgears Limited	Manufacturing switchgear, switches, ring main units and allied electrical products	50.00
34.	CG Power Holdings Ireland Limited	Investments in various instruments, underwriting and guaranteeing securities	Nil
35.	CG Power Systems USA Inc	Manufacturing and dealing in electrical equipments	Nil
36.	CG Power Systems Canada Inc.	Not required to specify corporate objectives under Section 15 of the Canada Business Corporation Act	Nil
37.	CG Power Systems Belgium N.V.	Manufacturing and dealing in electrical equipments	Nil
38.	CG Power Systems Ireland Limited	Manufacturing and dealing in electrical apparatus	Nil
39.	CG PPI Adhesive Products Limited	Manufacturing and selling self adhesive and coated tapes and films	Nil
40.	CG Sales Networks Americas Inc.	Selling raw materials, components and goods related to electrical transformers	Nil
41.	CG Sales Networks France SA	Selling of raw materials, components and goods related to electrical transformers	Nil
42.	Content Services & Publishing Private Limited	Publishing	Nil
43.	CG Service Systems Curacao NV	Trading, storage, packaging and repairing of power transformers	Nil
44.	CG Service Systems France SAS	Maintenance of power transformers and regeneration of dielectric substances	Nil
45.	Corella Investments Limited	Group investment holdings	Nil
46.	CG Holdings Germany GmbH	Investment in other companies	Nil
47.	Dunakiliti Kanzervuzem Kft	Fruits & vegetable processing	Nil
48.	Floragarden Tarim ve Gida Urunleri Sanayi ve Ticaret A.S.	Processing of capers	Nil
49.	GG International N.V.	Investments in the companies engaged in vegetable & fruits processing	Nil
50.	Global Green Company Limited	Fruits & vegetable processing	94.41
51.	Global Green USA Limited	Distribution of processed food	Nil
52.	Greenhouse Agrar Kft	Agricultural business	Nil
53.	Gyanodaya Prakashan Private Limited	Publishing of newspapers, journals and magazines	Nil
54.	Imerys NewQuest (India) Private Limited	Manufacturing wet ground calcium carbonate	26.00
55.	Intergarden (India) Private Limited	Fruits & vegetable processing	Nil
56.	Intergarden N.V.	Fruits & vegetable processing	Nil
57.	International Components India Limited	Manufacturing and selling battery chargers and allied components	1.00
58.	JG Containers (Malaysia) Sdn. Bhd.	Manufacturing and selling of glass containers	Nil
59.	Karam Chand Thapar and Bros. Limited	Investments in securities of various companies (currently not engaged in any business)	Nil
60.	KCT Chemicals and Electricals Limited	Manufacturing/distributing chemicals, electrical and other activities	94.211
61.	KCT Papers Limited	Manufacturing, import, export and dealing in varieties of paper, paperboard and articles thereof, which has	94.20

S. No.	Name of the company	Brief Description of business	Promoters' direct shareholding (in percentage)*
		subsequently been abandoned	
62.	Krebs &CIE (India) Limited	Consulting and contracting, chemical and mechanical engineering and manufacturing of chemical plant and machinery and chemical products	Nil
63.	Leading Line Merchant Traders Private Limited	Merchant trading, general order supplying and distribution	Nil
64.	Lustre International Limited	Group investment holdings	Nil
65.	Microsol Limited	Manufacturing and dealing in data acquisition and control equipment	Nil
66.	Mirabelle Holdings LLC	Group investment holdings	Nil
67.	Mirabelle Trading Pte Limited	Trading in paper, pulp, and chemicals	Nil
68.	M.S.E. Power Systems, Inc	Engineering elelctrical equipments	Nil
69.	MTP NEW Ocean (Mauritius) Limited	Group investment holdings	Nil
70.	NewQuest Insurance Broking Services Limited	Direct insurance broking	100.00
71.	NewQuest Services Private Limited	Consulting and developing computer software, which has subsequently been abandoned	Nil
72.	NQC Global (Mauritius) Limited	Group investment holdings	100.00
73.	NQC International (Mauritius) Limited	Group investment holdings	100.00
74.	Orient Engineering & Commercial Company Limited	Consultancy services	Nil
75.	Oyster Buildwell Private Limited	Engaging as builders, developers and civil contractors	Nil
76.	Pauwels Trafo Gent NV	Manufacturing, repairing and installation of machines for use of electricity, which has subsequently been abandoned	Nil
77.	Pauwels Middle East Trading & Contracting Private Limited	Selling raw materials, components and goods related to electrical transformers	Nil
78.	Prestige Wines & Spirits Private Limited	Wholesale trading of alcoholic and non-alcoholic beverages	25.00
79.	PT CG Power Systems Indonesia	Producing, leasing and marketing electric transformers	Nil
80.	Puszta Konserv Kft	Fruits & vegetable processing	Nil
81.	Sabah Forest Industries Sendirian Berhad	Manufacturing of pulp and paper, integrated wood based products, sawmill, & plymill.	Nil
82.	Sairam Infra Projects Private Limited	Building and constructing real estate and infrastructure projects, including resorts and hotels	Nil
83.	Salient Business Solutions Limited	Information technology and allied services	Nil
84.	Salient Business Solutions USA Inc.	Information technology enabled services, including healthcare, financial and accounting services, mortgage services and investment research analysis	Nil
85.	Salient Knowledge Solutions Limited	Information technology and allied services, which has subsequently been abandoned	Nil
86.	Saraswati Travels Private Limited	Travel agents & contractors	Nil
87.	Seer Buildwell Private Limited	Engaging as builders, developers and civil contractors	Nil
88.	Sohna Stud Farm Private Limited	Running stud farms, breeding & maintenance of horses	50.00
89.	Solaris Chemtech Industries Limited	Manufacture of chemicals	Nil
90.	Solaris Holdings Limited	Investing into various companies and also trading of goods and services	99.99
91.	TAF Asset 2 B.V.	Group investment holdings	Nil
92.	T H E Paperbase Company	Manufacturing paper, board and pulp, which has	Nil

S. No.	Name of the company	Brief Description of business	Promoters' direct shareholding (in percentage)*
	Limited	subsequently been abandoned	
93.	The Pioneer Limited**	Publishing, printing and sale of newspapers, journals and magazines	Nil
94.	Topscore Tradevariety Private Limited	Consultants and trader of shares, stock	100.00
95.	Toscana Footwear Components Limited	Manufacturing and dealing in shoe lasts, soles, insoles, shoe uppers, full shoes, boots, leggings and other footwear components, which has subsequently been abandoned	Nil
96.	Toscana Lasts Limited	Manufacturing and dealing in shoe lasts, soles, insoles, shoe uppers, full shoes, boots, leggings and other footwear components, which has subsequently been abandoned	Nil
97.	UHL Power Company Limited	Incorporated to implement a hydro power project which has subsequently been abandoned	91.08
98.	Ultima Hygiene Products Private Limited	Manufacturing & trading of tissue paper, which has been subsequently abandoned	Nil
99.	Vani Agencies Private Limited	Buying, selling, importing, distributing and dealing in traditional and non-traditional items	Nil
100.	Vanity Propbuild Private Limited	Engaging as builders, developers and civil contractors	Nil
101.	Varun Prakashan Private Limited	Publishing of newspapers, journals and magazines	Nil
102.	Venus Financial Services Limited	Financial services	Nil
103.	Viserge Limited	Purchasing or applying for patents, licenses, inventions, rights and privileges	Nil

**Promoters' shareholdings shown as 'Nil' in the table above are held indirectly.*
***** The Pioneer Limited has applied to the Delhi Stock Exchange for delisting on July 13, 2000.***

Unless otherwise stated, no equity shares of our Group Entities are listed on any stock exchange and they have not made any public or rights issue of securities in the preceding three years.

Top Five Group Entities

Pursuant to sub-clause (2) of clause (C) of (IX) of Part A of Schedule VIII of the ICDR Regulations, the following Group Entity is listed on the Calcutta Stock Exchange. The relevant details of the Group Entity are as provided below:

1. Blue Horizon Investments Limited ("Blue Horizon")

Blue Horizon was incorporated on April 27, 1974 under the Companies Act. Blue Horizon is engaged in the business of acquisitions and holding investments in other group companies.

Financial Information

The audited financial results of Blue Horizon for Fiscal 2009, 2008 and 2007 are set forth below:

(Amount in Rs. million, except per share data)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital	0.50	0.50	0.50
Reserves and Surplus (excluding revaluation reserves)	117.70	116.24	108.55
Sales/Turnover	1.77	13.57	21.59
Profit/(loss) after tax	1.47	7.69	7.32
Earnings per share	29.34	154.00	146.00
Diluted earnings per share	29.34	154.00	146.00
Net asset value per share	2,360.80	2,331.47	2,177.93

The equity shares of Blue Horizon are listed on the Calcutta Stock Exchange.

Details of listing and highest and lowest market price during the preceding six months

Monthly high and low price of the equity shares of Blue Horizon during the preceding six months at the Calcutta Stock Exchange are not available since the equity shares of Blue Horizon have not been actively traded upon for six months preceding the date of filing of this Draft Red Herring Prospectus.

The share price of Blue Horizon as on March 1, 2010 on the Calcutta Stock Exchange is not available since the equity shares of Blue Horizon have not been actively traded upon since the last three years preceding the date of filing of this Draft Red Herring Prospectus.

The market capitalization of Blue Horizon as on March 1, 2010 on the Calcutta Stock Exchange is not available since the equity shares of Blue Horizon have not been actively traded upon since the last three years preceding the date of filing of this Draft Red Herring Prospectus.

Capital issues in the last three years

Nil.

Promise v/s Performance

Nil.

Mechanism for redressal of investor grievance

The board of direrctors of Blue Horizon have constituted an investors'/shareholders' grievance committee comprising of three non-executive directors, Mr. S.K. Khandelwal, Mr. A.K. Chatterjee and Mr. S.S. Lal to supervise the mechanism of investor grievance. As on March 1, 2010, there is no investor complaint pending against Blue Horizon.

2. CG Power Systems Belgium NV ("CG Power Belgium")

CG Power Belgium was incorporated on August 10, 1972 under Belgian law as Pauwels Trafo Belgium N.V. CG Power Belgium is engaged in the business of manufacturing and dealing in electrical equipments.

Financial Information

The audited financial results of CG Belgium for fiscal 2009, 2008 and 2007 are set forth below:

(*Amount in Rs. million, except per share data)*

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital	1,837.40	1,837.40	1,837.40
Reserves and Surplus (excluding revaluation reserves)	1,318.56	348.30	16.30
Sales/Turnover	18,903.75	13,950.91	10,708.34
Profit/(loss) after tax	970.26	332.00	476.40
Earnings per share (in Rs.)	39,441.46	13,495.93	19,365.85
Diluted earnings per share (in Rs.)	39,441.46	13,495.93	19,365.85
Net asset value per share (in Rs.)	128,291.06	88,849.59	75,353.66

3. BGPPL

BGPPL was incorporated on July 16, 2007 under the Companies Act. BGPPL is primarily engaged in the business of manufacturing and selling pulp, paper and paper products.

Financial Information

Since BGPPL was incorporated on July 16, 2007 there are no audited financial results for fiscal 2007. The audited financial results of BGPPL for fiscal 2009 and 2008 are set forth below:

(*Amount in Rs. million, except per share data*)

	Between July 1, 2008 to June 30, 2009	Between July 16, 2007 to June 30, 2008
Equity Capital	4,500.50	4,500.50
Reserves and Surplus (excluding revaluation reserves)	2,636.84	1,590.06
Sales/Turnover	13,890.30	14,053.72
Profit/(loss) after tax	1,046.79	1,590.06
Earnings per share (in Rs.)	2.33	3.53
Diluted earnings per share (in Rs.)	1.98	1.72
Net asset value per share (in Rs.)	15.48	13.49

4. CG Holdings Belgium N.V. ("CG Holdings Belgium")

CG Holdings Belgium was incorporated on November 16, 1976 under Belgian law. CG Holdings Belgium is primarily engaged in the business of engineering and servicing electrical equipments and in the business of investment in other companies.

Financial Information

The audited financial results of CG Holdings Belgium for fiscal 2009, 2008 and 2007 are set forth below:

(*Amount in Rs. million, except per share data*)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital	2,474.30	2,474.30	2,474.30
Reserves and Surplus (excluding revaluation reserves)	8,872.61	2,991.91	1,031.34
Sales/Turnover	6,041.78	3,829.54	2,758.74
Profit/(loss) after tax	6,783.36	1,969.17	249.34
Earnings per share (in Rs.)	155,207.94	45,055.94	8,489.76
Diluted earnings per share (in Rs.)	155,207.94	45,055.94	8,489.76
Net asset value per share (in Rs.)	259,624.99	125,070.59	80,211.42

5. CG Power Systems USA Inc. ("CG Power USA")

CG Power USA was incorporated on December 8, 1981 under the laws of Delaware, USA. CG Power USA is engaged in the business of manufacturing and dealing in electrical equipments.

The audited financial results of CG Power USA for fiscal 2009, 2008 and 2007 are set forth below:

(*Amount in Rs. million, except per share data*)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital	66.81	66.81	216.46
Reserves and Surplus (excluding revaluation reserves)	705.27	829.27	298.40
Sales/Turnover	5,042.60	4,213.64	3,317.54
Profit/(loss) after tax	574.05	511.98	129.47
Earnings per share (in Rs.)	382,700.00	341,320.00	86,313.33
Diluted earnings per share (in Rs.)	382,700.00	341,320.00	86,313.33
Net asset value per share (in Rs.)	559,253.33	641,920.00	387,866.67

Companies with negative net worth:

Except as disclosed below and including JPIPL and SICL, neither our Promoters nor any of our Group Entities has negative net worth.

1. Arizona Printers & Packers Private Limited ("Arizona Printers")

Arizona Printers was incorporated on August 18, 1984 under the Companies Act. It was primarily engaged in the business of manufacturing glass and other containers, printing and polishing, which has subsequently been abandoned.

Financial Information:

The audited financial information of Arizona for fiscal 2009, fiscal 2008 and fiscal 2007 are set forth below:

(Amount in Rs. million, except per share data)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital	12.00	12.00	12.00
Reserves and Surplus (excluding revaluation reserves)	(65.66)	(65.65)	(65.63)
Sales/Turnover	-	-	-
Profit/(loss) after tax	(0.01)	(0.01)	(0.02)
Earnings per share (in Rs.)	N.A.	N.A.	N.A.
Diluted earnings per share (in Rs.)	N.A.	N.A.	N.A.
Net asset value per share (in Rs.)	(44.72)	(44.71)	(44.69)

2. BILT Industrial Packaging Company Limited ("BILT Packaging")

BILT Packaging was incorporated on July 4, 1984 under the Companies Act. It was primarily engaged in the business of manufacturing and sale of paper and paper board, which has subsequently been abandoned.

Financial Information:

The audited financial information of BILT Packaging for the period January 1, 2008 to March 31, 2009, and the year ended December 31, 2007 and December 31, 2006, are set forth below:

(Amount in Rs. million, except per share data)

	January 1, 2008- March 31, 2009	Year ended December 31, 2007	Year ended December 31, 2006
Equity Capital	785.90	785.90	785.90
Reserves and Surplus (excluding revaluation reserves)	(913.13)	(906.21)	(896.92)
Sales/Turnover	-	-	-
Profit/(loss) after tax	(6.91)	(9.29)	(2.39)
Earnings per share (in Rs.)	(0.09)	(0.12)	(0.03)
Diluted earnings per share (in Rs.)	(0.09)	(0.12)	(0.03)
Net asset value per share (in Rs.)	(1.62)	(1.53)	(1.41)

3. CG Actaris Electricity Management Private Limited ("CG Actaris")

CG Actaris was incorporated on January 22, 1993 under the Companies Act. It is primarily engaged in the business of trading of electricity meters.

Financial Information:

The audited financial information of CG Actaris for the period January 1, 2008 to December 31, 2008, January 1, 2007 to December 31, 2007 and January 1, 2006 to December 31, 2006 are set forth below:

(Amount in Rs. million, except per share data)

	January 1, 2008 to December 31, 2008	January 1, 2007 to December 31, 2007	January 1, 2006 to December 31, 2006
Equity Capital	87.00	87.00	87.00
Reserves and Surplus (excluding revaluation reserves)	(116.15)	(49.14)	(55.56)
Sales/Turnover	634.63	453.69	401.77
Profit/(loss) after tax	(65.75)	5.35	(30.30)
Earnings per share (in Rs.)	(7.56)	0.62	(3.48)
Diluted earnings per share (in Rs.)	(7.56)	0.62	(3.48)
Net asset value per share (in Rs.)	(3.35)	4.35	3.61

4. CG Holdings Hungary Kft ("CG Hungary")

CG Hungary was incorporated on September 26, 2006 under the laws of Hungary. CG Hungary is primarily engaged in the business of investing in other companies.

Financial Information:

The audited financial information of CG Hungary for fiscal 2009, 2008 and 2007 are set forth below:

(Amount in Rs. million, except per share data)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital	0.64	0.64	0.64
Reserves and Surplus (excluding revaluation reserves)	(726.73)	(456.04)	13.90
Sales/Turnover	-	-	-
Profit/(loss) after tax	(270.69)	(470.00)	13.90
Earnings per share (in Rs.)*	-	-	-
Diluted earnings per share (in Rs.)*	-	-	-
Net asset value per share (in Rs.)*	-	-	-

**Not applicable under Hungarian law.*

5. CG Power Holdings Ireland Limited ("CG Ireland")

CG Ireland was incorporated on March 6, 2000 under the laws of Ireland. CG Ireland is the holding company for the Microsol group. CG Ireland is engaged in the business of investments in other companies.

Financial Information:

The audited financial information of CG Ireland for fiscal 2009, 2008 and 2007 are set forth below:

(Amount in Rs. million, except per share data)

	Fiscal 2009	Fiscal 2008	Fiscal 2007 *(in '000 EUR)*
Equity Capital	212.93	212.93	19,487.00
Reserves and Surplus (excluding revaluation reserves)	(523.35)	(509.13)	(723.00)
Sales/Turnover	-	-	-
Profit/(loss) after tax	(14.22)	(1,284.01)	34.00
Earnings per share (in Rs./EUR)	(2.78)	(251.07)	0.01
Diluted earnings per share (in Rs./EUR)	(2.78)	(251.07)	0.01
Net asset value per share (in Rs./EUR)	(51.57)	(48.79)	3.67

6. CG Sales Networks Americas Inc. ("CG Americas")

CG Americas was incorporated on April 21, 1986 under the general and business corporation law of Missouri, USA. CG Americas is engaged in the business of sales of raw materials, components, goods related to electrical transformers.

Financial Information:

The audited financial information of CG Americas for fiscal 2009, 2008 and 2007 are set forth below:

(Amount in Rs. million, except per share data)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital	4.50	4.50	4.50
Reserves and Surplus (excluding revaluation reserves)	(10.23)	(8.10)	(10.44)
Sales/Turnover	564.83	807.47	380.70
Profit/(loss) after tax	(2.13)	2.30	(8.14)
Earnings per share (in Rs.)	(21,334.00)	23,044.00	(81,000.00)
Diluted earnings per share (in Rs.)	(21,334.00)	23,044.00	(81,000.00)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Net asset value per share (in Rs.)	(57,300.00)	(36,000.00)	(59,400.00)

7. Krebs & CIE (India) Limited ("Krebs & CIE")

Krebs & CIE was incorporated on June 11, 1962 under the Companies Act. It is primarily engaged in the business of consulting and contracting, chemical and mechanical engineering and manufacturing of chemical plant and machinery and chemical products.

Financial Information:

The audited financial information of Krebs & CIE for fiscal 2009, 2008 and 2007 are set forth below:

(Amount in Rs. million, except per share data)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital	10.00	10.00	10.00
Reserves and Surplus (excluding revaluation reserves)	(217.68)	(217.32)	(213.93)
Sales/Turnover	4.33	4.33	4.60
Profit/(loss) after tax	(0.36)	(3.39)	(0.28)
Earnings per share (in Rs.)	(0.36)	(3.39)	(0.28)
Diluted earnings per share (in Rs.)	(0.36)	(3.39)	(0.28)
Net asset value per share (in Rs.)	(207.68)	(207.32)	(203.93)

8. Microsol Limited

Microsol was incorporated on January 22, 1986 under the laws of Ireland. It is primarily engaged in the business of manufacturing and dealing in data acquisition and control equipment.

Financial Information:

The audited financial information of Microsol for fiscal 2009, 2008 and 2007 are set forth below:

	Fiscal 2009 *(Rs. in million)*	Fiscal 2008 *(Rs. in million)*	Fiscal 2007 *(in '000 EUR)*
Equity Capital	54.37	54.37	1,338.10
Reserves and Surplus (excluding revaluation reserves)	(76.84)	(34.28)	(22,170.86)
Sales/Turnover	-	127.43	3,555.25
Profit/(loss) after tax	9.87	1,180.86	(242.00)
Earnings per share (in Rs./ EUR)	12.70	1,519.97	(0.31)
Diluted earnings per share (in Rs./ EUR)	12.70	1,519.97	(0.31)
Net asset value per share (in Rs./ EUR)	(12.88)	41.89	(26.82)

9. NQC Global (Mauritius) Limited

NQC Global was incorporated on March 22, 2007 under the laws of Mauritius. It is primarily engaged in the business of investment holdings.

Financial Information:

The audited financial information of NQC Global for fiscal 2009, 2008 and 2007 are set forth below:

(Amount in USD '000, except per share data)

	July 1, 2008 to March 31, 2009	July 1, 2007 to June 30, 2008	March 22, 2007 to June 30, 2007
Equity Capital	10.00	10.00	10.00
Reserves and Surplus (excluding revaluation reserves)	(5,126.09)	(4,038.25)	(1,371.90)
Sales/Turnover	-	746.34	342.58
Profit/(loss) after tax	(1,087.84)	(2,666.35)	(1,371.90)
Earnings per share (in USD)	(108.78)	(266.63)	(137.19)
Diluted earnings per share (in USD)	(108.78)	(266.63)	(137.19)
Net asset value per share (in USD)	(511.61)	(402.82)	(136.19)

10. NQC International (Mauritius) Limited ("NQC International")

NQC International was incorporated on February 22, 2007 under the laws of Mauritius. It is primarily engaged in the business of group investment holdings.

Financial Information:

The audited financial information of NQC International for fiscal 2009, 2008 and 2007 are set forth below:

(Amount in USD '000, except per share data)

	July 1, 2008 to March 31, 2009	July 1, 2007 to June 30, 2008	February 22, 2007 to June 30, 2007
Equity Capital	10.00	10.00	10.00
Reserves and Surplus (excluding revaluation reserves)	(7,854.92)	(3,943.90)	(1,545.63)
Sales/Turnover	-	853.88	1,121.45
Profit/(loss) after tax	(3,911.03)	(2,398.27)	(1,545.63)
Earnings per share (in USD)	(391.10)	(239.83)	(154.56)
Diluted earnings per share (in USD)	(391.10)	(239.83)	(154.56)
Net asset value per share (in USD)	(784.49)	(393.39)	(153.56)

11. NewQuest Services Private Limited ("NewQuest")

NewQuest was incorporated on August 19, 1992 under the Companies Act. It was primarily engaged in the business of consulting and developing computer software, which has subsequently been abandoned.

Financial Information:

The audited financial information of NewQuest for fiscal 2009, 2008 and 2007 are set forth below:

(Amount in Rs. million, except per share data)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital	1.20	1.20	1.20
Reserves and Surplus (excluding revaluation reserves)	(56.60)	(56.55)	(43.28)
Sales/Turnover	-	-	-
Profit/(loss) after tax	(0.05)	(13.27)	(0.66)
Earnings per share (in Rs.)	(4.25)	(1,105.78)	(54.83)
Diluted earnings per share (in Rs.)	(4.25)	(1,105.78)	(54.83)
Net asset value per share (in Rs.)	(4,616.40)	(4,612.15)	(3,506.36)

12. Pauwels Trafo Gent N.V. ("Pauwels Trafo")

Pauwels Trafo was incorporated on October 21, 1986 under Belgian law. It was primarily engaged in the business of manufacturing, repairing and installing machines in relation to the use of electricity, which has been subsequently abandoned.

Financial Information:

The audited financial information of Pauwels Trafo for fiscal 2009, 2008 and 2007 are set forth below:

(Amount in Rs. million, except per share data)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital	226.30	226.30	226.30
Reserves and Surplus (excluding revaluation reserves)	(831.87)	(790.97)	(758.00)
Sales/Turnover	-	-	0.30
Profit/(loss) after tax	(40.90)	(32.94)	(30.30)
Earnings per share (in Rs.)	(4,090.00)	(3,294.00)	(3,030.00)
Diluted earnings per share (in Rs.)	(4,090.00)	(3,294.00)	(3,030.00)
Net asset value per share (in Rs.)	(60,557.00)	(56,467.00)	(53,170.00)

13. T H E Paperbase Company Limited ("Paperbase")

Paperbase was incorporated on March 24, 1995 under the Companies Act. It was primarily engaged in the business of manufacturing paper, paper board and pulp, which has subsequently been abandoned.

Financial Information:

The audited financial information of Paperbase for fiscal 2009, 2008 and 2007 are set forth below:

(Amount in Rs. million, except per share data)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital	10.00	10.00	10.00
Reserves and Surplus (excluding revaluation reserves)	(70.21)	(70.18)	(69.96)
Sales/Turnover	-	-	-
Profit/(loss) after tax	(0.03)	(0.23)	(0.06)
Earnings per share (in Rs.)	(2.13)	(2.33)	(2.16)
Diluted earnings per share (in Rs.)	(2.13)	(2.33)	(2.16)
Net asset value per share (in Rs.)	(60.21)	(60.18)	(59.96)

14. Toscana Footwear Components Limited ("Toscana Footwear")

Toscana Footwear was incorporated on July 12, 2006 under the Companies Act. It was primarily engaged in the business of manufacturing and dealing in shoe lasts, soles, insoles and other footwear components, which has subsequently been abandoned.

Financial Information:

The audited financial information of Toscana Footwear for fiscal 2009, 2008 and 2007 are set forth below:

(Amount in Rs. million, except per share data)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital	0.50	0.50	0.50
Reserves and Surplus (excluding revaluation reserves)	(51.33)	(19.88)	(6.40)
Sales/Turnover	7.25	23.42	2.51
Profit/(loss) after tax	(31.45)	(13.48)	(6.40)
Earnings per share (in Rs.)	(628.91)	(269.58)	(128.09)
Diluted earnings per share (in Rs.)	(628.91)	(269.58)	(128.09)
Net asset value per share (in Rs.)	(1,019.47)	(392.01)	(123.87)

15. UHL Power Company Limited ("UHL Power")

UHL Power was incorporated on April 24, 1997 under the Companies Act. It was primarily engaged in the business of implementation of its power project which has been subsequently abandoned.

Financial Information:

The audited financial information of UHL Power for fiscal 2009, 2008 and 2007 are set forth below:

(*Amount in Rs. million, except per share data)*

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital	1.85	1.85	1.85
Reserves and Surplus (excluding revaluation reserves)	(96.13)	(94.78)	(94.29)
Sales/Turnover	-	-	-
Profit/(loss) after tax	(1.35)	(0.49)	(8.17)
Earnings per share (in Rs.)	(7.29)	(2.64)	(58.21)
Diluted earnings per share (in Rs.)	(7.29)	(2.64)	(58.21)
Net asset value per share (in Rs.)	(509.60)	(502.32)	(499.68)

16. Ultima Hygiene Products Private Limited ("Ultima Hygiene")

Ultima Hygiene was incorporated on May 26, 2005 under the Companies Act. It was primarily engaged in the business of manufacturing and trading of tissue paper which has been subsequently abandoned.

Financial Information:

The audited financial information of Ultima Hygiene for fiscal 2009, 2008 and 2007 are set forth below:

(*Amount in Rs. million, except per share data)*

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital	7.60	7.60	7.60
Reserves and Surplus (excluding revaluation reserves)	(10.21)	(4.83)	(2.89)
Sales/Turnover	1.85	5.56	4.47
Profit/(loss) after tax	(5.37)	(1.94)	(2.48)
Earnings per share (in Rs.)	(7.07)	(2.56)	(3.26)
Diluted earnings per share (in Rs.)	(7.07)	(2.56)	(3.26)
Net asset value per share (in Rs.)	(3.94)	2.87	5.17

17. Vani Agencies Private Limited ("Vani Agencies")

Vani Agencies was incorporated on September 20, 1994 under the Companies Act. It is primarily engaged in the business of buying, selling, importing traditional and non-traditional items.

Financial Information:

The audited financial information of Vani Agencies for fiscal 2009, 2008 and 2007 are set forth below:

(*Amount in Rs. million, except per share data)*

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital	4.65	4.65	4.65
Reserves and Surplus (excluding revaluation reserves)	(10.12)	(10.11)	(10.12)
Sales/Turnover	-	-	-
Profit/(loss) after tax	(0.003)	0.002	0.008
Earnings per share (in Rs.)	(0.007)	0.004	0.017
Diluted earnings per share (in Rs.)	(0.007)	0.004	0.017
Net asset value per share (in Rs.)	(11.76)	(11.76)	(11.76)

Disassociation by the Promoters in the last three years

Except for AHL, which disassociated from iBILT Technologies Limited in 2007 and Mr. Gautam Thapar, disassociated from Himalayan Hideaways Private Limited in 2010, for diluting their respective shareholdings, our Promoters have not disassociated themselves from any company or firm during the three years immediately preceding the date of filing of this Draft Red Herring Prospectus with the SEBI.

Payment of benefits to our Promoters during the last two years

Except as stated in "***Financial Statements – Statement of Related Party Disclosures***" on page F56, there has been no payment of benefits to our Promoters during the two years preceding the date of filing of this Draft Red Herring Prospectus.

Interests of our Promoters and Group Entities

- We have an existing PPA with BILT, one of our Promoters and BGPPL, one of our Group Entities, pursuant to which we supply power from our Captive Power Units to the paper mills of BILT and BGPPL. For further details see, "***History and Certain Corporate Matters- Material Agreements for our power projects- power purchase agreement between our Company, BILT and BGPPL***" on page 106.
- We also have an existing PPA with one of our Group Entities, BBEL, for supply of power and steam from our Bhigwan Unit. For further details, see, "***History and Certain Corporate Matters- Material Agreements for our power projects- power purchase agreement between our Company and BBEL"*** on page 107.
- We have an agreement with one of our Promoters, AHL, for the use of the brand and the logo "*Avantha*" pursuant to brand equity and business promotion agreement for a certain specified fee. For further details see, "***History and Certain Corporate Matters- Material Agreements- Brand equity and business promotion agreement between our Company and AHL"*** on page 106.
- We have entered into a license agreement dated January 1, 2010, with one of our Group Entities, BBEL, for a non-exclusive license to use our Registered Office. Also see "***Risk Factors***" on page xv.
- We have entered into certain contracts with one of our Promoters, Crompton Greaves, for installation of switchyards, supply of transformers and certain lighting contracts. For further details, see "***Financial Statement***s" on page F1.

Except for AHL, all of our Promoters are interested in our Company to the extent of their shareholding in our Company and the dividends received on such shareholding. Except for BGPPL, none of our Group Entities have any shareholding in our Company.

Except as stated above and in "***Financial Statements – Statement of Related Party Disclosures***" on page F56, none of our Group Entities, Subsidiaries or associate companies has business or commercial interests in our Company

Except as disclosed in "***Financial Statements- Related Party Transactions***", our Promoters and Group Entities have no interest in any property acquired by our Company during the last two years from the date of filing of this Draft Red Herring Prospectus, or proposed to be acquired by our Company.

Common Pursuits

For further information, also see "***Our Business***" and "***Risk Factors***" on pages 67 and xv, respectively.

Litigation involving our Promoters and the Group Entities

For details of legal and regulatory proceedings involving our Promoters and Group Entities, see "***Outstanding Litigation and Material Developments***" on page 182.

Other Confirmations

None of our Promoters or our Group Entities has become a sick company under the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985, no winding up proceedings have been initiated against them, and no application has been made in respect of any of them, to the Registrar of Companies for striking off their names. For other confirmations of our Promoters and Group Entities see, "***Other Regulatory and Statutory Disclosures***" on page 213.

Additionally, none of our Group Entities has become defunct in the five years preceding the filing of this Draft Red Herring Prospectus.

There have been no sales and purchases between our Group Entities, Subsidiaries and associate companies, when such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company except as disclosed in "***Financial Statements – Statement of Related Party Disclosures***" on page F56.

One of our Group Entities, Solaris Chemtech Industries Limited, has certain significant notes to its accounts for the nine months period ended March 31, 2009, and for the year ended June 30, 2008, stating that pending approval of the GoI on application made by the company, the company has paid managerial remuneration to its managing director in excess of the limits prescribed under the Companies Act and the foreign currency exchange differences on amounts borrowed for acquisition of fixed assets have been charged to the carrying cost of fixed assets instead of charging them to the profit and loss account as prescribed by accounting standard AS-11.

DIVIDEND POLICY

As on the date of filing of this Draft Red Herring Prospectus, our Company has not paid any cash dividends on its Equity Shares. The declaration and payment of any dividends in the future will be recommended by the Board of Directors and approved by the shareholders of our Company at their discretion and would depend on a number of factors, including our financial condition, results of operations, capital requirements and surplus, contractual obligations, applicable Indian legal restrictions, the provisions of our Articles of Association, the terms of our Company's and our respective Subsidiaries' credit facilities and other financing arrangements at the time dividend is considered, and other factors considered relevant by our Board of Directors. Our Company may also from time to time pay interim dividends.

SECTION V – FINANCIAL INFORMATION
FINANCIAL STATEMENTS

AUDITORS REPORT ON RESTATED UNCONSOLIDATED FINANCIAL STATEMENTS

To,

The Board of Directors,
M/s Avantha Power & Infrastructure Limited,
124, Thapar House,
Janpath,
New Delhi 100 001,
Delhi, India

Dear Sirs,

Re: Proposed initial public offer having a face value of Rs. 10/- each for cash, at an issue price to be arrived at by the book building process (referred as the "Offer").

We have examined the restated unconsolidated financial information of M/s Avantha Power & Infrastructure Limited ("the Company") described below in A and B and annexed to this report for the purpose of inclusion in the Draft Red Herring Prospectus ("the DRHP"). The unconsolidated financial information has been prepared in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ("the Act"), the Securities and Exchange Board of India ("SEBI") –Issue of Capital and Disclosure Requirements Regulation, 2009 (the "ICDR Regulations") the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India ("ICAI") and terms of engagement agreed upon by us with the Company. The restated unconsolidated financial information has been prepared by the Company and approved by its Board of Directors.

A. Restated Unconsolidated Financial Information as per Audited Unconsolidated Financial Statements:

We have examined:

a) the attached restated unconsolidated Statements of Assets and Liabilities as at September 30, 2009, March 31, 2009, March 31, 2008, March 31, 2007, and June 30, 2006 (Annexure 1);

b) the attached restated unconsolidated Statements of Profit and Loss for the six month period ended September 30, 2009, for the years ended March 31, 2009 & March 31, 2008, for the nine month period ended March 31, 2007 and for the period July 20, 2005 to June 30, 2006 (Annexure 2);

c) the attached restated unconsolidated Statements of Cash Flow for the six month period ended September 30, 2009, for the years ended March 31, 2009 & March 31, 2008, for the nine month period ended March 31, 2007 and for the period July 20, 2005 to June 30, 2006 (Annexure 3);

d) the significant accounting policies adopted by the Company as at and for six month period ended September 30, 2009 and notes to the Restated Unconsolidated Summary Statements (Annexure 5);

- together referred to as the "Restated Unconsolidated Summary Statements".

The Restated Unconsolidated Summary Statements have been extracted from audited unconsolidated financial statements of the Company as at and for the six month period ended September 30, 2009, for the years ended March 31, 2009 & March 31, 2008, for the nine month period ended March 31, 2007 and for the period July 20, 2005 to June 30, 2006.

Based on our examination and in accordance with the requirements of the Act, ICDR Regulations and terms of engagement agreed by us with the Company we state that:

i) the restated unconsolidated assets and liabilities of the Company as at September 30, 2009, March 31, 2009, March 31, 2008, March 31, 2007, and June 30, 2006 are as set out in Annexure 1, which are after making such material adjustments and regroupings as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 5;

ii) the restated unconsolidated profits/losses of the Company for the period ended September 30, for the years ended March 31, 2009 & March 31, 2008, for the nine month period ended March 31, 2007 and for the period July 20, 2005 to June 30, 2006 are as set out in Annexure 2, which have been arrived at after making such material adjustments and regroupings as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 5;

iii) the restated unconsolidated cash flows of the Company for the period ended September 30, 2009, for the years ended March 31, 2009 & March 31, 2008, for the nine month period ended March 31, 2007 and for the period July 20, 2005 to June 30, 2006 are as set out in Annexure 3; which have been arrived at after making such material adjustments and regroupings as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 5;

iv) there are no extra-ordinary items in any of the financial statements that need to be disclosed separately in the Restated Unconsolidated Summary Statements.

v) Without qualifying our opinion we draw attention to note no.C-5b in Annexure 5 wherein it has been highlighted that Central Government's approval is awaited for excess remuneration paid to Managing Director. Subject to this, there are no qualifications in the auditor's report which require any adjustment to the financial information.

B. Other Restated Unconsolidated Financial Information as per Audited Unconsolidated Financial Statements:

We have also examined the following restated unconsolidated financial information relating to the Company, which is based on the Restated Unconsolidated Summary Statements / audited unconsolidated financial statements and approved by the Board of Directors for the purpose of inclusion herein:

a) Restated Unconsolidated Fixed Assets Schedule (Annexure 4A-E)

b) Restated Unconsolidated Details of Capital Work in Progress (Annexure 4F)

c) Restated Unconsolidated Details of Investment (Annexure 4G)

d) Restated Unconsolidated Details of Secured & Unsecured Loan (Annexure 4H)

e) Restated Unconsolidated Details of Secured & Unsecured Loan (Annexure 4H1)

f) Restated Unconsolidated Details of Sundry Debtors (Annexure 4I)

g) Restated Unconsolidated Details of Loans & Advances (Annexure 4J)

h) Restated Unconsolidated Details of Other Income (Annexure 4K)

i) Restated Unconsolidated Statement of Tax Shelter (Annexure 6)

j) Restated Unconsolidated details of Rates of Dividend paid by the Company (Annexure 7)

k) Restated Unconsolidated Statement of Accounting Ratios (Annexure 8)

l) Restated Unconsolidated Capitalization Statement (Annexure 9)

m) Statement of Related Party Disclosures, as Restated (Annexure 10).

In our opinion, the unconsolidated financial information of the Company attached to this report, as mentioned in paragraph (B) above, read with significant accounting policies and notes as annexed to this report, and after making such adjustments as were considered appropriate, has been prepared in accordance with Part II (B) of Schedule II of the Act and the ICDR Regulations.

This report should not in any way be construed as a reissuance or redating of the previous audit report by the other firm of Chartered Accountants nor should this be construed as a new opinion on any of the financial statements referred to herein.

We did not perform audit tests for the purposes of expressing an opinion on individual balances or summaries of selected transactions, and accordingly, we express no such opinion thereon.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

This report is intended solely for your information and for inclusion in the DRHP in connection with the proposed public offering of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

ASHWIN MANKESHWAR
Partner
Membership No.: 46219
For an on behalf of
K.K.MANKESHWAR & CO.,
Chartered Accountants
FRN: - 106009W

Place: - Gurgaon
Date: - 11th February 2010

Annexure 1:

RESTATED UNCONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(Rs. in million)

	Particulars	As at Sep. 30, 2009	As at March 31,			As at June 30, 2006
			2009	2008	2007	
A	**FIXED ASSETS**					
	Gross Block	6,149.53	2,544.45	2,436.89	2,387.45	2,350.00
	Less : Accumulated Depreciation / Amortisation	481.18	378.12	249.50	124.18	29.82
	Net Block	5,668.35	2,166.33	2,187.39	2,263.27	2,320.18
	Capital Work-in-Progress (including Capital Advances)	37.94	2,392.59	479.05	22.78	2.71
	Total	**5,706.29**	**4,558.92**	**2,666.44**	**2,286.05**	**2,322.89**
B	**INVESTMENTS**	**29.30**	**69.29**	**48.59**	**-**	**-**
C	**CURRENT ASSETS, LOANS & ADVANCES**					
	Inventories	287.86	321.15	196.44	165.25	130.27
	Sundry Debtors	369.77	445.67	240.48	194.80	45.34
	Cash and Bank Balances	103.88	65.82	2.72	5.33	266.97
	Loans & Advances	3,551.81	1,305.79	351.94	99.60	133.74
	Total	**4,313.32**	**2,138.43**	**791.58**	**464.98**	**576.32**
	TOTAL ASSETS (A+B+C)	**10,048.91**	**6,766.64**	**3,506.61**	**2,751.03**	**2,899.21**
D	**LIABILITIES & PROVISIONS**					
	Deferred Tax Liability	80.45	55.94	30.80	19.34	5.03
	LOAN FUNDS					
	Secured Loans	4,257.82	3,289.93	2,164.97	1,650.00	1,650.00
	Unsecured Loans	50.00	50.00	-	-	-
	CURRENT LIABILITIES & PROVISIONS					
	Current Liabilities	1,038.96	698.20	357.13	262.64	470.04
	Provisions	111.12	97.80	84.68	51.98	41.21
	TOTAL	**5,538.35**	**4,191.87**	**2,637.58**	**1,983.96**	**2,166.28**
E	**Net worth (A+B+C-D)**	**4,510.56**	**2,574.77**	**869.03**	**767.07**	**732.93**
	Represented By:					
	Share Capital					
	- Equity Share Capital	2,380.26	2,380.26	700.00	700.00	700.00
	- Share Application Money Pending allotment	1,902.50	-	-	-	-
	Reserves & Surplus					

	- Securities Premium Account	10.16	10.16	-	-	-
	- Profit & Loss A/c	217.64	184.35	169.03	67.07	32.93
	TOTAL	**4,510.56**	**2,574.77**	**869.03**	**767.07**	**732.93**

Annexure 2:

RESTATED UNCONSOLIDATED STATEMENT OF PROFITS & LOSSES

(Rs. in million)

	Particulars	For six month period ended Sep. 30, 2009	For year ended March 31, 2009	For year ended March 31, 2008	For Nine month period ended March 31, 2007	For the period July 20, 2005 to June 30, 2006
A	**INCOME**					
	Sales	1,907.33	3,266.81	2,765.67	1,889.92	572.55
	Other Income	8.17	9.63	20.26	21.78	5.17
	Total	**1,915.50**	**3,276.44**	**2,785.93**	**1,911.70**	**577.72**
B	**EXPENDITURE**					
	Generation Costs	1,477.41	2,617.33	2,113.00	1,467.02	468.33
	Personnel Costs	70.79	111.95	127.36	114.99	19.12
	Administration & General Costs	40.74	70.00	97.11	60.10	9.49
	Interest and Finance Costs (Net)	153.89	186.36	175.92	113.82	1.03
	Depreciation / Amortisation	103.06	127.96	125.32	94.36	29.82
	Total	**1,845.89**	**3,113.60**	**2,638.71**	**1,850.29**	**527.79**
C	**Profit /(Loss) before Tax**	**69.61**	**162.84**	**147.22**	**61.41**	**49.93**
D	**Provision for Tax**					
	- Current Tax / Mat (Including Fringe Benefit Tax)	11.81	38.38	33.80	12.96	11.97
	- Deferred Tax	24.51	25.14	11.46	14.31	5.03
E	**Net Profit /(Loss) after Tax and before extraordinary items**	33.29	99.32	101.96	34.14	32.93
	Extraordinary items	-	-	-	-	-
F	**Net Profit /(Loss) after Tax and extraordinary items**	33.29	99.32	101.96	34.14	32.93
G	**Balance brought forward from previous Year**	184.35	169.03	67.07	32.93	-
	Less: Transfer to Reserve	-	84.00	-	-	-
H	**Balance carried to Balance Sheet**	217.64	184.35	169.03	67.07	32.93

Annexure 3:

RESTATED UNCONSOLIDATED STATEMENT OF CASH FLOW

(Rs. in million)

	Particulars	For six month period ended Sep. 30, 2009	For year ended March 31, 2009	For year ended March 31, 2008	For Nine month period ended March 31, 2007	For the period July 20, 2005 to June 30, 2006
A	**CASH FLOW FROM OPERATING ACTIVITIES**					
	Net Profit before Tax	69.61	162.84	147.22	61.41	49.93
	Add /(Less) :					
	Adjustments for					
	- Interest and Finance Costs (net)	153.89	186.36	175.92	113.82	1.03
	- Provision no Longer Required Written Back	(0.15)	(5.98)	(0.81)	(0.52)	-
	- Loss on Sale of Fixed Assets	-	-	0.01	-	-
	- Depreciation / Amortisation	103.06	127.96	125.32	94.36	29.82
	Operating Profit before Working Capital changes	326.41	471.18	447.66	269.07	80.78
	Adjustments for Working Capital changes :					
	- Trade payable and others	147.31	142.06	23.48	29.11	261.09
	- Inventories	33.29	(124.71)	(31.19)	(34.98)	(130.27)
	- Trade and other receivables	75.90	(205.19)	(45.68)	(149.45)	(45.34)
	- Loans and Advances	(198.81)	(51.86)	(45.98)	49.05	(133.74)
	Cash generated from Operations	384.10	231.48	348.29	162.80	32.52
	- Direct Tax Paid	(21.25)	(37.69)	(54.99)	(14.92)	-
	NET CASH INFLOW FROM OPERATING ACTIVITIES	362.85	193.79	293.30	147.88	32.52
B	**CASH FLOW FROM INVESTING ACTIVITIES**					
	- Purchase of Fixed Assets including Capital WIP	(1,060.77)	(1,814.57)	(435.03)	(295.70)	(2,114.52)
	- Sale of Fixed Assets	-	-	0.01	-	-
	- Purchase of Investments	(20.06)	(60.73)	(48.59)	-	-
	- Sale of Investments	60.05	40.03	-	-	-
	- Advance against Subscription of Equity Share	-	-	(72.73)	-	-
	- Advance to Subsidiaries	(2,025.96)	(892.34)	(53.62)	-	-
	- Loans & Advances (Investing activities)	-	-	(25.00)	-	-
	NET CASH USED IN INVESTING ACTIVITIES	(3,046.74)	(2,727.61)	(634.96)	(295.70)	(2,114.52)

C	**CASH FLOW FROM FINANCING ACTIVITIES**					
	- Proceeds from Issuance of Equity Share Capital	-	1,624.11	-	-	700.00
	- Proceeds from Share Application Money	1,902.50	-	-	-	-
	- Increase / (Decrease) in long term and other borrowings (net)	967.88	1,174.96	514.97	-	1,650.00
	- Interest and Financing charges (Net)	(148.43)	(184.46)	(175.92)	(113.82)	(1.03)
	- Share Issue expenses	-	(17.69)	-	-	-
	NET CASH USED IN FINANCING ACTIVITIES	2,721.95	2,596.92	339.05	(113.82)	2,348.97
	NET INCREASE IN CASH AND CASH EQUIVALENTS	38.06	63.10	(2.61)	(261.64)	266.97
	CASH AND CASH EQUIVALENTS (OPENING BALANCE)	65.82	2.72	5.33	266.97	-
	CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	103.88	65.82	2.72	5.33	266.97

Annexure 4 A:
RESTATED UNCONSOLIDATED FIXED ASSETS SCHEDULE AS AT SEPTEMBER 30, 2009

(Rs. in million)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Description of Fixed Asset	**Balance as at 01.04.2009**	**Additions**	**Sale / Adjust ment**	**Balance as at 30.09.09**	**Balance as at 01.04.2009**	**During the Period**	**On Sale, adjustments & disposals during the period**	**Balance as at 30.09.09**	**As at 30.09.09**	**As at 31.03.09**
A) TANGIBLE ASSETS										
Building	246.70	274.24	-	520.94	43.93	5.49	-	49.42	471.52	202.77
Plant and Machinery	2,267.37	3,326.55	-	5,593.92	319.56	94.67	-	414.23	5,179.69	1,947.81
Furniture & Fixtures	5.02	3.78	-	8.80	0.75	0.42	-	1.17	7.63	4.27
Computers	2.24	0.50	-	2.74	0.42	0.20	-	0.62	2.12	1.82
Office Equipment	0.70	0.01	-	0.71	0.02	0.03	-	0.05	0.66	0.68
			-							
TOTAL (A)	2,522.03	3,605.08	-	6,127.11	364.68	100.81	-	465.49	5,661.62	2,157.35
B) INTANGIBLE ASSETS										
Computer Software	22.42	-	-	22.42	13.44	2.25	-	15.69	6.73	8.98
GRAND TOTAL (A+B)	2,544.45	3,605.08	-	6,149.53	378.12	103.06	-	481.18	5,668.35	2,166.33

Annexure 4 B:

RESTATED UNCONSOLIDATED FIXED ASSETS SCHEDULE AS AT MARCH 31, 2009

(Rs. in million)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Description of Fixed Asset	**Balance as at 01.04.2008**	**Additions**	**Sale / Adjust ment**	**Balance as on 31.03.09**	**Balance as at 01.04.08**	**During the Year**	**on Sale, adjustments & disposals during the year**	**Balance as at 31.03.09**	**As at 31.03.09**	**As at 31.03.08**
A) TANGIBLE ASSETS										
Building	246.57	0.13	-	246.70	15.23	28.70	-	43.93	202.77	231.34
Plant and Machinery	2,163.22	104.15	-	2,267.37	224.67	94.89	-	319.56	1,947.81	1,938.55
Furniture & Fixtures	3.69	1.33	-	5.02	0.49	0.26	-	0.75	4.27	3.20
Computers	0.98	1.26	-	2.24	0.15	0.27	-	0.42	1.82	0.83
Office Equipment	0.01	0.69	-	0.70	-	0.02	-	0.02	0.68	0.01
TOTAL (A)	2,414.47	107.56	-	2,522.03	240.54	124.14	-	364.68	2,157.35	2,173.93
B) INTANGIBLE										

ASSETS Computer Software	22.42	-	-	22.42	8.96	4.48	-	13.44	8.98	13.46
GRAND TOTAL (A+B)	2,436.89	107.56	-	2,544.45	249.50	128.62	-	378.12	2,166.33	2,187.39

Notes
* Depreciation during the year include Rs. 0.66 million, charged to Project Development Expenditure.

Annexure 4 C:

RESTATED UNCONSOLIDATED FIXED ASSETS SCHEDULE AS AT MARCH 31, 2008

(Rs. in million)

	GROSS BLOCK				**DEPRECIATION**				**NET BLOCK**	
Description of Fixed Asset	**Balance as at 01.04.2007**	**Additions**	**Sale / Adjustment**	**Balance as at 31.03.08**	**Balance as at 01.04.07**	**During the Year**	**on Sale, adjustments & disposals during the year**	**Balance as at 31.03.08**	**As at 31.03.08**	**As at 31.03.07**
A) TANGIBLE ASSETS										
-										
Building	230.12	16.45	-	246.57	7.64	7.59	-	15.23	231.34	222.48
Plant and Machinery	2,130.82	32.40	-	2,163.22	111.84	112.83	-	224.67	1,938.55	2,018.98
Furniture & Fixtures	3.40	0.29	-	3.69	0.21	0.28	-	0.49	3.20	3.19
Computers	0.69	0.31	0.02	0.98	0.01	0.14	-	0.15	0.83	0.68
Office Equipment	-	0.01	-	0.01	-	-	-	-	0.01	-
TOTAL (A)	2,365.03	49.46	0.02	2,414.47	119.70	120.84	-	240.54	2,173.93	2,245.33
B) INTANGIBLE ASSETS										
Computer Software	22.42	-	-	22.42	4.48	4.48	-	8.96	13.46	17.94
GRAND TOTAL (A+B)	2,387.45	49.46	0.02	2,436.89	124.18	125.32	-	249.50	2,187.39	2,263.27

Annexure 4 D:

RESTATED UNCONSOLIDATED FIXED ASSETS SCHEDULE AS AT MARCH 31, 2007

(Rs. in million)

	GROSS BLOCK				**DEPRECIATION**				**NET BLOCK**	
Description of Fixed Asset	**Balance as at 01.07.2006**	**Additions**	**Sale / Adjustment**	**Balance as at 31.03.07**	**Balance as at 01.07.2006**	**During the Period**	**on Sale, adjustments & disposals during the period**	**Balance as at 31.03.07**	**As at 31.03.07**	**As at 30.06.06**
A) TANGIBLE ASSETS										
Building	230.12	-	-	230.12	1.90	5.74	-	7.64	222.48	228.22
Plant and Machinery	2,116.48	14.34	-	2,130.82	27.87	83.97	-	111.84	2,018.98	2,088.61
Furniture &										

Fixtures	3.40	-	-	3.40	0.05	0.16	-	0.21	3.19	3.35
Computers	-	0.69	-	0.69	-	0.01	-	0.01	0.68	-
TOTAL (A)	2,350.00	15.03	-	2,365.03	29.82	89.88	-	119.70	2,245.33	2,320.18
B) INTANGIBLE ASSETS Computer Software	-	22.42	-	22.42	-	4.48	-	4.48	17.94	-
GRAND TOTAL (A+B)	2,350.00	37.45	-	2,387.45	29.82	94.36	-	124.18	2,263.27	2,320.18

Annexure 4 E:

RESTATED UNCONSOLIDATED FIXED ASSETS SCHEDULE AS AT JUNE 30, 2006

(Rs. in million)

	GROSS BLOCK			**DEPRECIATION**			**NET BLOCK**
Description of Fixed Asset	**Additions**	**Sale / Adjustment**	**Balance as at 30.06.06**	**During the Period**	**on Sale, adjustments & disposals during the period**	**Balance as at 30.06.06**	**As at 30.06.06**
Building	230.12	-	230.12	1.90	-	1.90	228.22
Plant and Machinery	2,116.48	-	2,116.48	27.87	-	27.87	2,088.61
Furniture & Fixtures	3.40	-	3.40	0.05	-	0.05	3.35
TOTAL	2,350.00	-	2,350.00	29.82	-	29.82	2,320.18

Annexure 4 F:

RESTATED UNCONSOLIDATED DETAILS OF CAPITAL WORK IN PROGRESS

(Rs. in million)

Particulars	**As at Sep. 30, 2009**	**As at March 31**			**As at June 30, 2006**
		2009	**2008**	**2007**	
a) Capital Work-in-Progress	32.04	2,086.12	251.34	22.78	2.71
b) Advances against machinery, land, etc.	5.90	50.08	197.26	-	-
c) Expenditure during construction period pending allocation	-	256.39	30.45	-	-
TOTAL	**37.94**	**2,392.59**	**479.05**	**22.78**	**2.71**

Annexure 4 G:

RESTATED UNCONSOLIDATED DETAILS OF INVESTMENT

(Rs. in million)

	As at 30th Sep., 2009	**As at 31st Mar, 2009**	**As at 31st Mar, 2008**	**As at 31st Mar, 2007**	**As at 30th June, 2006**

	Numbers	Book Value (Rs.)	Numbers	Book Value (Rs.)	Numbers	Book Value (Rs.)	Numbers	Book Value (Rs.)	Numbers	Book Value (Rs.)
Long Term Investments **Subsidiary Companies :** **In Equity Shares - Unquoted**										
(i) TKS Developers Ltd. Fully paid Equity Share of Rs 10 each.	278,850	2.79	278,850	2.79	278,850	2.79	-	-	-	-
(ii) Korba West Power Ltd. Fully paid Equity Share of Rs 10 each.	576,500	5.77	576,500	5.77	576,500	5.77	-	-	-	-
(iii) Jhabua power Limited Fully paid Equity Share of Rs. 10 each.	57,851	0.58	57,851	0.58	-	-	-	-	-	-
(iv)Gleneagles Healthcare Holdings Private Limited Fully paid Equity Share of Rs. 100 each.	1,000	0.10	1,000	0.10	-	-	-	-	-	-
Current Investments **In Mutual Fund Units : - Quoted**										
(i) Kotak Flexi Debit Mutual Fund- Daily Dividend	1,996,327	20.06	-	-	-	-	-	-	-	-
(ii) Tata Floater Fund - Daily Dividend - Reinvested Option	-	-	-	-	1,994,514	20.02	-	-	-	-
(iii) Principal Mutual Fund- Daily Dividend - Reinvested Option	-	-	-	-	1,998,767	20.01	-	-	-	-
(iv) HDFC Mutual Fund- Daily Dividend - Reinvested Option	-	-	5,645,728	60.05	-	-	-	-	-	-
		29.30		69.29		48.59		-		-
In Fully Paid Equity Shares		9.24		9.24		8.56		-		-
Short Term Investments in Mutual Fund		20.06		60.05		40.03		-		-
		29.30		69.29		48.59		-		-

Break - up :										
Quoted Investments		20.06		60.05		40.03		-		-
Unquoted Investments		9.24		9.24		8.56		-		-
		29.30		69.29		48.59		-		-
Market Value of Quoted Investments										
(i) Kotak Flexi Debit Mutual Fund- Daily Dividend	1,996,327	20.06	-	-	-	-	-	-	-	-
(ii) Tata Floater Fund - Daily Dividend - Reinvested Option	-	-	-	-	1,994,514	20.02	-	-	-	-
(iii) Principal Mutual Fund- Daily Dividend - Reinvested Option	-	-	-	-	1,998,767	20.01	-	-	-	-
(iv) HDFC Mutual Fund- Daily Dividend - Reinvested Option	-	-	5,645,728	60.05	-	-	-	-	-	-
		20.06		60.05		40.03		-		-

Annexure 4 H:

RESTATED UNCONSOLIDATED DETAILS OF SECURED LOAN

(Rs. in million)

Particulars	**As at Sep. 30, 2009**	**As at March 31**			**As at June 30, 2006**
		2009	**2008**	**2007**	
Term Loans					
- From Banks	1,191.86	1,589.93	1,634.97	1,650.00	1,650.00
- From Others	2,865.96	1,500.00	380.00	-	-
Short Term Loans					
- From Banks (Working Capital Loan)	200.00	200.00	150.00	-	-
TOTAL	**4,257.82**	**3,289.93**	**2,164.97**	**1,650.00**	**1,650.00**

RESTATED UNCONSOLIDATED DETAILS OF UNSECURED LOAN

(*Rs. in million)*

Particulars	**As at Sep. 30, 2009**	**As at March 31**			**As at June 30, 2006**
		2009	**2008**	**2007**	
From Banks (Working Capital Loan)	50.00	50.00	-	-	-

TOTAL	**50.00**	**50.00**	-	-	-
Amount taken from directors, promoters, group Companies, Subsidiaries & Associates included in Unsecured Loans above	-	-	-	-	-

Annexure 4 H1:

RESTATED UNCONSOLIDATED DETAILS OF SECURED/ UNSECURED LOAN

(Rs. in million)

Lender	Loan Documentation	Loan Amount Sanctioned	Loan amount outstanding as at 30.09.09	Interest Rate pa	Repayment Schedule	Security	Details of Reschedulement/ Prepayment/ Penalty/ Default, if any
Axis Bank (Loan II)	Agreement dated Jul 01, 2008	525.00	508.30	10.75%	In 36 Qtrly. Installments of Rs. 229.17 Lacs each commencing Oct 2011	(1) Assignment of Take-or-Pay agreement with BILT. (2) First pari passu charge on the Escrow Account where all receivables from BILT would be deposited. (3) All movable properties, stock and book debts.	**Penal Intt:** Non-payment of interest/ installments and delay in creation of security will attract penal interest @2% p.a. **Prepayment:** Prepayment will be accepted on terms & conditions to be decided by bank.
Axis Bank (Loan IV)		300.00	283.56	12.50%	In 36 Qtrly. Installments of Rs. 78.77 Lacs each commencing Mar 2012		
Axis Bank (Loan III)	Agreement dated Oct 24, 2008	400.00	400.00	12% (BPLR - 2.75%)	In 114 monthly installments commencing from May 2011	(1) Hypothecation by way of first pari passu charge over all movable fixed assets both present and future including movable plant and machinery, machinery spares, tools and accessories, book debts, operating cash flows, project receivables etc and movable goods stored or to be stored at the Company's godown or premises or wherever else the same may be. (2) Hypothecation by way of first pari passu charge by way of assignment or creation of charge by way of rights, title, interest, benefits, claims etc. in project documents of the Co.	**Penal Intt:** Non-payment of interest/ installments and delay in creation of security will attract penal interest @2% p.a. **Prepayment:** Prepayment will be accepted on terms & conditions to be decided by bank.

IDFC Ltd.	Agreement dated Sep 10, 2009	666.40	665.96	10% (2.11% over & above IDFC Benchmark Rate)	In 52 Qtrly. Installments of Rs. 1.281 Lacs each commencing Dec 15, 2009	(1) All the movable assets of the Company (both present & future) including P&M, spare tools, accessories etc. (2) Cash flow, receivables, Escrow A/c, book debts, commissions, revenues and all other reserves and bank accounts of the Company. (3) Stock of raw material, semi finished and finished and consumable goods. (4) company's rights/ title/ interest under all its clearances/ permits, insurance, contract proceeds. (5) Intangibles, goodwill and uncalled capital (if any) present & future.	**Penal Intt:** In cases of default, 2% p.a. from the respective due date until date of actual payment. In case of delay in creation of security, additional interest @1% p.a. will be applicable. **Prepayment:** No premium if prepaid on reset date, in other cases 2% p.a. on the principal prepaid for remaining period from the date of prepayment till next reset date.
IDFC Ltd.	Agreement dated Jul 28, 2008	1,200.00	1,000.00	9.72% (1.9% over & above IDFC Benchmark Rate)	In 114 monthly installments commencing from Feb 2011.	(1) All the movable assets of the company including movable plants and machineries , spare tools etc. both present and future. (2) Cash flow, receivables, Escrow a/c, book debts, all the intangibles not limited to goodwill and uncalled capital, all other reserves and bank accounts etc. (3) Company’s rights, title, interest under all its project documents, in the clearances / permits, guarantees, LC, performance bond, insurance, contracts etc.	**Penal Intt:** In cases of default, 2% p.a. from the respective due date untill date of actual payment. In case of delay in creation of security, additional interest @1% p.a. will be applicable. **Prepayment:** No premium if prepaid on reset date, in other cases 1% p.a. on the principal prepaid for remaining period from the date of prepayment till next reset date.
L&T Infrastructure Finance Co. Ltd	Agreement dated Oct 01, 2007	1,080.00	1,080.00	11.60%	In 44 Qtrly. Installments of Rs. 272.73 lacs commencing Oct 01, 2010.	All Current assets, moveable properties, equipments, rights under project agreements, Project accounts, Receivables, rights under insurance policies, Letter of credit/ Escrow account, DSRA, both present and future pertaining to units at Bhigwan(Near Pune, Maharashtra), Ballarpur(Chandrapur, Maharashtra), Shreegopal(Yamuna nagar, Haryana) and Sewa (Jeypore, Orissa) etc.	**Penal Intt:** 4% p.a. over and above the Applicable Interest Rate. **Prepayment**: Nil if prepaid on interest reset dates. In other cases, prepayment premium of 2% of the outstanding assistance.
L&T Finance Co. Ltd	Agreement dated Oct 01, 2007	120.00	120.00	11.6%(with annual reset at 1.4% below SBI PLR)	In 44 Qtrly. Installments of Rs. 272.73 lacs commencing Oct 01, 2010.	All Current assets, moveable properties, equipments, rights under project agreements, Project accounts, Receivables, rights under insurance policies, Letter of credit/ Escrow account, DSRA, both present and future pertaining to units at Bhigwan(Near Pune, Maharashtra),	

						Ballarpur(Chandrapur, Maharashtra), Shreegopal(Yamuna nagar, Haryana) and Sewa (Jeypore, Orissa) etc.	
Indusind Bank Ltd.	Agreement dated Jun 18, 2009	200.00	200.00	10.40%	Bullet Repayment due on Sep. 25, 2010	Subservient charge created on entire current assets and all movable assets of the Company	**Penal Intt:** Applicable Rate + 2% p.a. for non-compliance of the terms of sanction, BPLR + 2% p.a. for irregularities in account.

Unsecured Loans

Kotak Mahindra Bank (WCDL)	Not executed	200.00	50.00	6.75%	Repayable on 14.10.2009	Post-dated cheques (PDC)	**Penal Intt:** Amount unpaid on due date shall attract interest @2% p.m. compounded monthly.

Annexure 4 I:

RESTATED UNCONSOLIDATED DETAILS OF SUNDRY DEBTORS

(Rs. in million)

Particulars	**As at Sep. 30, 2009**	**As at March 31**			**As at June 30, 2006**
		2009	**2008**	**2007**	
(Unsecured and Considered Goods)					
Debts Outstanding for a period exceeding six months	-	-	-	-	-
Other debts	369.77	445.67	240.48	194.80	45.34
TOTAL	369.77	445.67	240.48	194.80	45.34
Note:- There are no debtors related to directors, promoters, group Companies, Subsidiaries & Associates except the following:					
- Ballarpur Industries Limited (Promoter)	143.00	199.97	106.01	175.92	-
- Bilt Graphic Paper Products Limited (Associate)	172.71	216.17	74.81	-	-
- Biltech Building Elements Limited (Associate)	10.24	7.37	1.31	-	-
TOTAL	325.95	423.51	182.13	175.92	-

Annexure 4 J:

RESTATED UNCONSOLIDATED DETAILS OF LOANS & ADVANCES

(Rs. in million)

Particulars	As at Sep. 30, 2009	As at March 31,			As at June 30, 2006
		2009	2008	2007	
Advances recoverable in cash or in kind or for value to be received, e.g., rates, taxes, insurance, etc.	454.08	255.27	155.68	84.68	133.74
Advance against Subscription of Equity Share	-	-	72.73	-	-
Advance to Subsidiary companies	2,996.92	970.96	53.62	-	-
Advance Tax & Tax Deducted at Source	100.81	79.56	69.91	14.92	-
TOTAL	**3,551.81**	**1,305.79**	**351.94**	**99.60**	**133.74**
Note:- There is no amount due from directors, promoters, group companies, Subsidiaries & Associates except the following:					
- TKS Developers Limited (Subsidiary)	587.57	533.48	50.00	-	-
- Korba West Power Company Limited (Subsidiary)	2,080.34	342.22	3.62	-	-
- Jhabua Power Limited (Subsidiary)	220.54	70.27	-	-	-
- Gleneagles Healthcare Holdings (P) Limited (Subsidiary)	108.47	25.00	-	-	-
- Solaris Holdings Ltd. (Associate)	94.60	-	-	-	-
- Crompton Greaves Ltd. (Associate)	6.27	5.19	-	-	-
TOTAL	**3,097.79**	**976.16**	**53.62**	**-**	**-**

Annexure 4 K:

RESTATED UNCONSOLIDATED DETAILS OF OTHER INCOME

(Rs. in million)

Particulars	For six month period ended Sep. 30, 2009	For year ended		For Nine month period ended March 31, 2007	For the period July 20, 2005 to June 30, 2006
		March 31, 2009	March 31, 2008		
RECURRING					
Scrap Sales and Sundry Receipts	8.02	3.63	19.40	21.26	5.17
Foreign Currency Fluctuations (Net)	-	0.02	0.05	-	-
NONRECURRING					
Provision no Longer Required Written Back	0.15	5.98	0.81	0.52	-
Total Other Income	**8.17**	**9.63**	**20.26**	**21.78**	**5.17**
Profit Before Tax as per Annexure - 2	**69.61**	**162.84**	**147.22**	**61.41**	**49.93**
% of Net Profit Before Tax	**11.74%**	**5.91%**	**13.76%**	**35.47%**	**10.35%**

Note:-
The other income as mentioned above is on account of ordinary business activities

Annexure 5:

Significant Accounting Policies and Selected Notes to Statements of Profit & Losses and Assets & Liabilities, as restated:

A) 1. Disclosure of accounting policies (AS - 1)

The Financial Statements are prepared on accrual basis as a going concern under historical cost convention to comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

2. Valuation of Inventories (AS - 2)

Inventories are valued at cost, computed on a weighted average basis.

3. Cash flow statement (AS - 3)

The cash flow Statement has been prepared under 'Indirect Method' in accordance with the requirement of Accounting Standard - 3 "Cash Flow Statement".

4. Depreciation accounting (AS - 6)

Depreciation on fixed assets is provided on straight line method at the rate and in the manner prescribed in Schedule XIV to the Companies Act,1956.

5. Revenue recognition (AS - 9)

Revenue is recognized based on the nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery. Revenue is recognized once the customer is billed on the basis of consumption of energy recorded on installed meters.

6. Accounting for fixed assets (AS - 10)

i) Fixed Assets are stated at their original cost including freight, duties, taxes and other incidental expenses related to acquisition and installation.

ii) Expenses incurred relating to project prior to commencement of commercial production are classified as Project Development Expenditure and disclosed under Capital Work-in-Progress.

7. Accounting for effects in foreign exchange rates (AS – 11)

(i) Initial Recognition

Foreign currency transaction are recorded in Indian Rupees being the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the respective date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate as at the year/ period end. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting the company's monetary items at rates different from those at which they were initially recorded during the financial year are recognised as income or as expenses in the financial year in which they arise except for adjustment of exchange difference arising on reporting of long term foreign currency monetary items in so far they related to the acquisition of a depreciable capital assets which are adjusted to the cost of the assets.

8. Accounting for Investments (AS - 13)

Investments are classified into current and long term investments. Current investments are stated as lower of cost and fair value. Long term investments are stated at cost less any provision for diminution in value other than temporary.

9. Accounting for retirement benefits (AS - 15)

(i) Short term employee benefits are charged off at the undiscounted amount in the year/ period in which the related service is rendered.

(ii) Post employment and other long term employee benefits are charged off in the year/ period in which the employee has rendered services. The amount charged off is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and losses in respect of post employment and other long term benefits are charged to Profit and Loss Account/ Project Development Expenditure Account, as case may be.

10. Borrowing costs (AS - 16)

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

11. Segment reporting (AS - 17)

Considering the risk and return, The Company does not have more than one reportable segment in terms of Accounting Standard No.17 issued by the Institute of Chartered Accountants of India.

12. Accounting for taxes on income (AS - 22)

Provision for current tax is made on the basis of estimated taxable income for the relevant accounting year in accordance with the Income Tax Act, 1961.

The deferred tax liability on account of timing difference between the book profits and the taxable profits for the year is accounted by applying the tax rates and laws that are enacted or substantively enacted as on the balance sheet.

13. Accounting for Intangible Assets (AS - 26)

Assets identified as intangible assets are stated at cost including incidental expenses thereto and are amortised over a predetermined period.

14. Impairment of assets (AS - 28)

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged for when an asset identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

15. Provision, contingent liabilities and contingent assets (AS - 29)

a) A present obligation, which could be reliably estimated, is provided for in the accounts, if it is probable that an outflow of resource embodying economic benefit will be required for its settlement.

b) Contingent Liabilities are disclosed by way of notes to the Balance Sheet.

c) Contingent Assets are neither recognised nor disclosed.

B) Adjustments to restated financial statement

(Rs. in million)

Adjustments					
	For six months ended September 30, 2009	**For Financial Year Ended March 31,**		**For Nine Months Ended March 31, 2007**	**For Period from July 20, 2005 to June 30, 2006**
		2009	**2008**		
Profit as per Audited Financials	**33.11**	**98.14**	**91.75**	**50.83**	**33.57**
Adjustment for change in accounting policy (net of tax impact as applicable)					
- Preliminary Expenses	0.18	0.09	0.09	0.07	(0.41)
- Retirement benefits	-	-	-	(5.54)	(0.23)
Reinstatement to prior period items					
- Income tax	-	1.09	10.12	(11.22)	-
Total Adjustments	**0.18**	**1.18**	**10.21**	**(16.69)**	**(0.64)**
Profit as per Restated	**33.29**	**99.32**	**101.96**	**34.14**	**32.93**

Note:-

1. Provision for income tax relating to earlier year.

In the Financial Statements for the year ended March 31, 2009 and March 31, 2008, the provision for income tax relating to earlier years had been charged to Profit and loss Account. Accordingly, for the purpose of the Restated Summary Statement, the said item have been appropriately adjusted in the respective years to which they pertain.

2. Preliminary Expenses - Miscellaneous expenditure (to the extent not written off or adjusted)

During the period ended 30th September, 2009 the company adopted the policy of amortising preliminary expenses in the year in which it was incurred. Hence restated summary statements for the six months period ended September 30, 2009, for the years ended March 31, 2009 & March 31, 2008, for the nine months period ended March 31, 2007 and for the period July 20, 2005 to June 30, 2006, have been restated accordingly.

3. Retirement Benefits

The Company has adopted revised Accounting Standard - 15 "Employee Benefits" issued by the Institute of Chartered Accountants of India, effective 1st April, 2007. Considering that the adoption of Accounting Standard-15, by the Company before 1st April, 2007, the restated summary statements for the nine months period ended 31st March 2007 & for the period from 20th July 2005 to 30th June 2006,have been restated accordingly.

4. Material Regroupings

Appropriate adjustments have been made in the Restated financial information, wherever required, by reclassification of the corresponding items of assets, liabilities and cash flows, in order to bring them in line with the groupings as per the audited financials of the Company for the period ended September 30, 2009.

C) Note on Accounts

1. The Company's name was changed from "Bilt Power Limited" to "Avantha Power & Infrastructure Limited" by a special resolution passed at the Extra-Ordinary General meeting of the shareholders of the Company held on 05/02/2008.

2. Contingent Liabilities

(Rs. in million)

Particulars	As at Sep. 30, 2009	As at March 31			As at June 30, 2006
		2009	2008	2007	
Claims against the Company not acknowledged as debts	54.70	0.10	0.10	1.30	94.60
Bank Guarantees Outstanding	685.60	235.70	40.40	-	-
Corporate Guarantees	200.00	653.30	713.80	-	-

3. Estimated amount of contracts remaining to be executed on Capital Account. (Net of Advances).

(Rs. in million)

As at Sep. 30, 2009	As at March 31			As at June 30, 2006
	2009	2008	2007	
14.20	556.60	1,116.00	3.83	-

4. Disclosures as required by AS-29 "Provisions, Contingent Liabilities and Contingent Assets" as at 30th Sep, 2009 are as follows:

(Rs. in million)

Particulars	As at Sep. 30, 2009	As at March 31			As at June 30, 2006
		2009	2008	2007	
Entry Tax					
Opening Balance	10.36	3.20	-	-	-
Provision made	3.64	7.23	3.20	-	-
Payment made	-	(0.07)	-	-	-
Reversal made	-	-			
Closing Balance	14.00	10.36	3.20	-	-
Labour Dispute					
Opening Balance	-	-	-	-	-
Provision made	0.25	-	-	-	-
Payment made	-	-	-	-	-
Reversal made	-	-	-	-	-
Closing Balance	0.25	-	-	-	-
Electricity Duty					
Opening Balance	4.56	2.52	1.29	-	-
Provision made	0.55	2.14	1.31	1.29	-
Payment made	-	(0.10)	(0.08)	-	-
Reversal made	-	-	-	-	-
Closing Balance	5.11	4.56	2.52	1.29	-

5. a) Disclosures required under the Micro, Small & medium Development Act, 2006 ('the Development Act') - delayed payments due as at the end of the year on account of Principal Rs. Nil and interest due thereon Nil.

b) Managerial Remuneration paid / payable to whole time Director/ Managing Director of the Company:

(Rs. in million)

Particulars	For six month period ended Sep. 30, 2009	For year ended March 31, 2009	For year ended March 31, 2008	For Nine month period ended March 31, 2007	For the period July 20, 2005 to June 30, 2006
Salary	8.87	16.60	11.85	2.97	-
Contribution to Provident Fund & Superannuation Funds	0.56	0.34	0.42	0.33	-
Value of Perquisites	0.10	0.43	0.29	0.16	-
Total	9.53	17.37	12.56	3.46	-

The Central Government's approval is pending against the application made by the Company in respect of managerial remuneration for the period 1st April, 2009 to 30th September, 2009 which exceeds the limits prescribed by Schedule XIII of the Companies Act, 1956.

6. Project Development Expenditure Account (included under Capital work in - Progress)

(Rs. in million)

	As at Sep. 30, 2009	As at March 31			As at June 30, 2006
		2009	2008	2007	
Opening Balance	**256.39**	**30.45**	**-**	**-**	**-**
Add:					
(i) Payments to and provision for Employees	10.90	19.37	1.08	-	-
(ii) Insurance	0.35	5.77	0.62	-	-
(iii) Travelling and Conveyance Expenses	1.70	2.63	1.91	-	-
(iv) Professional Fees	49.01	23.92	17.02	-	-
(v) General and Administrative Charges	28.26	0.98	1.11	-	-
(vi) Bank Charges	1.67	1.67	-	-	-
(vii) Interest - Net	67.86	171.60	8.71	-	-
Less: Expenditure Capitalized	(416.14)	-	-	-	-
Closing Balance	**-**	**256.39**	**30.45**	**-**	**-**

7. Deferred Tax

In terms of Accounting Standard 22, the computation has been made to the extent there is reasonable certainty that these well be realised in future. The Deferred tax assets and liability comprise timing difference on account of:-

(Rs. in million)

Particulars	As at Sep. 30, 2009	As at March 31			As at June 30, 2006
		2009	2008	2007	
Deferred Tax Asset					
Expenses allowable on payment basis	18.30	15.65	7.94	8.89	0.34
Total	18.30	15.65	7.94	8.89	0.34
Deferred Tax Liability					

Higher Depreciation claimed under tax laws (Net of Unabsorbed Depreciation)	93.55	65.91	38.74	20.72	5.37
Others	5.20	5.68	-	7.51	-
Total	98.75	71.59	38.74	28.23	5.37
Net Deferred Tax Liability	80.45	55.94	30.80	19.34	5.03
Net Deferred Tax Charged to Profit & Loss Account	24.51	25.14	11.46	14.31	-

8. As per the scheme of Arrangement and Demerger under Section 391-394 of the Companies Act, 1956 between Avantha Power & Infrastructure Limited (Formerly BILT Power Limited) (BPL) and Ballarpur Industries Ltd. (BILT), the undertaking of Power Division was transferred from BILT with effect from April 1, 2006.

9. Advance to subsidiaries includes payments made by the company on the behalf of subsidiaries- TKS Developers Limited & Gleneagles Healthcare Holdings Private Limited, to certain shareholders of Korba West Power Company Limited (Korba)& Jhabua Power Limited (Jhabua), for taking over the complete management & control of Korba & Jhabua.

10. Significant event occurring after balance sheet

a) On 3rd November 2009, the company along with M/s TKS Developers Limited & Gleneagles Healthcare Holdings Private Limited has entered into a settlement agreement with certain shareholders of M/s Korba West Power Company Limited (Korba) and Jhabua Power Limited (Jhabua) for acquiring the remaining ownership, management and control of Korba and Jhabua respectively from them.

b) Share Capital
On 24th November, 2009, 41,47,72,726 number of equity shares of Rs. 10 each has been allotted as fully paid up at a premium of Re. 1 per share, which includes 17,29,54,545 number of equity share allotted against Rs 190.25 Crs share application money pending for allotment as at 30th Sept, 2009.

11. Previous years' figures have been regrouped/rearranged, wherever found necessary.

Annexure 6:

STATEMENT OF TAX SHELTERS

(Rs. in million)

	Particulars	For six month period ended Sep. 30, 2009	For year ended March 31, 2009	For year ended March 31, 2008	For Nine month period ended March 31, 2007	For the period July 20, 2005 to June 30, 2006
A	**Profit before Tax, as restated**	69.61	162.84	147.22	61.41	49.93
	Tax Rate	33.99%	33.99%	33.99%	33.66%	33.66%
	Tax at notional rate on profits	23.66	55.35	50.04	20.67	16.81
B	**Less: Permanent Differences**					
i	**Exempt Income**					
	Income exempt u/s 10	-	-	-	-	-
ii	**Other adjustments**					
	Expenses incurred for increase in authorised Share Capital	-	-	-	-	5.28
	Total Permanent Differences	**-**	**-**	**-**	**-**	**5.28**
C	**Less: Timing Differences**					
	Difference between Tax & Book Depreciation (net of Unabsorbed depreciation)	81.51	68.01	57.36	38.17	12.86
	Provision Disallowances	(4.10)	(3.10)	(0.03)	(2.00)	(1.40)
	Disallowances u/s 43B	(7.80)	(9.67)	(6.64)	(4.29)	(1.43)
	Profit/ (Loss) on sale of Fixed Assets	-	-	(0.01)	-	-
	Total Timing Differences	**69.61**	**55.24**	**50.68**	**31.88**	**10.03**
B+C	**Net Adjustments**	**69.61**	**55.24**	**50.68**	**31.88**	**15.32**
	Tax Saving Thereon	**-**	**-**	**-**	**-**	**-**
D=A-(B+C)	**Taxable Income / (Loss)**	**-**	**107.60**	**96.54**	**29.53**	**34.61**
E	**Incremental Tax due to Minimum Alternative Tax (MAT)**	**11.81**	**-**	**-**	**-**	**-**
F	**Tax as per normal provisions**	**11.81**	**36.57**	**32.81**	**9.94**	**11.65**

Note:- The above statement has been prepared based on the tax computations for the respective years. The figures for the six months ended September 30, 2009 are based on the provisional computation of total income prepared by the Company and are subject to any changes that may be considered at the time of final filing of the return of income for the year ending March 31, 2010.

Annexure 7:

Restated Unconsolidation Details of Rates of Dividend Paid by the Company

(Rs. in million)

Class of Shares	Face Value (Rs/Share	As at Sep. 30, 2009	As at March 31			As at June 30, 2006
			2009	2008	2007	
Equity Share Capital (Issued, Subscribed & Paid up)	10.00	2,380.26	2,380.26	700.00	700.00	700.00
Dividend		Nil	Nil	Nil	Nil	Nil

Annexure 8:

Accounting Ratios

(Rs. In Millions, except per share data)

Particulars		For six months period ended Sep. 30, 2009	For year ended March 31, 2009	For year ended March 31, 2008	For Nine months period ended March 31, 2007	For the period July 20, 2005 to June 30, 2006
Net worth as per Annexure 1	**A**	4,510.56	2,574.77	869.03	767.07	732.93
Net Profit as restated as per Annexure 2	**B**	33.29	99.32	101.96	34.14	32.93
No. of equity shares outstanding at the period end [Refer note 3]	**C**	238,026,000	238,026,000	78,400,000	78,400,000	78,400,000
Add: No. of equity shares inherent in Share Application Money Pending Allotment	**D**	172,954,545	-	-	-	-
No. of equity shares outstanding at the period end (Post Bonus issue)	**E=C+D**	410,980,545	238,026,000	78,400,000	78,400,000	78,400,000
Weighted average no. of equity shares outstanding during the period	**F**	238,026,000	116,655,485	70,000,000	70,000,000	70,000,000
Add: Weighted effect of no. of equity shares on issue of Bonus Shares	**G**	-	8,400,000	8,400,000	8,400,000	8,400,000
Total Weighted average no. of equity shares outstanding during the period used for computing Basic earnings per Share	**H=F+G**	238,026,000	125,055,485	78,400,000	78,400,000	78,400,000
Add: Weighted average potential equity shares inherent in Share Application Money Pending Allotment	**I**	125,201,192	-	-	-	-
Dilutive Potential Weighted average no. of equity shares outstanding during the period used for computing Dilutive Earning Per Share (Refer Note 4.)	**J**	363,227,192	125,055,485	78,400,000	78,400,000	78,400,000
Basic Earnings per Share (Rs)	**B/H**	**0.14**	**0.79**	**1.30**	**0.44**	**0.42**
Diluted Earnings per Share (Rs) - [Refer note 4]	**B/J**	**0.09**	**0.79**	**1.30**	**0.44**	**0.42**
Return on Net worth (%)	**B/A**	**0.74%**	**3.86%**	**11.73%**	**4.45%**	**4.49%**
Net Asset value per Equity Share (Rs)	**A/E**	**10.98**	**10.82**	**11.08**	**9.78**	**9.35**

Notes:

1. The ratios have been computed as below:

Basic Earnings per share (Rs.) $= \dfrac{\text{Net profit/(loss) as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period}}$

Diluted Earnings per share (Rs.) $= \dfrac{\text{Net profit/(loss) as restated, attributable to equity shareholders}}{\text{Potential Weighted average no. of equity shares outstanding during the period}}$

Return on Net Worth (%) $= \dfrac{\text{Net profit/ (loss) after tax, as restated}}{\text{Net worth, as restated, at the end of the period}}$

Net Assets Value per Equity Share (Rs.)	$\dfrac{\text{Net worth, as restated, at the end of the period}}{\text{Number of equity shares outstanding at the period end plus potential no. of equity shares against Share Application Money Pending Allotment.}}$

2. Net worth means Equity Share Capital + Share Application Money Pending Allotment + Reserves & Surplus.

3. 84,00,000 equity shares of Rs. 10 each were allotted on April 3, 2008 as fully paid-up Bonus shares in the ratio of 3 shares for every 25 shares held, by way of capitalisation of Revenue Reserves and the same is treated as if it had happened prior to the beginning of the year 2008-09, the earlier period reported.

4. The diluted EPS for the six months ended September 30, 2009 is computed after considering 17,29,54,545 equity shares of Rs. 10 each issued at a premium of Re 1 per share on November 24, 2009 against Rs. 1,902.50 Million Share Application Money Pending Allotment as at 30/09/09.

5. On 24th November, 2009, 41,47,72,726 number of equity shares of Rs. 10 each has been allotted as fully paid up at a premium of Re. 1 per share, which includes 17,29,54,545 number of equity share allotted against Rs 190.25 Crs share application money pending for allotment as at 30th Sept, 2009. If this allotment is considered, the accounting ratios would be as under:

Diluted Earnings per Share for six months ended September 30, 2009 (Rs)	**0.05**
Return on Net Worth for the half year ended September 30, 2009	**0.46%**
Net Asset Value per Share as at September 30, 2009 (Rs)	**10.98**

6. The ratios above are computed on the basis of the unconsolidated restated financial statements of the Company.

Annexure 9:

RESTATED UNCONSOLIDATED CAPITALIZATION STATEMENT AS AT SEPTEMBER 30, 2009

(Rs. in million)

Particulars	Pre Issue	Post Issue
Long Term Debt	4,006.60	
Short Term Debt	301.22	
Total Debt	**4,307.82**	
Shareholders' Funds		
- Equity Share capital 23,80,26,000 Equity Shares of Rs 10/- each	2,380.26	
- Share Application Money Pending Allotment	1,902.50	
Reserve & Surplus		
- Securities Premium A/c	10.16	
- Profit & Loss A/c	217.64	
Total Shareholders' Funds	**4,510.56**	
Long term Debt / Shareholders' funds	**0.89**	
Total Debt / Shareholders' Funds	**0.96**	

Note:

1. Short term debt represents debts which are due within twelve months from September 30, 2009 and includes current portion of long term debt.

2. Long term debt represents debt other than short term debt, as defined above.

3. The figures disclosed above are based on the restated unconsolidated Statement of Assets and Liabilities as at September 30, 2009

4. Long Term debt / Equity: $\frac{\text{Long Term Debt}}{\text{Shareholders' Funds}}$

5. The corresponding post issue figures are not determinable at this stage pending the completion of the Book Building Process and hence have not been furnished.

Annexure 10:
List of Related Parties

Information on Related Parties as required by Accounting Standard - AS 18 "Related Party Disclosures"

I. List of related parties:

(a)	**Holding Companies**	Solaris Industrial Chemicals Limited
		BILT Paper Holdings Limited
		Avantha Holdings Limited (earlier NewQuest Corporation Ltd)
	Subsidiary Companies	Korba West Power Company Limited
		TKS Developers Limited
		Jhabua Power Limited
		Gleneagles Healthcare Holdings (P) Limited
	Person having significant influence	Mr. Gautam Thapar
	Key Managerial Personnel	Mr Anil Bhargava (since July 1, 2006)
	Associate Companies	Ballarpur Industries Limited
		Ballarpur International Holdings B.V.
		Ballarpur Paper Holdings B.V.
		Sabah Forest Industries Sdn. Bhd.
		BILT Tree Tech Limited
		BILT Graphic Paper Products Limited
		Ballarpur International Paper Holdings B.V.
		Ballarpur International Graphic Paper Holdings B.V.
		Prestige Wines and Spirits (P) Limited (earlier TT & G Trading P. Ltd.)
		Himalayan Hideaways P. Ltd.
		Vani Agencies (P) Ltd.
		Solaris Holdings Ltd.
		Solaris Chemtech Industries Ltd (earlier Solaris Bio Chemicals Ltd.)
		Salient Business Solutions Ltd.
		Salient Financial Solutions Limited
		Salient Knowledge Solutions Limited
		Salient Business Solutions USA, Inc.
		Sairam Infra Projects Private Limited
		Imerys Newquest (India) Private Limited
		Avantha Realty Limited (earlier Janpath Investments & Holdings Ltd.)
		Sohna Stud Farm (P) Ltd.
		KCT Chemicals & Electricals Limited
		KCT Papers Limited
		T H E Paperbase Company Limited
		Avantha International Holdings B.V.
		TAF Asset 2 B.V.
		Crompton Greaves Limited
		CG Energy Management Limited
		CG Capital & Investments Limited
		CG-PPI Adhesive Products Limited
		Malanpur Captive Power Limited(Malanpur Captive Power Private Limited)
		Brook Crompton Greaves Limited
		CG Actaris Electricity Management (P) Limited
		CG Lucy Switchgear Limited
		International Components India Limited

CG International B.V.
CG Holdings Belgium NV (earlier Pauwels International N.V.)
CG Sales Networks Americas Inc (earlier Pauwels Americas Inc.)
PT CG Power Systems Indonesia (earlier PT Pauwels Trafo Asia)
Pauwels Trafo Gent N.V.
CG Power Systems Canada Inc (earlier Pauwels Canada Inc.)
CG Power Systems USA Inc (earlier Pauwels Transformers Inc.)
CG Power Systems Ireland Ltd (earlier Pauwels Trafo Ireland Ltd)
CG Sales Networks France SA (earlier Pauwels France SA)
CG Power Systems Belgium NV (earlier Pauwels Trafo Belgium N.V.)
CG Service Systems Curacao NV (earlier Pauwels Trafo Service N.V.)
Pauwels Middle East Trading and Contracting Limited
CG Holdings Hungary Kft (earlier Crompton Greaves Hungary Kft)
Transverticum Kft
CG Electric Systems Hungary Zrt (earlier Ganz Transelektro Villamossagi Zrt)
CG Power Holdings Ireland Ltd. (earlier Microsol Holdings Limited)
Microsol Limited
Viserge Limited
CG Automation Systems UK Ltd. (earlier Microsol UK Limited)
CG Automation Systems USA Inc (earlier Microsol Inc)
CG Service systems France SAS (earlier Societe Nouvelle de Maintenance Transformateurs)
MSE Power Systems Inc.
MSE West LLC
CG Holdings Germany GmbH (earlier Crompton Greaves Germany GmbH)
Toscana Lasts Limited
Toscana Footwear Components Limited
Gyanodaya Prakashan (P) Limited
Saraswati Travels (P) Limited
Varun Prakashan (P) Limited
Leading Line Merchant Traders (P) Limited
Oyester Buildwell (P) Limited
Seer Buildwell (P) Limited
Vanity Propbuild (P) Limited
Karam Chand Thapar & Bros Limited
Bilt Industrial Packaging Company Limited
APR Sacks Limited
Global Green Company Limited
Global Green USA Limited
GG International N.V.
Intergarden N.V.
Intergarden (India) Private Limited
Dunakiliti Kanzervuzem Kft
Greehouse Agraar Kft
Puszta Konserv Kft, Hungary
Floragarden Tarim Gida Sanay ve Ticaret A.S.
Biltech Building Elements Limited
Asia Aviation Limited
UHL Power Company Limited
NewQuest Insurance Broking Services Limited
Avantha Technologies Ltd (earlier NewQuest Process Outsourcing (P) Ltd)
NQC Global (Mauritius) Limited
NQC International (Mauritius) Limited
NewQuest Services Private Limited (earlier James Martin)
JG Containers (Malaysia) Sdn. Bhd.

Mirabelle Holdings LLC
Mirabelle Trading Pte. Limited
Ultima Hygiene Products (P) Limited

II. Detail of Transaction during the year with Related parties:	As at Sep. 30, 2009	As at March 31, 2009	2008	2007	As at June 30, 2006
a. Sales of Power & Steam					
- **Associate Companies**					
Ballarpur Industries Limited	639.55	1,229.88	1,125.05	1,889.92	505.11
Bilt Graphic Paper Products Limited	1,014.72	1,643.93	1,232.71	-	-
Biltech Building Elements Limited	5.94	12.94	1.31	-	-
b. Commission on Purchase & Royalty Payment					
- **Holding Company**					
Avantha Holdings Limited (Formerly NewQuest Corporation Limited)	5.66	3.65	1.38	0.59	-
c. Purchase of Goods & Services					
- **Associate Companies**					
Ballarpur Industries Limited	3.95	8.08	9.35	20.86	-
Bilt Graphic Paper Products Limited	78.45	40.88	7.85	-	-
Crompton Greaves Limited	2.96	63.92	0.33	-	-
d. Purchase of Fixed Assets					
- **Associate Companies**					
Ballarpur Industries Limited	-	-	-	20.00	2,350.00
e. Purchase of Investment					
- **Subsidiary Companies**					
Korba West Power Company Limited	-	-	5.77	-	-
TKS Developers Limited	-	-	2.79	-	-
Jhabua Power Limited	-	0.58	-	-	-
Gleneagles Healthcare Holdings (P) Limited	-	0.10	-	-	-
f. Loans & Advances Given					
- **Subsidiary Companies**					
Korba West Power Company Limited	1,738.12	338.60	3.62	-	-
TKS Developers Limited	54.09	483.48	50.00	-	-
Jhabua Power Limited	150.27	70.27	-	-	-
Gleneagles Healthcare Holdings (P) Limited	83.47	-	-	-	-
g. Remuneration paid/payable to KMP	9.53	17.37	12.56	3.46	-
h. Outstanding Balances					
- **Holding Company**					
Avantha Holdings Limited (Formerly NewQuest Corporation Limited)	(5.47)	(1.68)	(0.70)	(0.33)	-
- **Associate Companies**					
Ballarpur Industries Limited	143.00	199.97	64.27	119.11	(241.53)
Bilt Graphic Paper Products Limited	172.71	216.17	60.50	-	-
Biltech Building Elements Limited	10.24	7.37	1.31	-	-
Crompton Greaves Limited	6.06	(3.35)	(0.33)	-	-
Solaris Holdings Limited	94.60	-	-	-	-
- **Subsidiary Companies**					
Korba West Power Company Limited	2,080.34	342.22	3.62	-	-
TKS Developers Limited	587.57	533.48	50.00	-	-
Jhabua Power Limited	220.54	70.27	-	-	-
Gleneagles Healthcare Holdings (P) Limited	108.47	25.00	-	-	-

(Rs in Million)

Note: - Figures in brackets indicate Payables.

AUDITORS REPORT ON RESTATED CONSOLIDATED FINANCIAL STATEMENTS

To,
The Board of Directors,
M/s Avantha Power & Infrastructure Limited,
124, Thapar House,
Janpath,
New Delhi 100 001,
Delhi, India

Dear Sirs,

Re: Proposed initial public offer having a face value of Rs. 10/- each for cash, at an issue price to be arrived at by the book building process (referred as the "Offer").

We have examined the restated consolidated financial information of M/s Avantha Power & Infrastructure Limited ("the Company") described below in A and B and annexed to this report for the purpose of inclusion in the Draft Red Herring Prospectus ("the DRHP"). The consolidated financial information has been prepared in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ("the Act"), the Securities and Exchange Board of India ("SEBI") –Issue of Capital and Disclosure Requirements) Regulation, 2009 (the "ICDR Regulations") the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India ("ICAI") and terms of engagement agreed upon by us with the Company. The restated consolidated financial information has been prepared by the Company and approved by its Board of Directors.

A. Restated Consolidated Financial Information as per Audited Consolidated Financial Statements:

We have examined:

a) the attached restated consolidated Statements of Assets and Liabilities as at September 30, 2009, March 31, 2009 and March 31, 2008 (Annexure 1);

b) the attached restated consolidated Statements of Profit and Loss for the six month period ended September 30, 2009, for the years ended March 31, 2009 & March 31, 2008 (Annexure 2);

c) the attached restated consolidated Statements of Cash Flow for the six month period ended September 30, 2009, for the years ended March 31, 2009 & March 31, 2008 (Annexure 3);

d) the significant accounting policies adopted by the Company as at and for six month period ended September 30, 2009 and notes to the Restated consolidated Summary Statements (Annexure 5);

- together referred to as the "Restated consolidated Summary Statements".

The Restated consolidated Summary Statements have been extracted from audited consolidated financial statements of the Company as at and for the six month period ended September 30, 2009, for the years ended March 31, 2009 & March 31, 2008.

Based on our examination and in accordance with the requirements of the Act, ICDR Regulations and terms of engagement agreed by us with the Company we state that:

i) the restated consolidated assets and liabilities of the Company as at September 30, 2009, March 31, 2009 and March 31, 2008 are as set out in Annexure 1, which are after making such material adjustments and regroupings as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 5;

ii) the restated consolidated profits/losses of the Company for the period ended September 30, for the years ended March 31, 2009 & March 31, 2008 are as set out in Annexure 2, which have been arrived at after making such material adjustments and regroupings as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 5;

iii) the restated consolidated cash flows of the Company for the period ended September 30, 2009, for the years ended March 31, 2009 & March 31, 2008 are as set out in Annexure 3; which have been arrived at after making such material adjustments and regroupings as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in

Annexure 5;

iv) there are no extra-ordinary items in any of the financial statements that need to be disclosed separately in the Restated consolidated Summary Statements.

v) Without qualifying our opinion we draw attention to note no.C-5b in Annexure 5 wherein it has been highlighted that Central Government's approval is awaited for excess remuneration paid to Managing Director. Subject to this, there are no qualifications in the auditor's report which require any adjustment to the financial information.

B. Other Consolidated Financial Information as per Audited Consolidated Financial Statements:

We have also examined the following consolidated financial information relating to the Company, which is based on the Restated Consolidated Summary Statements / audited consolidated financial statements and approved by the Board of Directors for the purpose of inclusion herein:

a) Restated Consolidated Fixed Assets Schedule (Annexure 4A-C)
b) Restated Consolidated Details of Capital Work in Progress (Annexure 4D)
c) Restated Consolidated Details of Investment (Annexure 4E)
d) Restated Consolidated Details of Secured & Unsecured Loan (Annexure 4F)
e) Restated Consolidated Details of Secured & Unsecured Loan (Annexure 4F1)
f) Restated Consolidated Details of Sundry Debtors (Annexure 4G)
g) Restated Consolidated Details of Loans & Advances (Annexure 4H)
h) Restated Consolidated Details of Other Income (Annexure 4I)
i) Restated Consolidated Statement of Tax Shelter (Annexure 6)
j) Restated Consolidated details of Rates of Dividend paid by the Company (Annexure 7)
k) Restated Consolidated Statement of Accounting Ratios (Annexure 8)
l) Restated Consolidated Capitalization Statement (Annexure 9)
m) Statement of Related Party Disclosures, as Restated (Annexure 10).

In our opinion, the consolidated financial information of the Company attached to this report, as mentioned in paragraph (B) above, read with significant accounting policies and notes as annexed to this report, and after making such adjustments as were considered appropriate, has been prepared in accordance with Part II (B) of Schedule II of the Act and the ICDR Regulations.

This report should not in any way be construed as a reissuance or redating of the previous audit report by the other firm of Chartered Accountants nor should this be construed as a new opinion on any of the financial statements referred to herein.

We did not perform audit tests for the purposes of expressing an opinion on individual balances or summaries of selected transactions, and accordingly, we express no such opinion thereon.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed public offering of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

ASHWIN MANKESHWAR
Partner
Membership No.: 46219
For an on behalf of
K.K.MANKESHWAR & CO.,
Chartered Accountants
FRN: - 106009W

Place: - Gurgaon
Date: - 11th February 2010

Annexure 1:

RESTATED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(Rs. in million)

	Particulars	As at Sep. 30, 2009	As at March 31,	
			2009	**2008**
A	**FIXED ASSETS**			
	Gross Block	6,681.66	2,777.32	2,437.55
	Less : Accumulated Depreciation / Amortisation	483.00	378.91	249.53
	Net Block	6,198.66	2,398.41	2,188.02
	Capital Work-in-Progress (including Capital Advances)	1,967.38	2,892.14	520.99
	Total	**8,166.04**	**5,290.55**	**2,709.01**
B	**INVESTMENTS**	**20.06**	**60.05**	**40.03**
C	**CURRENT ASSETS, LOANS & ADVANCES**			
	Inventories	287.86	321.15	196.44
	Sundry Debtors	369.77	445.67	240.48
	Cash and Bank Balances	118.80	107.21	8.85
	Loans & Advances	1,282.39	922.43	396.97
	Total	**2,058.82**	**1,796.46**	**842.74**
	TOTAL ASSETS (A+B+C)	**10,244.92**	**7,147.06**	**3,591.78**
D	**MINORITY INTEREST**	1.94	1.94	1.76
E	**LIABILITIES & PROVISIONS**			
	Deferred Tax Liability	80.45	55.94	30.80
	LOAN FUNDS			
	Secured Loans	4,257.82	3,289.93	2,164.97
	Unsecured Loans	190.46	253.09	83.00
	CURRENT LIABILITIES & PROVISIONS			
	Current Liabilities	1,091.73	872.88	357.13
	Provisions	112.19	98.55	84.87
	TOTAL	**5,732.65**	**4,570.39**	**2,720.77**
F	**Net worth (A+B+C-D-E)**	**4,510.33**	**2,574.73**	**869.25**
	Represented By:			
	Share Capital			
	- Equity Share Capital	2,380.26	2,380.26	700.00
	-Share Application Money Pending Allotment	1,902.50	-	-
	Reserves & Surplus			
	- Securities Premium Account	10.16	10.16	-
	- Profit & Loss A/c	217.41	184.31	169.13

	- Capital Reserve on Consolidation	-	-	0.12
	TOTAL	**4,510.33**	**2,574.73**	**869.25**

Annexure 2:

RESTATED CONSOLIDATED STATEMENT OF PROFITS & LOSSES

(Rs. in million)

	Particulars	For six month period ended Sep. 30, 2009	For year ended	
			March 31, 2009	March 31, 2008
A	**INCOME**			
	Sales	1,907.33	3,266.81	2,765.67
	Other Income	8.17	9.63	20.39
	Total	**1,915.50**	**3,276.44**	**2,786.06**
B	**EXPENDITURE**			
	Generation Costs	1,477.41	2,617.33	2,113.00
	Personnel Costs	70.79	111.95	127.36
	Administration & General Costs	40.93	70.14	97.14
	Interest and Finance Costs (Net)	153.89	186.36	175.92
	Depreciation / Amortisation	103.06	127.96	125.32
	Total	**1,846.08**	**3,113.74**	**2,638.74**
C	**Profit /(Loss) before Tax**	**69.42**	**162.70**	**147.32**
D	**Provision for Tax**			
	- Current Tax / Mat (Including Fringe Benefit Tax)	11.81	38.38	33.80
	- Deferred Tax	24.51	25.14	11.46
E	**Net Profit /(Loss) after Tax and before extraordinary items**	33.10	99.18	102.06
	Extraordinary items	-	-	-
F	**Net Profit /(Loss) after Tax and extraordinary items**	33.10	99.18	102.06
	Less: Minority Interest	-	-	-
G	**Net Profit/(Loss) after Tax, extraordinary items & Minority Interest**	33.10	99.18	102.06
H	**Balance brought forward from previous Year**	184.31	169.13	67.07
	Less: Transfer to Reserve	-	84.00	-
I	**Balance carried to Balance Sheet**	217.41	184.31	169.13

Annexure 3:

RESTATED CONSOLIDATED STATEMENT OF CASH FLOW

(Rs. in million)

	Particulars	For six month period ended Sep. 30, 2009	For year ended	
			March 31, 2009	March 31, 2008
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Net Profit before Tax and extraordinary items	69.42	162.70	147.32
	Add /(Less) :			
	Adjustments for			
	- Interest and Finance Costs (net)	153.89	186.36	175.92
	- Provision no Longer Required Written Back	(0.15)	(5.98)	(0.94)
	- Lose on Sale of Fixed Assets	-	-	0.01
	- Depreciation / Amortisation	103.06	127.96	125.32
	Operating Profit before Working Capital changes	326.22	471.04	447.63
	Adjustments for Working Capital changes :			
	- Trade payable and others	147.29	142.15	23.47
	- Inventories	33.29	(124.71)	(31.19)
	- Trade and other receivables	75.90	(205.19)	(45.68)
	- Loans and Advances	(201.21)	(55.81)	(45.96)
	Cash generated from Operations	381.49	227.48	348.27
	- Direct Tax Paid	(21.45)	(38.25)	(54.99)
	NET CASH INFLOW FROM OPERATING ACTIVITIES	360.04	189.23	293.28
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	- Purchase of Fixed Assets including Capital WIP & Pre-operative expenditure	(2,910.47)	(2,285.16)	(440.51)
	- Sale of Fixed Assets	-	-	0.01
	- Purchase of Investments	(20.06)	(60.05)	(40.03)
	- Sale of Investments	60.05	40.03	-
	- Purchase of Subsidiaries	-	(0.68)	(8.56)
	- Loans & Advances (Investing activities)	(137.30)	(409.30)	(139.82)
	NET CASH USED IN INVESTING ACTIVITIES	(3,007.78)	(2,715.16)	(628.91)
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	- Proceeds from Issuance of Equity Share Capital	-	1,624.11	-
	- Proceeds from Share Application Money	1,902.50	-	-
	- Increase / (Decrease) in long term and other borrowings (net)	905.26	1,202.07	514.97
	- Interest and Financing charges (Net)	(148.43)	(184.46)	(175.92)
	- Share Issue expenses	-	(17.69)	-
	NET CASH USED IN FINANCING ACTIVITIES	2,659.33	2,624.03	339.05
	NET INCREASE IN CASH AND CASH EQUIVALENTS	11.59	98.10	3.42
	CASH AND CASH EQUIVALENTS (OPENING BALANCE)	107.21	8.85	5.33

	Add: - Upon addition of a new Subsidiary	-	0.26	0.10
	CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	118.80	107.21	8.85

Annexure 4 A:

RESTATED CONSOLIDATED FIXED ASSETS SCHEDULE AS AT SEPTEMBER 30, 2009

(Rs. in million)

	GROSS BLOCK					DEPRECIATION					NET BLOCK	
Description of Fixed Asset	**Balance as at 01.04.2009**	**On acquisition of Subsidiary**	**Additions**	**Sale / Adjustment**	**Balance as at 30.09.09**	**Balance as at 01.04.2009**	**On acquisition of Subsidiary**	**During the Period**	**On Sale, adjustments & disposals during the period**	**Balance as at 30.09.09**	**As at 30.09.09**	**As at 31.03.09**
A) TANGIBLE ASSETS												
Land	210.72	-	297.75	-	508.47	-	-	-	-	-	508.47	210.72
Building	249.55	-	274.34	-	523.89	43.95	-	5.54	-	49.49	474.40	205.60
Plant and Machinery	2,267.37	-	3,326.55	-	5,593.92	319.55	-	94.67	-	414.22	5,179.70	1,947.82
Furniture & Fixtures	8.85	-	4.35	-	13.20	0.95	-	0.55	-	1.50	11.70	7.90
Computers	5.64	-	1.14	-	6.78	0.54	-	0.50	-	1.04	5.74	5.10
Vehicles	2.87	-	-	-	2.87	0.13	-	0.14	-	0.27	2.60	2.74
Office Equipment	7.86	-	0.21	-	8.07	0.25	-	0.26	-	0.51	7.56	7.61
TOTAL (A)	2,752.86	-	3,904.34	-	6,657.20	365.37	-	101.66	-	467.03	6,190.17	2,387.49
B) INTANGIBLE ASSETS												
Goodwill**	0.25	-	-	-	0.25	-	-	-	-	-	0.25	0.25
Computer Software	24.21	-	-	-	24.21	13.54	-	2.43	-	15.97	8.24	10.67
GRAND TOTAL (A+B)	2,777.32	-	3,904.34	-	6,681.66	378.91	-	104.09	-	483.00	6,198.66	2,398.41

* Depreciation during the year includes Rs 1.03 million charged to Project Development Expenditure.
** Arising on consolidation

Annexure 4 B:

RESTATED CONSOLIDATED FIXED ASSETS SCHEDULE AS AT MARCH 31, 2009

(Rs. in million)

	GROSS BLOCK					DEPRECIATION					NET BLOCK	
Description of Fixed Asset	**Balance as at 01.04.2008**	**On acquisition of Subsidiary**	**Additions**	**Sale / Adjustment**	**Balance as on 31.03.09**	**Balance as at 01.04.08**	**On acquisition of Subsidiary**	**During the Year**	**On Sale, adjustments & disposals during the year**	**Balance as at 31.03.09**	**As at 31.03.09**	**As at 31.03.08**
A) TANGIBLE ASSETS												
Land	0.63	-	210.09	-	210.72	-	-	-	-	-	210.72	0.63
Building	246.57	-	2.98	-	249.55	15.23	-	28.72	-	43.95	205.60	231.34
Plant and Machinery	2,163.22	-	104.15	-	2,267.37	224.67	-	94.88	-	319.55	1,947.82	1,938.55
Furniture & Fixtures	3.69	0.14	5.02	-	8.85	0.50	0.14	0.31	-	0.95	7.90	3.19
Computers	0.98	0.05	4.61	-	5.64	0.15	0.05	0.34	-	0.54	5.10	0.83
Vehicles	-	-	2.87	-	2.87	-	-	0.13	-	0.13	2.74	-
Office Equipment	0.04	0.14	7.68	-	7.86	0.02	0.14	0.09	-	0.25	7.61	0.02
TOTAL (A)	2,415.13	0.33	337.40	-	2,752.86	240.57	0.33	124.47	-	365.37	2,387.49	2,174.56
B) INTANGIBLE												

ASSETS												
Goodwill**	-	-	0.25	-	0.25	-	-	-	-	-	0.25	-
Computer Software	22.42	-	1.79	-	24.21	8.96	-	4.58	-	13.54	10.67	13.46
GRAND TOTAL (A+B)	2,437.55	0.33	339.44	-	2,777.32	249.53	0.33	129.05	-	378.91	2,398.41	2,188.02

* Depreciation during the year includes Rs 1.09 million charged to Project Development Expenditure.

Annexure 4 C:

RESTATED CONSOLIDATED FIXED ASSETS SCHEDULE AS AT MARCH 31, 2008

(Rs. in million)

	GROSS BLOCK					DEPRECIATION					NET BLOCK	
Description of Fixed Asset	**Balance as at 01.04.2007**	**On acquisition of Subsidiary**	**Additions**	**Sale / Adjustment**	**Balance as at 31.03.08**	**Balance as at 01.04.07**	**On acquisition of Subsidiary**	**During the Year**	**on Sale, adjustments & disposals during the year**	**Balance as at 31.03.08**	**As at 31.03.08**	**As at 31.03.07**
A) TANGIBLE ASSETS												
Land	-	0.63	-	-	0.63	-	-	-	-	-	0.63	-
Building	230.12	-	16.45	-	246.57	7.64	-	7.59	-	15.23	231.34	222.48
Plant and Machinery	2,130.82	-	32.40	-	2,163.22	111.84	-	112.83	-	224.67	1,938.55	2,018.98
Furniture & Fixtures	3.40	-	0.29	-	3.69	0.22	-	0.28	-	0.50	3.19	3.18
Computers	0.69	-	0.31	0.02	0.98	0.01	-	0.14	-	0.15	0.83	0.68
Vehicles	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	0.03	0.01	-	0.04	-	0.02	-	-	0.02	0.02	-
TOTAL (A)	2,365.03	0.66	49.46	0.02	2,415.13	119.71	0.02	120.84	-	240.57	2,174.56	2,245.32
B) INTANGIBLE ASSETS												
Computer Software	22.42	-	-	-	22.42	4.48	-	4.48	-	8.96	13.46	17.94
GRAND TOTAL (A+B)	2,387.45	0.66	49.46	0.02	2,437.55	124.19	0.02	125.32	-	249.53	2,188.02	2,263.26

Annexure 4 D:

RESTATED CONSOLIDATED DETAILS OF CAPITAL WORK IN PROGRESS

(Rs. in million)

Particulars	**As at Sep. 30, 2009**	**As at March 31**	
		2009	**2008**
a) Capital Work-in-Progress	1,034.64	2,086.12	251.34
b) Advances against machinery, land, etc.	5.90	50.08	197.26
c) Expenditure during construction period pending allocation	926.84	755.94	72.39
TOTAL	**1,967.38**	**2,892.14**	**520.99**

Annexure 4 E:

RESTATED CONSOLIDATED DETAILS OF INVESTMENT

(Rs. in million)

	As at 30th Sep., 2009		As at 31st Mar, 2009		As at 31st Mar, 2008	
	Numbers	Book Value (Rs.)	Numbers	Book Value (Rs.)	Numbers	Book Value (Rs.)
Current Investments						
In Mutual Fund Units : - Quoted						
(i) Kotak Flexi Debit Mutual Fund- Daily Dividend	1,996,327	20.06	-	-	-	-
(ii) Tata Floater Fund - Daily Dividend - Reinvested Option	-	-	-	-	1,994,514	20.02
(iii) Principal Mutual Fund- Daily Dividend - Reinvested Option	-	-	-	-	1,998,767	20.01
(iv) HDFC Mutual Fund- Daily Dividend - Reinvested Option	-	-	5,645,728	60.05	-	-
		20.06		60.05		40.03
Break - up :						
Quoted Investments		20.06		60.05		40.03
Unquoted Investments		-		-		-
		20.06		60.05		40.03
Market Value of Quoted Investments						
(i) Kotak Flexi Debit Mutual Fund- Daily Dividend	1,996,327	20.06	-	-	-	-
(ii) Tata Floater Fund - Daily Dividend - Reinvested Option	-	-	-	-	1,994,514	20.02
(iii) Principal Mutual Fund- Daily Dividend - Reinvested Option	-	-	-	-	1,998,767	20.01
(iv) HDFC Mutual Fund- Daily Dividend - Reinvested Option	-	-	5,645,728	60.05	-	-
		20.06		60.05		40.03

Annexure 4 F:

RESTATED CONSOLIDATED DETAILS OF SECURED LOAN

(Rs. in million)

Particulars	As at Sep. 30, 2009	As at March 31	
		2009	2008
Term Loans			
- From Banks	1,191.86	1,589.93	1,634.97
- From Others	2,865.96	1,500.00	380.00
Short Term Loans			
- From Banks (Working Capital Loan)	200.00	200.00	150.00
TOTAL	**4,257.82**	**3,289.93**	**2,164.97**

RESTATED CONSOLIDATED DETAILS OF UNSECURED LOAN

(Rs. in million)

Particulars	As at Sep. 30, 2009	As at March 31	
		2009	2008
From Banks (Working Capital Loan)	50.00	50.00	-
From Others	140.46	203.09	83.00
TOTAL	**190.46**	**253.09**	**83.00**
Amount taken from directors, promoters, group Companies & Associates included in Unsecured Loans above	-	-	-

Annexure 4 F1:

RESTATED CONSOLIDATED DETAILS OF SECURED/ UNSECURED LOAN

(Rs. in million)

Lender	Loan Documentation	Loan Amount Sanctioned	Loan amount outstanding as at 30.09.09	Interest Rate pa	Repayment Schedule	Security	Details of Reschedule-ment/ Prepayment/ Penalty/ Default, if any
Axis Bank (Loan II)	Agreement dated Jul 01, 2008	525.00	508.30	10.75%	In 36 qtrly. installments of Rs 229.17 Lac each commencing Oct 2011	(1) Assignment of Take-or-Pay agreement with BILT. (2) First pari passu charge on the Escrow Account where all receivables from BILT would be deposited. (3) All movable properties, stock and book debts.	**Penal Intt:** Non-payment of interest/ installment and delay in creation of security will attract penal interest @2% p.a. **Prepayment:** Prepayment will be accepted on terms & conditions to be decided by bank.
Axis Bank (Loan IV)		300.00	283.56	12.50%	In 36 Qtrly. Installments of Rs. 78.77 Lacs each commencing Mar 2012		
Axis Bank (Loan III)	Agreement dated Oct 24, 2008	400.00	400.00	12% (BPLR - 2.75%)	In 114 monthly installments commencing from May 2011	(1) Hypothecation by way of 1st pari passu charge over all movable fixed assets both present & future including movable P&M, spares, tools & accessories, book debts, operating cash flows, project receivables, etc & movable goods stored or to be stored at Company's premises or godown or wherever else the same maybe. (2) Hypothecation by way of 1st pari passu charge by way of assignment or creation of charge by way of rights, title, interest, benefits, claims etc. in project documents of Co.	**Penal Intt:** Non-payment of interest/ installments and delay in creation of security will attract penal interest @2% p.a. **Prepayment:** Prepayment will be accepted on terms & conditions to be decided by bank.

IDFC Ltd.	Agreement dated Sep 10, 2009	666.40	665.96	10% (2.11% over & above IDFC Benchmark Rate)	In 52 Qtrly. Installments of Rs. 1.281 Lacs each commencing Dec 15, 2009	(1) All movable assets of the Company (both present & future) including P&M, spare tools, accessories etc. (2) Cash flow, receivables, Escrow a/c, book debts, commissions, revenues & all other reserves and bank a/cs of the Company. (3) Stock of raw material, semi-finished, finished and consumable goods. (4) Company's rights/ title/interest under all its clearances/ permits, insurance, contract proceeds. (5) Intangibles, goodwill and uncalled capital (if any) present & future.	**Penal Intt:** In case of default, 2% pa from the respective due date till date of actual payment. In case of delay in creation of security, additional interest @1% pa will be applicable. **Prepayment:** No premium if prepaid on reset date. In other cases 2% p.a. on the principal prepaid for remaining period from date of prepayment till next reset date.
IDFC Ltd.	Agreement dated Jul 28, 2008	1,200.00	1,000.00	9.72% (1.9% over & above IDFC Benchmark Rate)	In 114 monthly installments commencing from Feb 2011.	(1) All movable assets of the company including movable P&M, spares, tools, etc. both present and future. (2) Cash flow, receivables, Escrow a/c, book debts, all intangibles not limited to goodwill & uncalled capital, all other reserves and bank accounts etc. (3) Company's rights, title, interest under all its project documents, in the clearances / permits, guarantees, LC, performance bond, insurance, contracts etc.	**Penal Intt:** In case of default, 2% p.a. from the respective due date untill date of actual payment. In case of delay in creation of security, additional interest @1% p.a. will be applicable. **Prepayment:** No premium if prepaid on reset date, in other cases 1% p.a. on the principal prepaid for remaining period from the date of prepayment till next reset date.
L&T Infrastructure Finance Co. Ltd	Agreement dated Oct 01, 2007	1,080.00	1,080.00	11.60%	In 44 Qtrly. Installments of Rs. 272.73 lacs commencing Oct 01, 2010.	All current assets, moveable properties, equipment, rights under project agreements, Project a/cs, Receivables, rights under insurance policies, LC, Escrow a/c, DSRA, both present & future pertaining to units at Bhigwan (Maharashtra), Ballarpur (Maharashtra), Shreegopal (Yamuna nagar, Haryana) and Sewa (Jeypore, Orissa) etc.	**Penal Intt:** 4% p.a. over and above the Applicable Interest Rate. **Prepayment**: Nil if prepaid on interest reset dates. In other cases, prepayment premium of 2% of the outstanding assistance. .

L&T Finance Co. Ltd	Agreement dated Oct 01, 2007	120.00	120.00	11.6%(with annual reset at 1.4% below SBI PLR)	In 44 Qtrly. Installments of Rs. 272.73 lacs commencing Oct 01, 2010.	All Current assets, moveable properties, equipment, rights under project agreements, Project a/cs, Receivables, rights under insurance policies, LC, Escrow a/c, DSRA, both present & future pertaining to units at Bhigwan (Near Pune), Ballarpur(Chandrapur, Maharashtra), Shreegopal(Yamuna nagar, Haryana) & Sewa (Jeypore, Orissa) etc.	
Indusind Bank Ltd.	Agreement dated Jun 18, 2009	200.00	200.00	10.40%	Bullet Repayment due on Sep. 25, 2010	Subservient charge created on entire current assets and all movable assets of the Company	**Penal Intt:** Applicable rate + 2% pa for non-compliance with terms of sanction, BPLR+2% pa for irregularity in a/c.

Unsecured Loans

Kotak Mahindra Bank (WCDL)	Not executed	200.00	50.00	6.75%	Repayable on 14.10.2009	Post-dated cheques (PDC)	**Penal Intt:** Amount unpaid on due date will attract interest @2% p.m. compounded monthly.
From Cos. Other than Banks	Not executed	-	140.46	Nil	Payable on demand	-	Nil

Annexure 4 G:

RESTATED CONSOLIDATED DETAILS OF SUNDRY DEBTORS

(Rs. in million)

Particulars	**As at Sep. 30, 2009**	**As at March 31**	
		2009	**2008**
(Unsecured and Considered Goods)			
Debts Outstanding for a period exceeding six months	-	-	-
Other debts	369.77	445.67	240.48
TOTAL	369.77	445.67	240.48
Note:-			
There are no debtors related to directors, promoters, group Companies & Associate except the following:			
- Ballarpur Industries Limited (Promoter)	143.00	199.97	106.01
- Bilt Graphic Paper Products Limited (Associate)	172.71	216.17	74.81
- Biltech Building Elements Limited (Associate)	10.24	7.37	1.31
TOTAL	325.95	423.51	182.13

Annexure 4 H:

RESTATED CONSOLIDATED DETAILS OF LOANS & ADVANCES

(Rs. in million)

Particulars	**As at Sep. 30, 2009**	**As at March 31,**	
		2009	**2008**
Advances recoverable in cash or in kind or for value to be received, e.g., rates, taxes, insurance, etc.	1,180.71	842.20	327.06
Advance Tax & Tax Deducted at Source	101.68	80.23	69.91

TOTAL	**1,282.39**	**922.43**	**396.97**
Note:- There is no amount due from directors, promoters, promoter group companies & Associate, except the following:			
- Solaris Holdings Ltd. (Associate)	94.60	-	-
- Crompton Greaves Ltd. (Associate)	6.27	5.19	-
TOTAL	100.87	5.19	-

Annexure 4 I:

RESTATED CONSOLIDATED DETAILS OF OTHER INCOME

(Rs. in million)

Particulars	**For six month period ended Sep. 30, 2009**	**For year ended**	
		March 31, 2009	**March 31, 2008**
RECURRING			
Scrap Sales and Sundry Receipts	8.02	3.63	19.40
Foreign Currency Fluctuations (Net)	-	0.02	0.05
NONRECURRING			
Provision no Longer Required Written Back	0.15	5.98	0.94
Total Other Income	**8.17**	**9.63**	**20.39**
Profit Before Tax as per Annexure - 2	**69.42**	**162.70**	**147.32**
% of Net Profit Before Tax	**11.77%**	**5.92%**	**13.84%**

Note: Other income mentioned above is on account of ordinary business activities.

Annexure 5:

Significant Accounting Policies and Selected Notes to Statements of Profit & Losses and Assets & Liabilities, as restated:

A) 1. Basis of Presentation of Consolidated Financial Statements

(i) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21), "Consolidated Financial Statements" and Accounting Standard 23 (AS 23), "Accounting for Investments in Associates in Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India.

(ii) The Consolidated Financial Statements comprise of the financial statements of Avantha Power & Infrastructure Limited (The Company) for period ended 30th September 2009 and its following Subsidiaries:

Name of the Company	Country of Incorporation	Accounting Year/ Period Ending Date	Proportion of Ownership Interest as at 30th September 2009
Subsidiary			
TKS Developers Limited (TKS)	India	30th Sept., 2009	100%
Korba West Power Company Limited (KORBA)	India	30th Sept., 2009	85%
Gleneagles Healthcare Holdings Private Limited (GLENEAGLES)	India	30th Sept., 2009	100%
Jhabua Power limited (JHABUA)	India	30th Sept., 2009	85%

(iii) The financial statement of the Parent Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, incomes and expenses after eliminating intra - group transactions and unrealised profits resulting there from and are presented to the extent possible, in the same manner as the Company's independent financial statements.

(iv) The Consolidated Financial Statements of the Company and its Subsidiaries have been prepared in accordance with Uniform Accounting Policies and Generally Accepted Accounting Principles in India.

(v) The differential with respect to the cost of investments in the subsidiaries over the Company's portion of equity is recognised as Goodwill or Capital Reserve, as the case may be, in the consolidated financial statements on the net basis. The resultant Goodwill arising on consolidation is tested for impairment, if any, at the each balance sheet date.

(vi) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.

2. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialised.

3. Disclosure of accounting policies (AS - 1)

The Financial Statement are prepared on accrual basis as a going concern under historical cost convention to comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

4. Valuation of Inventories (AS - 2)

Inventories are valued at cost, computed on a weighted average basis.

5. Cash flow statement (AS - 3)

The cash flow Statement has been prepared under 'Indirect Method' in accordance with the Accounting Standard - 3 "Cash Flow Statement".

6. Depreciation accounting (AS - 6)

Depreciation on fixed assets is provided on straight line method at the rates & in manner prescribed in Schedule XIV to the Companies Act, 1956.

7. Revenue recognition (AS - 9)

Revenue is recognized based on the nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery. Revenue is recognized once the customer is billed on the basis of consumption of energy recorded on installed meters.

8. Accounting for fixed assets (AS - 10)

i) Fixed Assets are stated at their original cost including freight, duties, taxes & other incidental expenses related to acquisition and installation.

ii) Expenses incurred relating to project prior to commencement of commercial production are classified as Project Development Expenditure and disclosed under Capital Work-in-Progress.

9. Accounting for effects in foreign exchange rates (AS - 11)

(i) Initial Recognition

Foreign currency transaction are recorded in Indian Rupees being the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the respective date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate as at the year/ period end. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting the company's monetary items at rates different from those at which they were initially recorded during the financial year are recognised as income or as expenses in the financial year in which they arise except for adjustment of exchange difference arising on reporting of long term foreign currency monetary items in so far they related to the acquisition of a depreciable capital assets which are adjusted to the cost of the assets.

10. Accounting for Investments (AS - 13)

Investments are classified into current and long term investments. Current investments are stated as lower of cost and fair value. Long term investments are stated at cost less any provision for diminution in value other than temporary.

11. Accounting for retirement benefits (AS - 15)

i) Short term employee benefits are charged off at the undiscounted amount in the year/ period in which the related service is rendered.
ii) Post employment and other long term employee benefits are charged off in the year/ period in which the employee has rendered services. The amount charged off is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and losses in respect of post employment and other long term benefits are charged to Profit and Loss Account/ Project Development Expenditure Account, as case may be.

12. Borrowing costs (AS - 16)

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

13. Segment reporting (AS - 17)

Considering the risk and return, The Company does not have more than one reportable segment in terms of Accounting Standard No.17 issued by the Institute of Chartered Accountants of India.

14. Accounting for taxes on income (AS - 22)

Provision for current tax is made on basis of estimated taxable income for the relevant accounting year in accordance with Income Tax Act, 1961.

The deferred tax liability on account of timing difference between the book profits and the taxable profits for the year is accounted by applying the tax rates and laws that are enacted or substantively enacted as on the balance sheet.

15. Accounting for Intangible Assets (AS - 26)

Assets identified as intangibles are stated at cost including incidental expenses thereto and are amortized over a predetermined period.

16. Impairment of assets (AS - 28)

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged for when an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

17. Provision, contingent liabilities and contingent assets (AS - 29)

a) A present obligation, which could be reliably estimated, is provided for in the accounts, if it is probable that an outflow of resource embodying economic benefit will be required for its settlement.

b) Contingent Liabilities are disclosed by way of notes to the Balance Sheet.

c) Contingent Assets are neither recognized nor disclosed.

B) Adjustments to restated financial statement

(Rs. in million)

	For six months ended September 30,	For the Year ended March 31,	
	2009	2009	2008
Profit as per Audited Financials	**32.92**	**98.00**	**91.85**
Adjustment for change in accounting policy (Net of tax impact as applicable)			
- Preliminary Expenses	0.18	0.09	0.09
- Retirement benefits	-	-	-
Reinstatement to prior period items			
- Income tax	-	1.09	10.12
Total Adjustments	**0.18**	**1.18**	**10.21**
Profit as per Restated	**33.10**	**99.18**	**102.06**

Note:

1. **Provision for income tax relating to earlier year.**
In the Financial Statements for the year ended March 31, 2009 and March 31, 2008, the provision for income tax relating to earlier years had been charged to Profit and loss Account. Accordingly, for the purpose of the Restated Summary Statement, the said item has been appropriately adjusted in the respective years to which they pertain.

2. **Preliminary Expenses - Miscellaneous expenditure (to the extent not written off or adjusted)**

During the period ended 30th September, 2009 the company adopted the policy of amortizing preliminary expenses in the year in which it was incurred. Hence restated summary statement for the six months period ended September 30, 2009, for the years ended March 31, 2009 & March 31, 2008, have been restated accordingly.

3. Material Regroupings

Appropriate adjustments are made in the Restated financial information, wherever required, by reclassification of the corresponding items of assets, liabilities & cash flows, in order to bring them in line with the groupings as per the audited financials of the Company for the period ended September 30, 2009.

C) Note on Accounts

1. The Company's name was changed for "Bilt Power Limited" to "Avantha Power & Infrastructure Limited" by a special resolution passed at the Extra-Ordinary General meeting of the shareholders of the Company held on 05/02/2008.

2. Contingent Liabilities

(Rs. in million)

Particulars	As at Sep. 30, 2009	As at March 31	
		2009	**2008**
Claims against the Company not acknowledged as debts	54.70	0.10	0.10
Bank Guarantees Outstanding	858.20	235.70	40.40
Corporate Guarantees	200.00	653.30	713.80

3. Estimated amount of contracts remaining to be executed on Capital Account. (Net of Advances).

(Rs. in million)

As at Sep. 30, 2009	As at March 31,	
	2009	**2008**
13,996.40	556.60	1,116.00

4. Disclosures as required by AS-29 "Provisions, Contingent Liabilities & Contingent Assets" as at 30th Sep, 2009 are as follows:

(Rs. in million)

Particulars	As at Sep. 30, 2009	As at March 31	
		2009	**2008**
Entry Tax			
Opening Balance	10.36	3.20	-
Provision made	3.64	7.23	3.20
Payment made	-	(0.07)	-
Reversal made	-	-	-
Closing Balance	14.00	10.36	3.20
Labour Dispute			
Opening Balance	-	-	-
Provision made	0.25	-	-
Payment made	-	-	-
Reversal made	-	-	-
Closing Balance	0.25	-	-
Electricity Duty			
Opening Balance	4.56	2.52	1.29
Provision made	0.55	2.14	1.31
Payment made	-	(0.10)	(0.08)
Reversal made	-	-	-
Closing Balance	5.11	4.56	2.52

5. a) Disclosures required under the Micro, Small & Medium Development Act, 2006 ('the Development Act') - delayed payments due as at the end of the year on account of Principal Rs. Nil and interest due thereon Nil.

b) Managerial Remuneration paid / payable to whole time Director/ Managing Director of the Company.

(Rs. in million)

Particulars	For six months ended Sep. 30, 2009	For year ended	
		March 31, 2009	March 31, 2008
Salary	8.87	16.60	11.85
Contribution to Provident & Superannuation Funds	0.56	0.34	0.42
Value of Perquisites	0.10	0.43	0.29
Total	9.53	17.37	12.56

The Central Government's approval is pending against the application made by the Company in respect of managerial remuneration for the period April 1, 2009 to September 30, 2009 which exceeds the limits prescribed by Schedule XIII of the Companies Act, 1956.

6. Project Development Expenditure Account (included under Capital work in - Progress)

(Rs. in million)

Particulars		As at Sep. 30, 2009	As at March 31	
			2009	2008
Opening Balance		**755.94**	**72.39**	**-**
On acquisition of subsidiary		-	119.55	37.51
Add:	(i) Payments to & provision for Employees	49.56	59.88	1.08
	(ii) Insurance	0.38	5.79	0.62
	(iii) Travelling & Conveyance expenses	6.68	9.27	2.37
	(iv) Professional Fees	89.69	195.74	20.49
	(v) General & Administrative charges	43.09	114.71	1.60
	(vi) Bank Charges	329.78	6.60	0.01
	(vii) Interest – Net	67.86	171.60	8.71
	(ix) Fringe Benefit Tax	-	0.41	-
Less: Expenditure Capitalized		(416.14)		
Closing Balance		**926.84**	**755.94**	**72.39**

7. Deferred Tax

In terms of Accounting Standard 22, the computation has been made to the extent there is reasonable certainty that these well be realised in future. The Deferred tax assets and liability comprise timing difference on account of:-

(Rs. in million)

Particulars	As at Sep. 30, 2009	As at March 31,	
		2009	2008
Deferred Tax Asset:			
Expenses allowable on payment basis	18.30	15.65	7.94
Total	18.30	15.65	7.94
Deferred Tax Liability:			
Higher depreciation claimed under tax laws (Net of Unabsorbed depreciation)	93.55	65.91	38.74
Others	5.20	5.68	
Total	98.75	71.59	38.74
Net Deferred Tax Liability	80.45	55.94	30.80
Net Deferred Tax Charged to P&L A/c	24.51	25.14	11.46

8. Details of Goodwill / (Capital Reserve) on Consolidation

(Rs. in million)

Particulars	As at Sep. 30, 2009	As at March 31,	
		2009	2008
TKS Developers Limited	(0.04)	(0.04)	(0.04)
Korba West Power Company Limited	(0.08)	(0.08)	(0.08)

- Gleneagles Healthcare Holdings Private Limited	0.37	0.37	-
Total	0.25	0.25	(0.12)

9. Details of share of minority interests is as follows:

(Rs. in million)

Particulars	**As at Sep. 30, 2009**	**As at March 31,**	
		2009	**2008**
- Korba West Power Company Limited	1.76	1.76	1.76
- Jhabua Power Limited	0.18	0.18	-
Total	1.94	1.94	1.76

10. As per the scheme of Arrangement and Demerger under Section 391-394 of the Companies Act, 1956 between Avantha Power & Infrastructure Limited (Formerly BILT Power Limited) (BPL) and Ballarpur Industries Ltd. (BILT), the undertaking of Power Division was transferred from BILT with effect from April 1, 2006.

11. Significant event occurring after balance sheet

a) On 3rd November 2009, the company along with M/s TKS Developers Limited & Gleneagles Healthcare Holdings Private Limited has entered into a settlement agreement with certain shareholders of M/s Korba West Power Company Limited (Korba) and Jhabua Power Limited (Jhabua) for acquiring the remaining ownership, management and control of Korba and Jhabua respectively from them.

b) Share Capital
On 24th November, 2009, 41,47,72,726 number of equity shares of Rs. 10 each has been allotted as fully paid up at a premium of Re 1 per share, which includes 17,29,54,545 number of equity share allotted against Rs 190.25 Crs share application money pending for allotment as at 30th Sept, 2009.

12. Previous years' figures have been regrouped/rearranged, wherever found necessary.

Annexure 6:

STATEMENT OF TAX SHELTERS

(Rs. in million)

	Particulars	For six month period ended Sep. 30, 2009	For year ended	
			March 31, 2009	March 31, 2008
A	**Profit before Tax, as restated**	69.42	162.70	147.32
	Tax Rate	33.99%	33.99%	33.99%
	Tax at notional rate on profits	23.60	55.30	50.07
B	**Less: Permanent Differences**			
I	**Exempt Income**			
	Income exempt u/s 10	-	-	-
Ii	**Other adjustments**			
	Expense incurred for increase in authorised Share Capital	-	-	-
	Loss on sale of Investments	-	-	-
	Deduction u/s 80IA	-	-	-
	Total Permanent Differences	**-**	**-**	**-**
	Difference between Tax & Book Depreciation (net of Unabsorbed depreciation)	81.32	68.01	57.36
	Provision Disallowances	(4.10)	(3.10)	(0.03)
	Disallowances u/s 43B	(7.80)	(9.67)	(6.64)
	Profit/ (Loss) on sale of Fixed Assets	-	-	(0.01)
	Total Timing Differences	**69.42**	**55.24**	**50.68**
B+C	**Net Adjustments**	**69.42**	**55.24**	**50.68**
	Tax Saving Thereon	**-**	**-**	**-**
D=A-(B+C)	**Taxable Income / (Loss)**	**-**	**107.46**	**96.64**
E	**Incremental Tax due to Minimum Alternative Tax**	**11.81**	**-**	**-**
F	**Tax as per normal provisions**	**11.81**	**36.52**	**32.85**

Note: The above statement has been prepared based on the tax computations for the respective years. The figures for the six months ended September 30, 2009 are based on the provisional computation of total income prepared by the Company and are subject to any changes that may be considered at the time of final filing of the return of income for the year ending March 31, 2010.

Annexure 7:

Restated Consolidation Details of Rates of Dividend Paid by the Company

(Rs. in million)

Class of Shares	Face Value (Rs/Share	As at Sep. 30, 2009	As at March 31	
			2009	2008
Equity Share Capital (Issued, Subscribed & Paid up)	10.00	2,380.26	2,380.26	700.00
Dividend		Nil	Nil	Nil

Annexure 8:

Accounting Ratios

(Rs. in million, except per share data)

Particulars		For six months period ended Sep. 30, 2009	For year ended	
			March 31, 2009	March 31, 2008
Net worth as per Annexure 1	**A**	4,510.33	2,574.73	869.25
Net Profit as restated as per Annexure 2	**B**	33.10	99.18	102.06
No. of equity shares outstanding at the period end [Refer note 3]	**C**	238,026,000	238,026,000	78,400,000
Add: No. of equity shares inherent in Share Application Money Pending Allotment	**D**	172,954,545	-	-
No. of equity shares outstanding at period end (Post Bonus issue)	**E=C+D**	410,980,545	238,026,000	78,400,000
Weighted average no. of equity shares outstanding during the period	**F**	238,026,000	116,655,485	70,000,000
Add: Weighted effect of no. of equity shares on issue of Bonus Shares	**G**	-	8,400,000	8,400,000
Total Weighted average no. of equity shares outstanding during the period used for computing Basic earnings per Share	**H=F+G**	238,026,000	125,055,485	78,400,000
Add: Weighted average potential equity shares inherent in Share Application Money Pending Allotment	**I**	125,201,192	-	-
Dilutive Potential Weighted average no. of equity shares outstanding during the period used for computing Dilutive Earning Per Share (Refer Note 4.)	**J**	363,227,192	125,055,485	78,400,000
Basic Earnings per Share (Rs)	**B/H**	**0.14**	**0.79**	**1.30**
Diluted Earnings per Share (Rs) - [Refer note 4]	**B/J**	**0.09**	**0.79**	**1.30**
Return on Net worth (%)	**B/A**	**0.73%**	**3.85%**	**11.74%**
Net Asset value per Equity Share (Rs)	**A/E**	**10.97**	**10.82**	**11.09**

Notes:

1. The ratios have been computed as below:

Basic Earnings per share (Rs.) $= \dfrac{\text{Net profit/(loss) as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period}}$

Diluted Earnings per share (Rs.) $= \dfrac{\text{Net profit/(loss) as restated, attributable to equity shareholders}}{\text{Potential Wt. average no. of equity shares outstanding during the period}}$

Return on Net Worth (%) $= \dfrac{\text{Net profit/ (loss) after tax, as restated}}{\text{Net worth, as restated, at the end of the period}}$

Net Assets Value per Equity Share (Rs.) $= \dfrac{\text{Net worth, as restated, at the end of the period}}{\text{Number of equity shares outstanding at the period end plus potential no. of equity shares against Share Application Money Pending Allotment.}}$

2. Net worth means Equity Share Capital + Share Application Money Pending Allotment + Reserves & Surplus.

3. 84,00,000 equity shares of Rs. 10 each were allotted on April 3, 2008 as fully paid-up Bonus shares in the ratio of 3 shares for every 25 shares held, by way of capitalisation of Revenue Reserves and the same is treated as if it had happened prior to the beginning of the year 2008-09, the earlier period reported.

4. The diluted EPS for the six months ended September 30, 2009 is computed after considering 17,29,54,545 equity shares of Rs. 10 each issued at a premium of Re 1 per share on November 24, 2009 against Rs. 1,902.50 Million Share Application Money Pending Allotment as at 30/09/09.

5. On 24th November, 2009, 41,47,72,726 number of equity shares of Rs. 10 each has been allotted as fully paid up at a premium of Re. 1 per share, which includes 17,29,54,545 number of equity share alloted against Rs 190.25 Crs share application money pending for allotment as at 30th Sept, 2009. If this allotment is considered, the accounting ratios would be as under:

Diluted Earnings per Share for six months ended September 30, 2009 (Rs)	**0.05**
Return on Net Worth for the half year ended September 30, 2009	**0.46%**
Net Asset Value per Share as at September 30, 2009 (Rs)	**10.98**

6. The ratios above are computed on the basis of the consolidated restated financial statements of the Company.

Annexure 9:

RESTATED CONSOLIDATED CAPITALIZATION STATEMENT AS AT SEPTEMBER 30, 2009

(Rs. in million)

Particulars	Pre Issue	Post Issue
Long Term Debt	4,006.60	
Short Term Debt	441.68	
Total Debt	**4,448.28**	
Shareholders' Funds		
- Equity Share capital 23,80,26,000 Equity Shares of Rs 10/- each	2,380.26	
- Share Application Money Pending Allotment	1,902.50	
Reserve & Surplus		
- Securities Premium A/c	10.16	
- Profit & Loss A/c	217.41	
Total Shareholders' Funds	**4,510.33**	
Long term Debt / Shareholders' funds	**0.89**	
Total Debt / Shareholders' Funds	**0.99**	

Note:

1. Short term debt represents debts which are due within twelve months from September 30, 2009 and includes current portion of long term debt.

2. Long term debt represents debt other than short term debt, as defined above.

3. The figures disclosed above are based on the restated consolidated Statement of Assets and Liabilities as at September 30, 2009

4. Long Term debt / Equity: $\frac{\text{Long Term Debt}}{\text{Shareholders' Funds}}$

5. The corresponding post issue figures are not determinable at this stage pending the completion of the Book Building Process and hence have not been furnished.

Annexure 10:

List of Related Parties

Information on Related Parties as required by Accounting Standard - AS 18 "Related Party Disclosures" (Other than Subsidiaries)

I. List of related parties:

(a)	**Holding Companies**	Solaris Industrial Chemicals Limited BILT Paper Holdings Limited Avantha Holdings Limited (earlier NewQuest Corporation Ltd.)
	Person having significant influence	Mr. Gautam Thapar
	Key Managerial Personnel	Mr Anil Bhargava (since July 1, 2006)
	Associate Companies	Ballarpur Industries Limited Ballarpur International Holdings B.V. Ballarpur Paper Holdings B.V. Sabah Forest Industries Sdn. Bhd. BILT Tree Tech Limited BILT Graphic Paper Products Limited Ballarpur International Paper Holdings B.V. Ballarpur International Graphic Paper Holdings B.V. Prestige Wines and Spirits (P) Limited (earlier TT & G Trading P. Ltd.) Himalayan Hideaways P. Ltd. Vani Agencies (P) Ltd. Solaris Holdings Ltd. Solaris Chemtech Industries Ltd (earlier Solaris Bio Chemicals Ltd.) Salient Business Solutions Ltd. Salient Financial Solutions Limited Salient Knowledge Solutions Limited Salient Business Solutions USA, Inc. Sairam Infra Projects Private Limited Imerys Newquest (India) Private Limited Avantha Realty Limited (earlier Janpath Investments & Holdings Ltd.) Sohna Stud Farm (P) Ltd. KCT Chemicals & Electricals Limited KCT Papers Limited T H E Paperbase Company Limited Avantha International Holdings B.V. TAF Asset 2 B.V. Crompton Greaves Limited CG Energy Management Limited CG Capital & Investments Limited CG-PPI Adhesive Products Limited Malanpur Captive Power Limited(earlier Malanpur Captive Power private limited) Brook Crompton Greaves Limited CG Actaris Electricity Management (P) Limited CG Lucy Switchgear Limited International Components India Limited CG International B.V. CG Holdings Belgium NV (earlier Pauwels International N.V.) CG Sales Networks Americas Inc (earlier Pauwels Americas Inc.)

PT CG Power Systems Indonesia (earlier PT Pauwels Trafo Asia)
Pauwels Trafo Gent N.V.
CG Power Systems Canada Inc (earlier Pauwels Canada Inc.)
CG Power Systems USA Inc (earlier Pauwels Transformers Inc.)
CG Power Systems Ireland Ltd (earlier Pauwels Trafo Ireland Ltd)
CG Sales Networks France SA (earlier Pauwels France SA)
CG Power Systems Belgium NV (earlier Pauwels Trafo Belgium N.V.)
CG Service Systems Curacao NV (earlier Pauwels Trafo Service N.V.)
Pauwels Middle East Trading and Contracting Limited
CG Holdings Hungary Kft (earlier Crompton Greaves Hungary Kft)
Transverticum Kft
CG Electric Systems Hungary Zrt (earlier Ganz Transelektro Villamossagi Zrt)
CG Power Holdings Ireland Ltd. (earlier Microsol Holdings Limited)
Microsol Limited
Viserge Limited
CG Automation Systems UK Ltd. (earlier Microsol UK Limited)
CG Automation Systems USA Inc (earlier Microsol Inc)
CG Service Systems France SAS (Societe Nouvelle de Maintenance Transformateurs)
MSE Power Systems Inc.
MSE West LLC
CG Holdings Germany GmbH (earlier Crompton Greaves Germany GmbH)
Toscana Lasts Limited
Toscana Footwear Components Limited
Gyanodaya Prakashan (P) Limited
Saraswati Travels (P) Limited
Varun Prakashan (P) Limited
Leading Line Merchant Traders (P) Limited
Oyester Buildwell (P) Limited
Seer Buildwell (P) Limited
Vanity Propbuild (P) Limited
Karam Chand Thapar & Bros Limited
Bilt Industrial Packaging Company Limited
APR Sacks Limited
Global Green Company Limited
Global Green USA Limited
GG International N.V.
Intergarden N.V.
Intergarden (India) Private Limited
Dunakiliti Kanzervuzem Kft
Greehouse Agraar Kft
Puszta Konserv Kft, Hungary
Floragarden Tarim Gida Sanay ve Ticaret A.S.
Biltech Building Elements Limited
Asia Aviation Limited
UHL Power Company Limited
NewQuest Insurance Broking Services Limited
Avantha Technologies Ltd (earlier NewQuest Process Outsourcing (P) Ltd)
NQC Global (Mauritius) Limited
NQC International (Mauritius) Limited
NewQuest Services Private Limited (earlier James Martin)
JG Containers (Malaysia) Sdn. Bhd.
Mirabelle Holdings LLC
Mirabelle Trading Pte. Limited
Ultima Hygiene Products (P) LImited

(Rs. in million)

		As at Sep. 30, 2009	As at March 31, 2009	As at March 31, 2008
II.	Detail of Transaction during the year with Related parties:			
a.	Sales of Power & Steam			
	• **Associate Companies**			
	Ballarpur Industries Limited	639.55	1229.88	1125.05
	Bilt Graphic Paper Products Limited	1014.72	1643.93	1232.71
	Biltech Building Elements Limited	5.94	12.94	1.31
b.	Commission on Purchase & Royalty Payment			
	• **Holding Company**			
	Avantha Holdings Ltd (Formerly NewQuest Corporation Ltd)	5.66	3.65	1.38
c.	Purchase of Goods & Services			
	• **Associate Companies**			
	Ballarpur Industries Limited	3.95	8.08	9.35
	Bilt Graphic Paper Products Limited	78.45	40.88	7.85
	Crompton Greaves Limited	2.96	63.92	0.33
d.	Remuneration paid/payable to KMP	9.53	17.37	12.56
e.	Outstanding Balances			
	• **Holding Company**			
	Avantha Holdings Ltd (Formerly NewQuest Corporation Ltd)	(5.47)	(1.68)	(0.70)
	• **Associate Companies**			
	Ballarpur Industries Limited	143.00	199.97	64.27
	Bilt Graphic Paper Products Limited	172.71	216.17	60.50
	Biltech Building Elements Limited	10.24	7.37	1.31
	Crompton Greaves Limited	6.06	(3.35)	(0.33)
	Solaris Holdings Limited	94.60	-	-

Note: - Figures in brackets indicate Payables

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our Company's financial condition and results of operations together with the restated consolidated and unconsolidated financial statements which appear in this Draft Red Herring Prospectus. Unless otherwise stated, the financial information used in this section is derived from our audited restated consolidated financial statements as of and for the six month period ended September 30, 2009; the audited restated consolidated financial statements as of and for the fiscal years ended March 31, 2009 and 2008; and the audited restated unconsolidated financial statements as of and for the nine month period ended March 31, 2007. Our audited restated unconsolidated and consolidated financial statements have been derived from our audited unconsolidated and consolidated financial statements, respectively. The Company's fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.

*Prior to April 1, 2007, the Company did not have any subsidiaries. Therefore, the Company has only unconsolidated financial statements as of and for the nine month period ended March 31, 2007. As of September 30, 2009, the Company had four Subsidiaries, two of which were 100% subsidiaries – TKS Developers Limited and Gleneagles Healthcare Holdings Private Limited (which has since changed its name to Jhabua Power Investments Private Limited). The other two, KWPCL and JPL, were each directly or indirectly 85% owned by the Company. KWPCL is the company implementing our Chhattisgarh Power Project. JPL is the company implementing our Madhya Pradesh Power Project. On November 23, 2009, the Company acquired approximately 15% ownership interest of KWPCL and JPL, thus making them almost 100% indirectly owned subsidiaries. For further details, please see "**History and Certain Corporate Matters – Our Subsidiaries**" on page 104.*

The Company was reorganized through a demerger of power assets of BILT effective April 1, 2006 under the Scheme of Demerger. Until June 30, 2006, the Company had a fiscal year ending on June 30. Effective July 1, 2006, the Company's fiscal year ends March 31. Therefore, the Company's unconsolidated financial statements for the period ended March 31, 2007, and the discussion of this period in this section, is only available for a nine-month period.

Our historical financial statements as well as the following discussion may be of limited value to a prospective investor in evaluating our prospects or deciding whether to purchase our Equity Shares. We currently operate four captive power plants with a total capacity of 165 MW. Pursuant to a share purchase agreement dated March 1, 2010, we have also acquired a 59% interest in a gas fired power plant with installed capacity of 26.19 MW. All of our revenues for the year ended March 31, 2009, has been derived primarily from our four wholly-owned Captive Power Units with aggregate operational capacity of 95 MW (inherited from BILT), situated at Ballarpur (Maharashtra), Bhigwan (Maharashtra), Yamuna Nagar (Haryana) and Sewa (Orissa). During the six month period ended September 30, 2009, expansion at our Ballarpur power plant and expansion at our Bhigwan power plant of 40 MW and 30 MW, respectively, were successfully completed, thus increasing the aggregate captive operating capacity for our four wholly-owned Captive Power Units to 165 MW. Furthermore, the three thermal power projects that we are implementing or planning with a total proposed installed capacity of 3,720 MW are not operational yet and we therefore do not derive any income from these projects.

*This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section "**Risk Factors**" on page xv.*

OVERVIEW

We are an established power generation company with 191 MW of operational thermal power capacity, 2,400 MW of generating capacity under various stages of implementation and 1,320 MW of generating capacity under planning spread across India. Once all of our projects under implementation and development have achieved commercial operation, we expect to have total installed capacity of 3,911 MW. 165 MW of our operational thermal power capacity is primarily captive in nature, with four wholly-owned power plants located in Ballarpur (Maharashtra), Bhigwan (Maharashtra), Yamuna Nagar (Haryana) and Sewa (Orissa). The 26.19 MW of our operational gas power capacity is generated by our gas fired Malanpur Power Plant (Madhya Pradesh) with two of its three engines operating as a captive power producer and the remaining engine operating as an independent power producer. Our four wholly-owned Captive Power Units primarily supply power and steam to BILT, one of our Promoters, and BGPPL, a Group Entity, and they also sell surplus power on a merchant basis. Power from our 59% owned Malanpur Power Plant is primarily supplied to SRF Limited, which is not part of the Avantha Group, and surplus power is sold on a merchant basis. Our two thermal power projects in Raigarh (Chhattisgarh) and Seoni (Madhya Pradesh) are under various stages of implementation and one thermal power project in Gujarat is under planning. We sell and intend to sell the power generated from our operational, under implementation and under planning projects through PPAs of various durations and also on a merchant basis.

In April 2006, we acquired four power projects of BILT through the Scheme of Demerger. Through this process, we inherited from BILT 95 MW of co-generation capacity and more than 25 years of experience in operating and maintaining co-generation power plants. Since then, we have expanded the captive power generation capacity in these four wholly-owned power plants to 165 MW and we are the captive power and steam supplier to BILT, BGPPL and BBEL. For further details, see "***History and Certain Corporate Matters***" on page 101. Pursuant to a share purchase agreement dated March 1, 2010, we acquired from Crompton Greaves Limited, one of our Promoters, a 59% stake in MCPL for an aggregate consideration of Rs. 514 million. MCPL owns and operates the Malanpur Power Plant with installed capacity of 26.19 MW, primarily servicing captive consumer, SRF Limited and selling surplus power on merchant basis.

We are part of the Avantha Group, a well-known Indian conglomerate promoted by Mr. Gautam Thapar. The Avantha Group operates in diversified sectors including power transmission and distribution equipment, pulp and paper, food processing, farm forestry and chemicals and operates in over 10 countries.

Scheme of Arrangement & Demerger

Pursuant to a scheme of arrangement and demerger under Section 391-394 of the Companies Act, 1956, amongst our Company (then known as BILT Power Limited), JIHL (now known as Avantha Realty Limited) and BILT, certain of the assets, rights and obligations of the power related business of BILT were transferred to the Company effective April 1, 2006. As consideration for these assets, rights and obligations, we paid Rs. 2,350 million to BILT under the Scheme of Demerger. For further details regarding the Scheme of Demerger, see "***History and Certain Corporate Matters***" on page 101.

DESCRIPTION OF SELECTED INCOME STATEMENT LINE ITEMS

Revenue

Our total income currently comprises of:

- income from generation of power and steam; and
- other income.

Income from power generation business

We currently derive income primarily from the sale of power and steam by our Captive Power Units and the Malanpur Power Plant to BILT, one of our Promoters, BGPPL, a Group Entity, and SRF Limited (which is not part of the Avantha Group) and we also sell surplus power on a merchant basis. Once our independent power projects that are under various stages of implementation or planning become operational, we expect to derive income primarily from the sale of power to distribution companies, state electricity boards, power trading companies and through power exchanges in India.

- As per the terms of the implementation agreement with the GoCH and the CSEB executed on July 28, 2008, we are required to sell 5% of the power produced at the Chhattisgarh Power Project Phase I to GoCH or its nominated agency at energy cost determined as per the guidelines of CSERC for a period of 20 years from commencement of supply of power. GoCH or its nominated agency also has the right of first purchase of an additional 30% of the power generated from the Chhattisgarh Power Project Phase I at tariff rates approved by the CSERC. Pursuant to a letter dated October 6, 2009, Chhattisgarh State Power Trading Company Limited (a GoCH undertaking) has exercised this right. A PPA will be entered into between KWPCL and the purchasing entity to set out the detailed provisions and procedure for supply and evacuation of such power, payment of tariff, acceptable payment security mechanism and other terms. In addition, we executed a term sheet on March 6, 2010, with Reliance Energy Trading Limited, a power trader, for the sale of 210 MW of power per annum generated at the

Chhattisgarh Power Project Phase I for 15 years, subject to the negotiation and execution of a PPA. For Chhattisgarh Power Project Phase II, as per the MoU with GoCH and Chhattisgarh State Power Holding Company Ltd. ("**CSPHCL**") dated 17th November 2009, we are required to sell 5% of the power produced at the Chhattisgarh Power Project Phase II to GoCH or its nominated agency at energy cost determined as per the guidelines of CSERC for a period of 20 years from commencement of supply of power. GoCH or its nominated agency also has the right of first purchase of an additional 30% of the power generated from the Chhattisgarh Power Project Phase II at tariff rates approved by the CSERC. We expect to sell the balance of the power from both Phase I and Phase II on a long-term basis, short-term basis and merchant basis.

- As per the terms of the implementation agreement with the GoMP executed on January 14, 2008 and subsequently amended on January 14, 2010, we are required to sell 5% of the power produced at the Madhya Pradesh Power Project Phase I and II to GoMP at energy cost determined as per the guidelines of MPERC for a period of 20 years from commencement of supply of power. GoMP also has the first right to purchase an additional 30% of the power generated from the Madhya Pradesh Power Project Phase I and II at tariff rates approved by the MPERC. Pursuant to a letter dated January 29, 2010, the Energy Department of GoMP has exercised its right of first purchase for the power generated from the Madhya Pradesh Power Project Phase I. A PPA will be entered into between JPL and the purchasing entity to set out the detailed provisions and procedure for supply and evacuation of such power, payment of tariff, acceptable payment security mechanism and other terms. We expect to sell the balance of the power generated from both Phase I and Phase II on a long-term basis, short-term basis and merchant basis. We have submitted a bid for sale of 200 MW of power on a long-term basis from Madhya Pradesh Power Project Phase I to Gujarat Urja Vikas Nigam.

For the 35% of power generated by Chhattisgarh Power Project Phase I and by Madhya Pradesh Power Project Phase I to be sold pursuant to long term PPAs to the respective governmental agency, 5% of the power generated is to be sold on variable cost only, whereas the remaining 30% will be sold based on a two-part tariff, including both fixed cost and variable cost. Tariff for both of these components will be determined by the appropriate Electricity Regulatory Commissions in line with the extant Tariff Regulations issued by the CERC. Under long-term PPAs with state-owned companies that are subject to regulated tariff-based pricing, we will be guaranteed a certain post-tax return on equity, assuming a certain level of plant load factor, in accordance with the rates approved by the relevant electricity regulatory commission. See *"—Two-part Tariff Pricing*" on page 157 for more information. We expect that power generated by Chhattisgarh Power Project Phase II and by Madhya Pradesh Power Project Phase II will be subject to a similar arrangement.

We intend to sell the remaining 65% of power that we generate from our power projects under implementation or planning through a mix of long-term PPAs with other state-owned and/or private distribution companies and/or power trading companies and short-term power off-take arrangements/power exchanges. Under long-term PPAs with other state-owned and/or private distribution companies and/or power trading companies, revenue will be based on competitive bidding basis, where we determine the appropriate bid price based on our projected tariffs. We have executed a term sheet on March 6, 2010, with Reliance Energy Trading Limited, a power trader, for the sale of 210 MW of power per annum generated at the Chhattisgarh Power Project Phase I for 15 years, subject to the negotiation and execution of a PPA. In addition, we have submitted bids for sale of 200 MW of power on a long-term basis from the Madhya Power Project to the Gujarat Urja Vikas Nigam under the Case I bidding route. We also intend to enter into long-term PPAs with power traders and other market participants at rates that are linked to market prices, which we expect would be higher than the regulated tariff rates and therefore increase our average realizations.

Sales through short-term power off-take arrangements and/or power exchanges will allow us to capture better market rates and respond to the fluctuations in power demands, including responding to price increases and power shortages. Short-term PPAs may, however, create additional variability in our revenues and could expose our business to risks of market fluctuations in the demand for and price of power. We intend to sell approximately 30% of power from our independent power projects through the short-term route.

Pricing

We entered into a PPA and a take or pay agreement with BILT on June 20, 2006 and June 23, 2006 respectively for the purchase of power and steam from all our Captive Power Units for up to 155 MW. Subsequent to the demerger of BGPPL from BILT, BILT and BGPPL and our Company entered into a tripartite agreement on January 3, 2008, pursuant to which we agreed to continue to supply power and steam as provided in the PPA and take or pay agreement to the paper units of BILT that were transferred to BGPPL. Subsequently, on July 24, 2008, the parties amended the PPA.

The PPA has a term of 15 years, which can be subsequently extended for periods of five years on such terms and conditions as may be mutually agreed upon between the parties. The rates for the sale of power and steam are determined on a cost plus basis and the payment is structured on a monthly basis. In addition to the basic power and steam tariff, BILT and BGPPL are required to pay us for any increase in the fuel (coal) cost, operation and maintenance cost, cost of repairs required for continuous operations of the power plants, all taxes and statutory levies along with any additional costs we incur in complying with any new law and regulations. Since almost all of the operating costs attributable to the power and steam sold to BILT and BGPPL are passed through to them (including the fuel cost), any increase in these operating costs does not have a significant impact on the profitability of our captive power plants. If we are unable to supply power and steam to BILT and BGPPL, or BILT and BGPPL are unable to take power and steam from us, even as a result of force majeure, BILT and BGPPL are required to pay us a minimum amount of power tariff as per the take or pay agreement. On the other hand, if we produce more power than that required by BILT and BGPPL, we are free to sell the surplus power to any third party. For further details, see "***History and Certain Corporate Matters – Material Agreements for our power projects***" on page 106.

During fiscals 2009 and 2008 and for the nine month period ended March 31, 2007, we sold approximately 15.74%, 18.82% and 17.87%, respectively, of the saleable power at our four wholly-owned Captive Power Units on a merchant basis. During the six month period ended September 30, 2009, 13.43% of the power generated at our four wholly-owned Captive Power Units was sold on a merchant basis. The average power and steam tariff realized per unit from both our sales to BILT and BGPPL under the PPA and via merchant sales for the different periods are as follows:

Year ended	Average Power Tariff /per unit (In Rs.)	Average Steam Tariff/per unit (In Rs.)
March 31, 2007*	2.69	613.82
March 31, 2008	2.91	651.63
March 31, 2009	3.48	763.54
September 30, 2009**	3.76	765.59

** For nine-month period ended March 31, 2007*
***For six-month period ended September 30, 2009*

Two-part Tariff Pricing

The most common method of pricing power sold on a long-term basis in India is a two-part tariff formula, where the tariff consists of a fixed component (also known as the capacity charge) and the variable component (also known as the energy charge).

The fixed component of the tariff mainly depends on the capital cost of the project. Typically, the fixed component enables the generation facility to recover the fixed expenses and earn a return on investment at an assured level of plant load factor ("**PLF**"). Generally, the fixed component of the tariff, according to CERC guidelines, typically comprises of:

Operation and maintenance expenses;

Depreciation;

Interest on working capital;

Interest on long-term debt;

Income tax; and

Return on equity.

This fixed component is recovered at a base PLF. In the event that the PLF achieved is higher than the base PLF, an incentive fee is paid, which improves the overall yield on equity. On the other hand, if the PLF achieved is lower than the base PLF due to reasons attributable to the generator, a penalty reducing the tariff is imposed.

The variable component of the tariff covers the variable operating costs comprising of fuel costs and other costs.

Other Income

Our other income consists primarily of scrap sales, gains on foreign currency fluctuations and sundry receipts, which includes income from short term investments.

Expenditures

Operating expenditures

Expenditures for our power plants primarily consist of the fixed costs associated with operating the power project (mainly interest, depreciation, operation and maintenance costs, personnel cost and taxes) and variable costs comprising of costs of primary fuel (mainly coal), secondary fuel (mainly oil) and other consumables.

Expenses related to and incurred during the development of a power project are included under capital work-in-progress on our balance sheet and are allocated to the respective projects upon completion of construction. These include expenses incurred in relation to our employees, depreciation, interest and administrative expenses.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Development status of a majority of our power projects

We currently operate four captive power plants with a total capacity of 165 MW and historically has primarily derive income from supplying power and steam to BILT and BGPPL, and selling surplus power on a merchant basis. We have also acquired, pursuant to a share purchase agreement dated March 1, 2010, a 59% interest in a gas fired power plant with installed capacity of 26.19 MW. However, we are implementing and planning thermal power projects in Chhattisgarh, Madhya Pradesh and Gujarat with a combined proposed expected capacity of 3,720 MW. We currently expect that Chhattisgarh Power Project Phase I (which will have a capacity of 600 MW) will be commissioned by the second quarter of fiscal 2013; Chhattisgarh Power Project Phase II (which will have a capacity of 600 MW) will be commissioned by the second quarter of fiscal 2014; Madhya Pradesh Power Project Phase I (which will have a capacity of 600 MW) will be commissioned by the fourth quarter of fiscal 2013; Madhya Pradesh Power Project Phase II (which will have a capacity of 600 MW) will be commissioned by the fourth quarter of fiscal 2014; and the Gujarat Power Project (which will have a capacity of 1,320 MW) will be commissioned by fourth quarter of fiscal 2016.

Upon commissioning the power projects that we are implementing and planning, we expect to derive our income primarily from the sale of power to distribution companies, state electricity boards, power trading companies and through power exchanges in India. The commissioning dates for our power projects are estimates and may be subject to delay as a result of, among other things, the performance shortfall of one or more contractors, unforeseen engineering problems, an inability to lease or acquire any of the required land, delays in acquiring the required amount of land, disputes with workers, force majeure events, availability of adequate financing, delays in entering into definitive PPAs, unanticipated cost increases, changes in scope, or failure or delay in obtaining fuel and water supplies or government approvals, any of which could give rise to cost overruns or the termination of the development of our projects. The failure to complete the construction and development of the power facilities 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, which may or may not be partially offset by recoveries from our equipment suppliers or vendors.

Off-take arrangements and the terms of PPAs

For our four wholly-owned operational Captive Power Units, we sell the power and steam generated to BGPPL and BILT under long-term power and steam purchase agreements and also sell power on a merchant basis under short term power off-take arrangements. For the Malanpur Power Plant which we acquired pursuant to a share purchase agreement dated March 1, 2010, we sell the power generated to SRF Limited, pursuant to a long term power consumption agreement and also sell power on a merchant basis under short term letter of intent for sale of power. For the power projects that we are implementing or planning, we intend to sell power generated at those power projects through a combination of sales at energy costs, regulated tariffs and at market-driven contract rates (non-regulated tariff rates). This will include selling power through (i) long-term PPAs with state-owned companies that are subject to energy cost and regulated tariff-based pricing; (ii) long-term PPAs with other state-owned, private distribution companies and power trading companies where revenue will be based on competitive bidding basis; (iii) long-term PPAs with power traders and other market participants at rates that are more linked to market prices; and (iv) short-term power off-take arrangements including sale through power exchanges. We believe that long-term off-take arrangements will provide a level of committed revenues while medium to short-term arrangements will enable us to realize higher tariff rates from time to time. Our existing long-term PPAs provide for, and the long-term PPAs that may be entered into by us in the future are expected to provide for, among other things, a pre-determined tariff and the amount of power we are obligated to sell. Tariff, in many cases, may also be regulated and the PPAs may contain limited price escalation provisions, which may have an adverse effect on our revenues. See "***Business – Operational Thermal Power Plants*" and "*–Power Projects Under Implementation***" for a description of our off-take arrangements on pages 67 and 68, respectively.

Availability of cost effective funding

The development of power facilities is capital intensive and our plans for the development and construction of our power projects will require substantial capital expenditures, which we expect to fund through a combination of Net Proceeds of the Issue, additional debt and equity financing and from our operating cash flows. To date, we have relied on equity capital contributions from our Promoters as well as on long-term debts from banks / financial institutions.

Our debt service costs as well as our overall cost of funding depend on many external factors, including developments in the regional credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the debt markets. Our current debt facilities generally carry interest at variable rates. The variable interest rates change when the underlying benchmark changes. As of December 31, 2009, Rs. 5,212.94 million, or approximately 96.31%, of our total loans was subject to variable rates. We do not currently use any instruments such as interest rate swaps, options and other derivative instruments for the purposes of mitigating our exposure to interest rate risk. In view of the high debt to equity ratios of power project development companies, typically 3:1, we believe that going forward, the availability of cost effective funding will be crucial and the non-availability of such funding at favorable terms could affect our business, financial condition and results of operations. An increase in interest expense is likely to have a material adverse effect on our financial results and also increase the project costs and cost of capital to us.

Availability, quality and price of fuel supply

The success of our operations will depend on, among other things, our ability to source fuel at competitive prices. We have received LoAs from SECL for the majority of the supply of coal for Chhattisgarh Power Project Phase I and LoAs from SECL and MCL for the majority of the supply of coal for Madhya Pradesh Power Project Phase I. In addition, we are required to and therefore in the process of amending these LoAs to accommodate the Madhya Pradesh Power Project's change in location from Jhabua to Seoni. The supply of coal for each project is also subject to satisfaction of certain conditions precedent, including obtaining the relevant approvals and debt financing within specified timelines, during the 24-month term of the LoA and the execution of a fuel supply agreement within three months of satisfying these conditions. There can be no assurance that SECL and MCL would approve the amendments to the LoAs for the Madhya Pradesh Power Project's change in location from Jhabua to Seoni. There can also be no assurance that we will be able to satisfy the conditions precedent in the LoAs in a timely manner or that we will be able to enter into such fuel supply agreements. Further, we have submitted applications to the MoC for coal linkage for Chhattisgarh Power Project Phase II, Madhya Pradesh Power Project Phase II and the expanded capacity at our Ballarpur Unit and Bhigwan Unit captive power plants. We will also have to identify sources of fuel for the Gujarat Power Project. We intend to procure the remaining coal requirements for our power projects from the open market. The Malanpur Power Plant uses gas supplied solely by GAIL (India) Limited and the amount of gas supplied only supports capacity utilization up to approximately 18.93 MW at 100% utilization, whereas the Malanpur Power Plant has installed capacity of 26.19 MW. There can be no assurance that the applications to MoC for coal linkages will be approved, that we will secure sources of fuel for the Gujarat Power Project or that we can increase the supply of gas from GAIL (India) Limited.

Failure to receive LoAs for or to enter into fuel supply agreements in respect of any of our power projects under implementation or planning or for the expanded capacity for our captive power units may require us to procure coal at a significantly higher spot price from the market in order to undertake our operations. There can be no assurance that we will be able to obtain coal supplies in sufficient quantities, of acceptable quality and/or on commercially acceptable terms for the expanded captive power plant capacity or power plants under implementation or planning. If we are unable to obtain sufficient fuel at competitive prices it would have an adverse effect on our business, results of operations and financial condition.

Demand for power and government policy towards the power industry

The power sector in India has historically been characterized by power shortages. According to the CEA, the total peak shortage was 13,075 MW in December 2009. According to the Central Electricity Authority, the peak deficit for the Western Grid was 6,454 MW for the period between April 2009 and December 2009, a deficit of 17.2%. As per the IEP Report, Expert Committee on Power, in the 11th Plan (2007-2012), a capacity addition of 71 GW, and 84 GW, assuming an 8.0% and 9.0% GDP growth rate, respectively, would be required by 2012 to meet the peak demand supply gap. In the 12th Plan (2013-2017), a capacity addition of 86 GW and 104 GW, assuming a 8.0% and 9.0% GDP growth, respectively, would be required by 2017. Although recent reports indicate that India's GDP growth rate is likely to be lower than 8.0% in the year ending March 31, 2010, we believe that the demand for power is likely to continue to increase in the short term and for the foreseeable future. Our revenues from merchant sales and our expansion plans will be affected by changes in demand for power in India.

Economic growth in India as well as our business is dependent on stable government policies and prudent regulations. Power generation has historically been the domain of the central and state governments, and has been constrained by various factors such as shortages of public funding, political considerations and issues of transparency and accountability. Changes in government policies have facilitated the entry of private capital into the Indian power industry and have led to rapid growth in the sector. For example, the GoI has expressed a 'Power for All by 2012' objective, and has enacted legislations in 1991, and again in 2003, designed to increase private sector participation in the Indian power sector. Further, the government's focus has also led to an increase in captive power generation capacity in India. GoI's power sector policy may also determine the mix of power sold by us under long-term and short-term PPAs in the future. For further details, see "***Industry Overview***" on page 52.

Availability and cost of land

The success of our business is dependent on, among other things, the availability and cost of procuring land for our power projects. Of the total land requirement of around 871 acres for the Chhattisgarh Power Project and approximately 984 acres for the Madhya Pradesh Power Project, we are still in the process of acquiring approximately 256 acres of land for Chhattisgarh Power Project Phase I and approximately 223 acres of land for Chhattisgarh Power Project Phase II from the government and private parties. Further, we are also still in the process of acquiring approximately 304 acres of land for Madhya Pradesh Power Project Phase I and approximately 361 acres of land for the Madhya Pradesh Power Project Phase II from the government and private parties. We cannot assure you that we will be able to identify or acquire adequate land for all of our power projects, or that land acquisitions will be completed in a timely manner, on terms that are commercially acceptable to us, without opposition or relocation and resettlement costs, or at all.

Even when the State governments are required to facilitate the acquisition or lease of land, or secure rights of way over tracts of land, we cannot assure you that all requisite approvals relating to the acquisition of, or lease of such land or the granting of such right of way over land or the registration of the acquired or leased land will be completed in a timely manner and on terms that are commercially acceptable to us, if at all. Project cost of our projects under implementation or planning depends, in part, on obtaining affordable land and proper power evacuation facilities where we can construct and operate our power projects. Any government regulations that restrict the availability of land or increased competition for land may therefore adversely affect our operations.

Engineering, procurement and construction costs

Chhattisgarh Power Project Phase I and Madhya Pradesh Power Project Phase I are being executed through a number of package contracts that are typically fixed-term contracts. For further details in relation to these arrangements, see "***History and Certain Corporate Matters – Material Agreements for our power projects***" on page 106. We believe that any significant increase in power generation projects under development in India will increase demand for third-party contractors and construction materials, which may affect the price for our construction contracts and the terms of our future construction contracts. The supply and price of construction materials will also depend on additional factors not under our control, including general economic conditions, competition, production levels, transportation costs and import duties.

Availability of infrastructure for evacuation

Evacuation or 'wheeling' power from our power plants to our consumers poses significant challenges due to transmission constraints on account of congestion or otherwise. Evacuating power to a purchaser is either our responsibility or the responsibility of the purchaser, depending upon the nature of agreement with the purchaser. For the power to be generated from the Chhattisgarh Power Project, we expect to evacuate power through a 400 kV pooling sub-station being established by PGCIL, which is expected within a distance of around 20 km from the project site. We intend to lay a 400 kV double circuit transmission line up to this pooling substation from the Chhattisgarh Power Project site. For power generated from the Madhya Pradesh Power Project, we expect to evacuate power through a 400 kV pooling sub-station of PGCIL located at a distance of around 60 km from the project site in Jabalpur. Alternatively, power can also be evacuated through a sub-station of PGCIL located in Seoni at a distance of around 90 km from the project site. As per new CERC approved regulation implemented and regulated by PGCIL effective January 1, 2010, the dedicated transmission lines, for generators of capacity greater than 500 MW, shall be constructed by PGCIL and shall form part of the Inter-state transmission system. Therefore, we expect that PGCIL shall lay a 400kV double transmission line from the pooling substation to the plant site of the Madhya Pradesh Power Project. A BPTA with PGCIL, dated February 24, 2010, has been executed for the transmission of power generated from the Chhattisgarh Power Project Phase I. The term of the BPTA is for a period of 25 years from November 2012. Plans to use the pooling sub-stations to evacuate power from our Chhattisgarh Power Project Phase II and Madhya Pradesh Power Project remain subject to execution, on mutually agreeable terms and in a timely manner, of BPTAs with PGCIL. Further, the construction of evacuating transmission corridor may not be completed in a timely manner, or at all, or PGCIL may not construct or suitably upgrade the transmission lines or pooling points in a timely manner, or at all, which may severely hinder our generation and evacuation operations. This could adversely affect our capacity to generate and earn revenues due to constraints beyond our control, which, in turn could adversely affect our business, prospects, results of operations and financial condition.

Macroeconomic conditions

Our results of operations may be materially affected by conditions in the global capital markets and the economy generally in India and elsewhere around the world. As widely reported, financial markets in the United States, Europe and Asia, including India, have been experiencing extreme disruption in the last year, including, among other things, extreme volatility in security prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. These and other related events, such as the recent collapse of a number of financial institutions, have had and continue to have a significant adverse impact on the availability of credit and the confidence of the financial markets, globally as well as in India.

Weak economic conditions in the markets, or a reduction in consumer spending even if economic conditions improve, could adversely impact our business and results of operations in a number of ways, including increased costs. Furthermore, as a result of the tightening of credit in financial markets, our suppliers and contractors may experience serious cash flow problems and as a result, may delay delivery of our orders and this may in turn delay completion of our projects. All of these factors may significantly affect our business and results of operations. See "***Risk Factors***" on page xv.

CRITICAL ACCOUNTING POLICIES

Our financial statements have been prepared in accordance with Indian GAAP. The financial statement are prepared on an accrual basis as a going concern under historical cost convention to comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. Our significant accounting policies are set forth in Annexure 5 to our restated consolidated financial statements included on page F46. Indian GAAP requires that we adopt accounting policies and make estimates that our Directors believe are most appropriate in the circumstances for the purposes of giving a true and fair view of our results of operations and the understanding of our financial condition and results of operations. The preparation of our financial statements requires us to make difficult and subjective judgment in selecting the appropriate estimates and assumptions that affect the amounts reported in our financial statements. By their nature, these judgments are subject to an inherent degree of uncertainty. These judgments are based on our historical experience, terms of existing contracts, our observance of trends in the industry and information available from other outside sources, as appropriate. There can be no assurance that our judgments will prove correct or that actual results reported in future periods will not differ from our expectations reflected in our accounting treatment of certain items.

While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results, we believe that the following critical accounting policies warrant additional attention:

Revenue recognition

Revenue is recognized based on the nature of activity, when consideration can be reasonably measured and when there exists reasonable certainty of its recovery. Revenue is recognized once the customer is billed on the basis of the consumption of energy recorded on installed meters.

Valuation of inventories

Inventories are valued at cost, computed on a weighted average basis.

Cash Flow Statement

The Cash Flow Statement has been prepared under the 'Indirect Method' in accordance with the requirement of Accounting Standard – 3 'Cash Flow Statement'.

Depreciation

Depreciation on our fixed assets is provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act.

Accounting for fixed assets

Fixed assets are stated at their original cost including freight, duties, taxes and other incidental expenses related to acquisition and installation.

Expenses incurred relating to projects prior to commencement of commercial production are classified as 'Project Development Expenditure' and disclosed under 'Capital Work-in-Progress'.

Accounting for investments

Investments are classified into current and long term investments. Current investments are stated at the lower of cost or fair value. Long term investments are stated at cost less any provision for diminution in value other than temporary diminution in value.

Accounting for retirement benefits

Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.

Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognized at the present value of the amounts payable, determined using actuarial valuation techniques. Actuarial gain and losses in respect of post employment and other long term benefits are charged to the 'Profit and Loss Account' or the 'Project Development Expenditure Account', as the case may be.

Provisions, contingent liabilities and contingent assets

The Company creates a provision charged against our income when there is a present obligation as a result of past events that will probably require an outflow of resources and a reliable estimate can be made of the amount of that obligation. A disclosure for a contingent liability is made in the notes to the Balance Sheet when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation can not be made. Contingent assets are neither recognized nor disclosed.

RESULTS OF OPERATIONS

	Six Month Period Ended September 30,		Fiscal Year				Nine month period ended	
	2009		2009		2008		March 31, 2007[(2)]	
	Amount	Percentage of Total Income	Amount	Percentage of Total Income	Amount	Percentage of Total Income	Amount	Percentage of Total Income
	(Rs. in million)	(%)	(Rs. in million)	(%)	(Rs. in million)	(%)	(Rs. in million)	(%)
INCOME[(3)]								
Income from Operations:								
Sale	1,907.33	99.57%	3,266.81	99.71%	2,765.67	99.27%	1,889.92	98.86%
Total Income from Operation	1,907.33	99.57%	3,266.81	99.71%	2,765.67	99.27%	1,889.92	98.86%
Other Income	8.17	0.43%	9.63	0.29%	20.39	0.73%	21.78	1.14%
Total Income	1,915.50	100.00%	3,276.44	100.00%	2,786.06	100.00%	1,911.70	100.00%
EXPENDITURE								
Generation Costs	1,477.41	77.13%	2,617.33	79.88%	2,113.00	75.84%	1,467.02	76.74%
Personnel Costs	70.79	3.70%	111.95	3.42%	127.36	4.57%	114.99	6.02%
Administration & General Costs	40.93	2.14%	70.14	2.14%	97.14	3.49%	60.10	3.14%
Total Operating Expenses	1,589.13	82.96%	2,799.42	85.44%	2,337.50	83.90%	1,642.11	85.90%
Profit Before Interest, Depreciation, Tax and Amortization (PBIDTA)	326.37	17.04%	477.02	14.56%	448.56	16.10%	269.59	14.10%
Interest and Finance Charges (Net)	153.89	8.03%	186.36	5.69%	175.92	6.31%	113.82	5.95%
Depreciation/Amortization	103.06	5.38%	127.96	3.91%	125.32	4.50%	94.36	4.94%
Total Expenditure	1,846.08	96.38%	3,113.74	95.03%	2,638.74	94.71%	1,850.29	96.79%
Profit/(Loss) before Tax	69.42	3.62%	162.70	4.97%	147.32	5.29%	61.41	3.21%
Provision for Tax								
- Current Tax	11.81	0.62%	38.38	1.17%	33.80	1.21%	12.96	0.68%
- Deferred Tax	24.51	1.28%	25.14	0.77%	11.46	0.41%	14.31	0.75%
NET PROFIT/(LOSS) AFTER TAX	33.10	1.73%	99.18	3.03%	102.06	3.66%	34.14	1.79%
Balance brought forward from previous Year	184.31		169.13		67.07		32.93	
Less: Transfer to Reserve	-		84.00		-		-	
PROFIT CARRIED TO BALANCE SHEET	217.41		184.31		169.13		67.07	

Notes:

(1) Pursuant to the Scheme of Demerger, certain of the assets, rights and obligations of the power related business of BILT were transferred to the Company effective April 1, 2006.

(2) Prior to April 1, 2007, the Company did not have any subsidiaries. Therefore, the Company only has unconsolidated financial statements as on and for the nine month period ended March 31, 2007.

(3) All of our revenues for the year ended March 31, 2009, have been derived primarily from our four wholly-owned Captive Power Units with aggregate capacity of 95 MW. During the six month period ended September 30, 2009, we completed expansions at our Ballarpur power plant and Bhigwan power plant of 40 MW and 30 MW, respectively, thus increasing the aggregate operating capacity at these four wholly-owned Captive Power Unit to 165 MW.

Consolidated Results for the six month period ended September 30, 2009

Significant Events

During the six month period ended September 30, 2009, we completed expansions at our Ballarpur power plant and our Bhigwan power plant of 40 MW and 30 MW, respectively, thus increasing our aggregate operating captive capacity to 165 MW. We generated 374 Million Units ("**MU**") of power and 2,450,241 metric tonnes of steam during this six month period.

Income

Our total income, comprising sales and other income, was Rs. 1,915.50 million for the six month period ended September 30, 2009.

Income from operations

Our income from operations for the six month period ended September 30, 2009 comprised of income from sales of power and steam. Our income from operations for the six month period ended September 30, 2009, comprised 99.57% of our total income. The power sold from our four Captive Power Units for the six month period ended September 30, 2009 for both our sales to BILT and BGPPL under PPA and via merchant sales was 320 MU and steam sold was 924,177 metric tonnes, with the average power tariff per unit being Rs. 3.76 and the average steam tariff per unit being Rs. 765.59 during this period.

Other Income

Other income was Rs. 8.17 million for the six month period ended September 30, 2009, primarily from scrap sales.

Expenditure

The total expenditure before tax, including depreciation, was Rs. 1,846.08 million for the six month period ended September 30, 2009, which was 96.38% of total income for this period.

The breakup of total expenditure before tax is summarized below:

Generation Costs

Generation costs were Rs. 1,477.41 million for the six month period ended September 30, 2009, primarily comprising of the cost of coal, store and spares consumption, repairs and maintenance expenses and other operation related expenses. As a percentage of total income, generation costs was 77.13% for the six month period ended September 30, 2009.

Personnel Costs

Personnel costs were Rs. 70.79 million for the six month period ended September 30, 2009, comprising of the salary of staff and wages of workers, including employee related expenses. As a percentage of total income, personnel costs were 3.70% for the six month period ended September 30, 2009.

Administration & General Costs

Administration & general costs were Rs. 40.93 million for the six month period ended September 30, 2009, comprising of selling expenses, insurance expenses, communication expenses, traveling and conveyance expenses, legal and consultancy fees and other overhead costs. As a percentage of total income, administration & general costs were 2.14% for the six month period ended September 30, 2009.

Interest and Finance Charges (Net)

Interest and finance charges (net of interest income) were Rs. 153.89 million for the six month period ended September 30, 2009, comprising of interest on long-term debt, interest on working capital loans and finance and bank charges. As a percentage of total income, interest and finance charges (net) were 8.03% for the six month period ended September 30, 2009.

Depreciation and Amortization

Depreciation and amortization was Rs. 103.06 million for the six month period ended September 30, 2009. Depreciation increased primarily due to the addition of fixed assets from the expansion of our Ballarpur Unit and our Bhigwan Unit. As a percentage of total income, depreciation and amortization was 5.38% for the six month period ended September 30, 2009.

Profit before Tax

As a result of the foregoing, profit before taxation was Rs. 69.42 million for the six month period ended September 30, 2009.

Provision for Tax

The provision for tax was Rs. 36.32 million for the six month period ended September 30, 2009. The primary components of our tax liabilities for the six month period ended September 30, 2009 were current tax (the provision for which is made based on the estimated taxable income for the relevant period in accordance with the Income Tax Act, 1961) of Rs. 11.81 million and deferred tax (which reflects the deferred tax liability on account of timing differences between the book profits and taxable profits for the relevant period) of Rs. 24.51 million.

Profit after Tax

As a result of the foregoing, the net profit after tax was Rs. 33.10 million for the six month period ended September 30, 2009. As a percentage of total income, net profit after tax was 1.73% for the six month period ended September 30, 2009.

Consolidated Comparison of fiscal 2009 and fiscal 2008

Income

Our total income increased 17.60% to Rs. 3,276.44 million in fiscal 2009 from Rs. 2,786.06 million in fiscal 2008. The reason for the increase is summarized below:

Income from operations

Income from the sale of power and steam increased by 18.12% to Rs. 3,266.81 million in fiscal 2009 from Rs. 2,765.67 million in fiscal 2008. As a percentage of total income, our income from operations increased slightly to 99.71% for fiscal 2009 from 99.27% for fiscal 2008.

The PPAs that we have entered into with BILT and BGPPL require us to provide both steam and power on an 'as needed' basis. Due to the decrease in demand of power and increase in demand of steam, the power sold declined marginally by 3.22% to 570 MU in fiscal 2009 from 589 MU in fiscal 2008 whereas sale of steam to the captive consumer increased by 3.87% to 1,676,454 metric tonnes in fiscal 2009 from 1,614,020 metric tonnes in fiscal 2008.

There was an increase of 19.59% in the average price realization of power sold to Rs. 3.48 per unit in fiscal 2009 from Rs. 2.91 per unit in fiscal 2008 primarily due to improved realization on sales of merchant power on a short-term basis, which contributed to the increase in income. In addition, there was an increase in tariff on account of the passing through of cost.

There was also an increase of 17.17% in the average price realization of steam sold (our revenue from the steam business divided by the amount of units of steam sold) to Rs. 763.54 per metric tonne in fiscal 2009 from Rs. 651.63 per metric tonne in fiscal 2008 due to increase in tariff on account of the passing through of cost.

Other Income

Other income decreased by 52.77% to Rs. 9.63 million in fiscal 2009 from Rs. 20.39 million in fiscal 2008. This decline was mainly due to a substantial decrease in the amount of income received from scrap sales in fiscal 2009.

Expenditure

The total expenditure before tax, including depreciation, increased by 18.00% to Rs. 3,113.74 million in fiscal 2009 from Rs. 2,638.74 million in fiscal 2008. As a percentage of total income, our total expenditure before tax increased slightly to 95.03% for fiscal 2009 from 94.71% for fiscal 2008. The reasons for the increase are summarized below:

Generation Costs

Generation costs increased by 23.87% to Rs. 2,617.33 million in fiscal 2009 from Rs. 2,113.00 million in fiscal 2008. Our power generated decreased by 2.23% to 657 MU in fiscal 2009 from 672 MU in fiscal 2008. Our steam generated increased by 0.33% to 4,363,019 metric tonnes in fiscal 2009 from 4,348,586 metric tonnes in fiscal 2008. The increase in generation cost was primarily on account of increase in fuel cost due to increase in coal prices globally. As a percentage of total income, the generation cost increased to 79.88% in fiscal 2009 from 75.84% in fiscal 2008.

Personnel Costs

Personnel costs decreased by 12.10% to Rs. 111.95 million in fiscal 2009 from Rs. 127.36 million in fiscal 2008, primarily due to the allocation of costs of certain employees to projects under implementation, which were capitalized. As a percentage of total income, the personnel costs decreased to 3.42% in fiscal 2009 from 4.57% in fiscal 2008.

Administration & General Costs

Our administration & general costs decreased by 27.79% to Rs. 70.14 million in fiscal 2009 from Rs. 97.14 million in fiscal 2008, primarily due to cost reduction initiatives, reduction in insurance cost (due to reduction in premium rates) and a lack of new business development activities involved for evaluation of new projects. As a percentage of total income, the administration and general costs decreased to 2.14% in fiscal 2009 from 3.49% in fiscal 2008.

Interest and Finance Charges (Net)

Interest and finance charges (net) increased by 5.93% to Rs. 186.36 million in fiscal 2009 from Rs. 175.92 million in fiscal 2008, primarily due to an increase in indebtedness and an increase in interest rates. As a percentage of total income, interest and finance charges (net) decreased to 5.69% in fiscal 2009 from 6.31% in fiscal 2008.

Depreciation/Amortization

Depreciation increased by 2.11% to Rs. 127.96 million in fiscal 2009 from Rs. 125.32 million in fiscal 2008. The increase in depreciation was due to depreciation on plant and machinery and other assets capitalized and purchased during fiscal 2009. Depreciation as a percentage of total income decreased to 3.91% in fiscal 2009 from 4.50% in fiscal 2008.

Profit before Tax

As a result of the foregoing, profit before taxation increased by 10.44% to Rs. 162.70 million in fiscal 2009 from Rs. 147.32 million in fiscal 2008.

Provision for Tax

The provision for tax liabilities increased by 40.34% to Rs. 63.52 million in fiscal 2009 from Rs. 45.26 million in fiscal 2008. The primary reason of this increase was because provision for deferred tax (which reflects the deferred tax liability on account of timing differences between the book profits and taxable profits for the relevant period) increased by Rs. 13.68 million to Rs. 25.14 million in fiscal 2009 from Rs. 11.46 million in fiscal 2008 and provision for current income tax (the provision is made based on the estimated taxable income for the relevant period in accordance with Income Tax Act, 1961) increased by Rs. 4.58 million to Rs. 38.38 million in fiscal 2009 from Rs. 33.80 million in fiscal 2008.

Profit after Tax

As a result of the foregoing, and primarily due to increased tax provisioning on account of higher deferred taxes, the net profit after tax decreased by 2.82% to Rs 99.18 million in fiscal 2009 from Rs 102.06 million in fiscal 2008. As a percentage of total income, net profit after tax decreased to 3.03% in fiscal 2009 from 3.66% in fiscal 2008.

Unconsolidated Results for the nine month period ended March 31, 2007

Significant Events

During nine month period ended March 31, 2007, we generated 482 MU of power and 3,180,979 metric tonnes of steam.

Income

Our total income, comprising sales and other income, was Rs. 1,911.70 million for the nine month period ended March 31, 2007.

Income from operations

Our income from operations for the nine month period ended March 31, 2007 comprised of income from the sales of power and steam. Power sold was 425 MU and steam sold was 1,213,403 metric tonnes for the nine month ended March 31, 2007, with the average power tariff per unit for both our sales to BILT and BGPPL under PPA and via merchant sales being Rs. 2.69 and the average steam tariff per unit being Rs. 613.82 during this period. As a percentage of total income, our income from operations is 98.86% for the nine month period ended March 31, 2007.

Other Income

Other income was Rs. 21.78 million for the nine month period ended March 31, 2007, primarily from scrap sales.

Expenditure

The total expenditure before tax, including depreciation, was Rs. 1,850.29 million for the nine month period ended March 31, 2007. As a percentage of total income, total expenditure before tax is 96.79% for the nine month period ended March 31, 2007.

The breakup of total expenditure before tax is summarized below:

Generation Costs

Generation costs was Rs. 1,467.02 million for the nine month period ended March 31, 2007, primarily comprising of cost of coal, cost of secondary fuel (oil), store and spares consumption, repairs and maintenance expenses and other operation related expenses. As a percentage of total income, generation costs were 76.74% for the nine month period ended March 31, 2007.

Personnel Costs

Personnel costs were Rs. 114.99 million for the nine month period ended March 31, 2007, comprising of salary and wages of staff and workers, including employee related expenses. As a percentage of total income, personnel cost was 6.02% for the nine month period ended March 31, 2007. For the nine month period ended March 31, 2007, we did not allocate any personnel cost to projects under implementation and therefore did not capitalize any personnel costs.

Administration & General Costs

Administration & General Costs were Rs. 60.10 million for the nine month period ended March 31, 2007 comprising selling expenses, insurance expenses, traveling and conveyance expenses, and legal and consultancy fees. As a percentage of total income, administration and general costs were 3.14% for the nine month period ended March 31, 2007.

Interest and Finance Charges (Net)

Interest and finance charges (net) were Rs. 113.82 million for the nine month period ended March 31, 2007, primarily comprising interest on long term debt. As a percentage of total income, interest and finance charges (net) were 5.95% for the nine month period ended March 31, 2007.

Depreciation and Amortization

Depreciation and amortization was Rs. 94.36 million for the nine month period ended March 31, 2007. As a percentage of total income, depreciation and amortization was 4.94% for the nine month period ended March 31, 2007.

Profit before Tax

As a result of the foregoing, profit before taxation was Rs. 61.41 million for the nine month period ended March 31, 2007.

Provision for Tax

The provision for tax liabilities was Rs. 27.27 million for the nine month period ended March 31, 2007. The primary components of our tax liabilities for the nine month period ended March 31, 2007 were current tax (the provision for which is made based on the estimated taxable income for the relevant period in accordance with Income Tax Act, 1961) of Rs. 12.96 million and deferred tax (which reflects the deferred tax liability on account of timing differences between the book profits and taxable profits for the relevant period) of Rs. 14.31 million.

Profit after Tax

As a result of the foregoing, the net profit after tax was Rs. 34.14 million for the nine month period ended March 31, 2007. As a percentage of total income, net profit after tax was 1.79% for the nine month period ended March 31, 2007.

Effect of Restatement

The Company's audited restated consolidated financial information as on and for the six month period ended September 30, 2009; as on and for the fiscal years ended March 31, 2009 and 2008; and the audited restated unconsolidated financial information as on and for the nine month period ended March 31, 2007 have been presented in compliance with paragraph B(1) of Part II of Schedule II to the Companies Act, Indian GAAP and the SEBI Regulations. The effect of such restatement is that the Company's consolidated and unconsolidated financial statements have been restated to conform to methods used in preparing the Company's latest financial statements, as well as to conform to any changes in accounting policies and estimates. The principal adjustments to the Company's consolidated financial statements, including on account of changes in accounting policies and estimates, are described below:

Material Adjustments

	For six month period ended September 30,	For Fiscal Year Ended March 31,		For nine month period ended March 31,
	2009	2009	2008	2007
Profit as per Audited Financials	**32.92**	**98.00**	**91.85**	**50.83**
Adjustments for change in Accounting Policy*:				
- Preliminary Expenses	0.18	0.09	0.09	0.07
- Retirement Benefits	-	-	-	-5.54
Reinstatement of Prior Period Items				
- Income Tax		1.09	10.12	-11.22
Total Adjustments	0.18	1.18	10.21	-16.69
Profit as per Restated Financials	**33.10**	**99.18**	**102.06**	**34.14**

**Adjustment for change in accounting policy is net of tax impact at the appropriate tax rate applicable.*

Adjustments represent expenses and income restated to the respective years to which they relate, irrespective of the year in which the event triggering the profit or loss occurred.

Provision for income tax relating to earlier years: in the financial statements as on and for the fiscal 2009 and 2008, the provision for income tax relating to earlier years was charged to the profit and loss account.

Accordingly, for the purpose of our restated financial statements, this provision for income tax relating to earlier years has been appropriately adjusted in the respective years to which they pertain.

Preliminary Expenses: Miscellaneous Expenditure (to the extent not written off or adjusted) – during the six month period ended September 30, 2009, the Company adopted the policy of amortizing preliminary expenses in the year in which they were incurred. Hence, the restated financial statements as on and for the six month period ended September 30, 2009, as on and for fiscals 2009 and 2008 and as on and for the nine month period ended March 31, 2007 have been restated accordingly.

Material Regroupings – appropriate adjustments have been made in the restated financial statements, wherever required, by a reclassification of the corresponding items of assets, liabilities and cash flows, in order to bring them in line with the groupings as per the audited financials of the Company for the six month period ended September 30, 2009.

LIQUIDITY AND CAPITAL RESOURCES

The power generation business is capital intensive. The Chhattisgarh Power Project and the Madhya Pradesh Power Project that we are implementing and the Gujarat Power Project that we are planning will require significant design, development and construction capital and the funding of operating losses during the start-up phase of each project.

Cash Flows

The table below summarizes the Company's audited restated consolidated cash flows for the periods presented:

	Six month period ended September 30, 2009	**Fiscal 2009**	**Fiscal 2008**	**Nine month period ended March 31, 2007**
	(Rs. in million)			
Net cash provided by/(used in) operating activities	360.04	189.23	293.28	147.88
Net cash provided by/(used in) investing activities	(3,007.78)	(2,715.16)	(628.91)	(295.70)
Net cash provided by/(used in) financing activities	2,659.33	2,624.03	339.05	(113.82)
Net increase/(decrease) in cash and cash equivalents	11.59	98.10	3.42	(261.64)
Closing Cash and Cash Equivalents	118.80	107.21	8.85	5.33

Cash Flows from Operating Activities

The Company's net cash from operating activities in the six month period ended September 30, 2009 was Rs. 360.04 million, primarily due to cash generated from operations before working capital changes of Rs. 326.22 million, an increase in trade and other payables of Rs. 147.29 million, a decrease in trade and other receivables of Rs. 75.90 million and a decrease in inventories of Rs. 33.29 million, off-set by an increase in loans and advances of Rs. 201.21 million and direct tax paid of Rs. 21.45 million. Our revenues during the six month period ended September 30, 2009 were primarily derived from the operation of our four captive power plants located in Ballarpur, Bhigwan, Yamuna Nagar and Sewa. During the six month period ended September 30 2009, we completed expansions at our Ballarpur Unit and our Bhigwan Unit of 40 MW and 30 MW, respectively. This increase in generation capacity contributed to a higher amount of cash generated from operations before working capital changes during the six month period ended September 30, 2009.

The Company's net cash from operating activities in the fiscal year ended March 31, 2009 was Rs. 189.23 million, primarily due to cash generated from operations before working capital changes of Rs. 471.04 million and an increase in trade and other payables of Rs. 142.15 million, off-set by an increase in inventories of Rs. 124.71 million, an increase in trade and other receivables of Rs. 205.19 million, an increase in loans and advances of Rs. 55.81 and direct tax paid of Rs. 38.25 million. Our revenues during fiscal 2009 were primarily derived from the operation of our four captive power plants located in Ballarpur, Bhigwan, Yamuna Nagar and the Sewa. The net cash flow from operating activities decreased 35.48% to Rs. 189.23 million in fiscal 2009 from Rs. 293.28 million in fiscal 2008 because of increased trade and other receivables, primarily from increased coal pass-through receivables, and increased levels of inventory from higher coal stock.

The Company's net cash from operating activities in the year ended March 31, 2008 was Rs. 293.28 million, primarily due to cash generated from operations before working capital changes of Rs. 447.63 million and an increase in trade payables and others of Rs. 23.47 million, off-set by an increase in inventories of Rs. 31.19 million, an increase in trade and other receivables of Rs. 45.68 million, an increase in loans and advances or Rs. 45.96 million and direct tax paid of Rs. 54.99 million. Our revenues during fiscal 2008 were primarily derived from the operation of our four captive power plants located in Ballarpur, Bhigwan, Yamuna Nagar and the Sewa.

The Company's net cash from operating activities for the nine month period ended March 31, 2007 was Rs. 147.88 million, primarily due to cash generated from operations before working capital changes of Rs. 269.07 million, an increase in trade and other payables of Rs. 29.11 million and a decrease in loans and advances of Rs. 49.05 million, off-set by an increase in inventories of Rs. 34.98 million, an increase in trade and other receivables of Rs. 149.45 million and direct tax paid of Rs. 14.92 million. Our revenues during the nine month period ended March 31, 2007, were primarily derived from the operation of our four captive power plants located in Ballarpur, Bhigwan, Yamuna Nagar and the Sewa.

Cash Flows from Investing Activities

The Company's cash flow used in investing activities represents capital expenditure for our projects comprising plant and equipment used in our power business and purchase of investments, offset in each period by disposal of fixed assets and sales of investments. Net cash used in investing activities was Rs. 3,007.78 million during the six month period ended September 30, 2009 primarily due to expenditures incurred on projects under implementation and for the expansion of our Ballarpur and Bhigwan Units of Rs. 2,910.47 million, the purchase of investments of Rs. 20.06 million, and loans and advances (investing activities), which relates to acquisition of minority stakes from shareholders of our subsidiaries, of Rs. 137.30 million, offset by the sales of investments of Rs. 60.05 million.

For the fiscal year ended March 31, 2009, the Company's net cash used in investing activities increased to Rs. 2,715.16 million as compared to Rs. 628.91 million in fiscal 2008 primarily due to expenditure incurred on projects under implementation, which increased 418.75% to Rs. 2,285.16 million in fiscal year ended March 31, 2009 from Rs. 440.51 million in fiscal year ended March 31, 2008.

Net cash used in investing activities was Rs. 628.91 million during the year ended March 31, 2008, primarily due to expenditure incurred on projects under implementation of Rs. 440.51 million, advances given to acquire stake from shareholders of subsidiaries of Rs. 139.82 million and purchase of investments of Rs. 40.03 million.

Net cash used in investing activities was Rs. 295.70 million during the nine month period ended March 31, 2007, solely due to expenditure incurred on our Captive Power Units.

Cash Flows from Financing Activities

The Company's cash flow from financing activities has been derived primarily from proceeds from share application money (i.e., equity contributions from our Promoters that are received while an allotment of shares is pending) and borrowings.

For the six month period ended September 30, 2009, the Company's cash flow from financing activities was Rs. 2,659.33 million, primarily due to an increase in proceeds from share application money of Rs. 1,902.50 million and an increase in borrowings of Rs. 905.26 million, off-set by interest and financing charges of Rs. 148.43 million. As of September 30, 2009, the Company had total outstanding secured and unsecured loans of Rs. 4,448.28 million, as compared to the total outstanding secured and unsecured loans of Rs. 3,543.02 million as on March 31, 2009. The proceeds from this increase in total outstanding secured and unsecured loans were used primarily for capital expenditure in the expansion of our Ballarpur Unit and our Bhigwan Unit.

For the fiscal year ended March 31, 2009, the Company's cash flow from financing activities increased to Rs. 2,624.03 million as compared to Rs. 339.05 million in fiscal 2008 primarily due to issuance of equity share capital of Rs. 1,624.11 million and increase in secured loans of Rs. 1,202.07 million. As of March 31, 2009, the Company had total outstanding secured and unsecured loans of Rs. 3,543.02 million, as compared to the total outstanding secured and unsecured loans of Rs. 2,247.97 million as on March 31, 2008. The proceeds from this increase in total outstanding secured and unsecured loans were used for capital expenditure of our Captive Power Units.

For the fiscal year ended March 31, 2008, the Company's cash flow from financing activities was Rs. 339.05 million primarily due to an increase in borrowings. As of March 31, 2008, the Company had total outstanding secured and unsecured loans of Rs. 2,247.97 million, as compared to the total outstanding secured and unsecured loans of Rs. 1,650.00 million as on March 31, 2007. The proceeds from this increase in total outstanding secured and unsecured loans were used primarily for capital expenditure on our Captive Power Units.

For the nine month period ended March 31, 2007, the Company's cash flow used in financing activities was Rs. 113.82 million, which comprises only of interest and financing charges. As of June 30, 2006 and March 31, 2007, the Company had total outstanding secured and unsecured loans of Rs. 1,650.00 million.

Capital Expenditure

The Company's addition of fixed assets (including capital work-in-progress and capital advances and expenditure during construction period pending allocation) for the six month period ended September 30, 2009, fiscals 2009 and 2008 and for the nine month period ended March 31, 2007 was Rs. 2,910.47 million, Rs. 2,285.16 million, Rs. 440.51 million and Rs. 295.70 million, respectively. The capital expenditure for the six month period ended September 30, 2009 and for fiscal 2009 consisted primarily of expenditure for Chhattisgarh Power Project Phase I and Madhya Pradesh Power Project Phase I as well as expansion at our captive operating power plants at Ballarpur and Bhigwan. The capital expenditure for fiscal 2008 consisted primarily of expenses for the addition of fixed assets for the four Captive Power Units. The capital expenditure for the nine month period ended March 31, 2007 was primarily for the acquisition of the four Captive Power Units with 95 MW capacity from BILT under the Scheme of Demerger.

As of January 31, 2010, we had spent Rs. 2,950.90 million on the implementation of the Chhattisgarh Power Project and the Madhya Pradesh Power Project.

With respect to Chhattisgarh Power Project Phase I and Madhya Pradesh Power Project Phase I, the amounts that will be spent by us are set forth in "***Objects of the Issue***" on page 35.

We cannot assure you that our power business will not change in a manner that would consume our available capital resources more rapidly than anticipated, particularly as we continue to evaluate other power projects. We will be required to raise additional capital to complete our projects under implementation and planning. We will require even higher levels of additional capital if we procure rights to develop additional projects in the future. We will seek to obtain additional funding through additional issuances of equity and/or debt securities or by securing new loans.

Working Capital

As of September 30, 2009, our cash and cash equivalents were Rs. 118.80 million. We use and expect to use bank loans to meet our working capital requirements as and when needed.

Indebtedness

As at September 30, 2009, we had outstanding secured loans of Rs. 4,257.82 million and unsecured loans of Rs. 190.46 million. As of March 31, 2009 we had outstanding secured loans of Rs. 3,289.93 million and unsecured loans of Rs. 253.09 million.

Many of our financing arrangements are secured by a charge on our current assets and fixed assets comprising plant and machinery, land and other assets, and pledge of the shares of our subsidiaries (for term loans availed for our subsidiaries). The increase in loans by Rs. 905.26 million from March 31, 2009 to September 30, 2009 is on account of additional borrowings for the expansion of our Ballarpur and Bhigwan plants.

For further details on our unsecured and secured loans, including the debt covenants that we are bound by, see "***Financial Indebtedness***" on page 176.

Contractual Obligations and Commitments

The following table summarizes the Company's contractual obligations and commitments in respect of secured and unsecured loans to make future payments as on September 30, 2009 on a consolidated basis:

As of September 30, 2009					
Payment Due by Period					
	Total	**Less than 1 year**	**1-3 years**	**3 -5 years**	**More than 5 years**
(Rs. in million)					
Secured and Unsecured Loans					
Rupee Term Loans / Working Capital Loans	4,448.28	441.68	667.14	837.15	2,502.31

Contingent Liabilities and other Off-Balance Sheet Arrangements

We had contingent liabilities in the following amounts, as disclosed in our consolidated financial statements:

Sl.	Details	As of September 30, 2009
		(Rs. in million)
A	Claims against the Company not acknowledged as debt(1)	54.70
B	Bank Guarantees(2)	858.20
C	Corporate Guarantees(3)	200.00

(1) Refers to liabilities of the Company which is a possible obligation or a present obligation that probably will not require an outflow of resources.
(2) Refers to performance guarantees and commitment guarantees issued for coal linkages and for bidding by certain banks.
(3) Refers to guarantees given to banks to support bank guarantees issued for coal linkages.

Transactions with Associates and Related Parties

From time to time, we enter into transactions with companies that are controlled by members of the Company's Promoter, Promoter Group, Group Entities and other related parties in the ordinary course of our business. For details regarding our related party transactions, see "***Financial Statements — Statement of Related Party Disclosures***" on page F56.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to market risks associated with commodity prices and interest rates. The commodity price risk exposure results from market fluctuations in the selling price of power and in purchase price and transportation costs of commodities including fuel, raw materials and input materials. We are exposed to various other types of market risks in the normal course of business. For instance, we are exposed to market interest rates on our borrowings and operating expenses. The following discussion and analysis, which constitute 'forward-looking statements' summarizes our exposure to various market risks.

Interest Rate Risk

As of September 30, 2009, we had Rs. 4,257.82 million in secured loans outstanding, around Rs. 4,057.82 million of which was subject to floating interest rates. Floating rate debt exposes us to market risk as a result of changes in interest rates. We undertake debt obligations to support capital expenditures, working capital, and general corporate purposes. We fund a substantial portion of our current capital expenditure and expect to fund a substantial portion of our future capital expenditure via long term debt. Upward fluctuations in interest rates increase the cost of new debt and interest cost of outstanding variable rate borrowings and therefore increase the project cost. In addition, 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 may in turn adversely affect our results of operations.

We do not currently use any derivative instruments to hedge against or modify the nature of our debt so as to manage interest rate risk.

Commodity Risk

We are in the process of entering into long-term PPAs for the power projects that we are implementing. These PPAs generally will specify pricing for the power to be sold with both a fixed and a variable component, generally in accordance with the tariff guidelines issued by the CERC. In addition, we expect to sell a substantial portion of the power generated from these power projects, once they enter commercial operation, on a merchant basis. Therefore, we are exposed to the market fluctuations in the selling price of power.

We are dependent upon various suppliers for our fuel requirements. We have entered into coal supply agreements with WCL, ECL and MCL for our four captive power plants (the Ballarpur Unit, the Bhigwan Unit, the Yamuna Nagar Unit and the Sewa Unit). However, prices for fuel under these coal supply agreements fluctuate according to notifications issued by Coal India Limited or other statutory authorities from time to time. We expect that future coal supply agreements for the expansion at our Ballarpur Unit and our Bhigwan Unit and for the power projects that we are implementing and planning will be based on similar pricing. In addition to this, we also plan to procure coal through open market sources, including via e-auctions and spot purchases as and when required.

Our PPA with BILT and BGPPL allows us to pass through our expense on fuel, to the extent attributable to power and steam sold to them, to BILT and BGPPL. However, once the power projects that we are implementing or planning commence commercial operation, we expect to enter into PPAs that may not allow fuel as a complete pass through expense or as a pass through expense at all. Therefore, with respect to those PPAs, we will be subject to variations in the price of fuel at rates fixed by our suppliers.

We are also exposed to fluctuations in the price, availability and quality of the primary raw materials required for building and implementation of our projects. See "***Our Business***" on page 67 for more information.

Foreign Currency Exchange Rate Risk

The Company is not significantly exposed to foreign exchange rate risk. Most of its contracts for capital equipment and fuel supply agreements are denominated in Rupees. Therefore, we do not currently hedge against this foreign currency exchange rate risk.

Known Trends or Uncertainties

Other than as described in this Draft Red Herring Prospectus, particularly in the sections "***Risk Factors***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages xv and 154, respectively, to our knowledge, there are no trends or uncertainties that have or had or are expected to have a material adverse impact on the Company's income from continuing operations.

Unusual or Infrequent Events or Transactions

Other than as described in this Draft Red Herring Prospectus, to our knowledge, there have been no events or transactions that may be described as 'unusual' or 'infrequent'.

Seasonality of Business

Our revenues and results may be affected by seasonal factors. For example, inclement weather, such as the monsoons, may delay or disrupt the development of our power projects undergoing construction at such times. Further, some of our prospective power consumers may have businesses that may be seasonal in nature and any downturn in demand for power by such consumers could reduce our revenue during such periods.

Competitive Conditions

We expect competition in the power industry from existing and potential competitors to intensify. For further details regarding our competitive conditions and our main competitors, see "***Risk Factors***" and "***Our Business***" on pages xv and 67, respectively.

Future Relationship between Costs and Income

Other than as described in "***Risk Factors***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages xv and 154, respectively, to our knowledge, there are no known factors that will have a material adverse impact on our operations and finances.

Significant Dependence on a Single or Few Customers

As described in "***Risk Factors***" and "***Our Business***" on pages xv and 67, respectively, we depend on a few customers for selling power and steam generated at our operational power projects. We primarily sell the power and steam generated at our Captive Power Units to BILT and BGPPL. We sold approximately 86.57%, 84.26%, 81.18% and 82.13% of the power that we generated during the six month period ended September 30, 2009, fiscals 2009 and 2008 and the nine month period ended March 31, 2007, respectively, to BILT and BGPPL. In the future, we expect to continue to depend on a few customers pursuant to long-term PPAs for the sale of power generated at our power projects under implementation or planning.

Significant Developments after September 30, 2009 that may affect our future Results of Operations

Malanpur Power Plant Acquisition

We have also acquired, pursuant to a share purchase agreement dated March 1, 2010, a 59% stake in MCPL from Crompton Greaves Limited, one of our Promoters, for an aggregate consideration of Rs. 514 million. MCPL owns and operates the Malanpur Power Plant, a gas fired power plant with installed capacity of 26.19 MW, with three gas engines of approximately 8.73 MW each. The plant started commercial production in February 2007 and achieved its scheduled capacity by January 2008. One of these engines was converted into Independent Power Producer (IPP) status with effect from January 1, 2010, while the remaining two engines are being used for generating power for captive consumers. The Malanpur Power Plant is situated at Malanpur Industrial Area, Bhind district, Madhya Pradesh, and is located on land under a 30 years lease, dated July 25, 2006, from Industrial Infrastructure Development Corporation (Gwalior) M.P. Limited. The Malanpur Power Plant currently provides power to captive customer SRF Limited, which is not part of the Avantha Group, pursuant to a power consumption agreement, dated April 7, 2006 and subsequently amended and restated on December 21, 2009, with SRF Limited for supply of up to 8.5 MW of power for a period of 12 years from the date of commercial operation of the Malanpur Power Plant. A portion of the surplus power available is sold to a power trader under a short term letter of intent for sale of power. The current short term letter of intent for sale of Power with NTPC Vidyut Vyapar Nigam Limited is valid up to April 30, 2010 and MCPL is in discussions with various power traders for power sales for future periods. For brief details of these arrangements, see "***History and Certain Corporate Matters- Material Agreements***" on page 106.

The Malanpur Power Plant uses gas as input fuel for power generation. Gas is solely supplied by GAIL (India) Limited pursuant to a 20 year gas sale agreement entered into on December 31, 2008, which is extendable on terms mutually agreed. The quantity of gas available under this agreement with GAIL (India) Limited supports capacity utilization up to approximately 18.93 MW at 100% utilization. The price of the linkage gas is determined by a formula, consisting of a foreign currency component, which fluctuate on a monthly basis, and an INR component, which escalates on an annual basis.

The Malanpur Power Plant produced approximately 141.62 MUs of power in fiscal 2009 and approximately 77.03 MUs of power for the six months ended September 30, 2009. Selected financial information for Malanpur Power Plant for the three most recent completed financial year is contained below:

(Rs. in million except per share data)

	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Balance Sheet Items			
Net Asset Value per Share(1)	11.81	10.35	11.64
Equity Capital	186.82	160.98	153.53
Reserves and Surplus (excluding Revaluation Reserves)(2)	33.79	(19.00)	(0.55)
	For Year Ended March 31, 2009	**For Year Ended March 31, 2008**	**For Year Ended March 31, 2007**

Statement of Profits and Losses Items			
Sales/Turnover	739.44	365.48	31.96
Profits/(Losses) after Tax	52.80	(18.45)	(0.51)
Earnings per Share – Basic [(1)]	3.17	(1.16)	(0.11)
Earnings per Share – Diluted [(1)]	3.17	(1.16)	(0.11)

(1) The number of shares outstanding for MCPL at March 31, 2009, 2008 and 2007 are 18,682,185 shares, 16,097,685 shares and 15,352,500 shares, respectively.

(2) Reserves and surplus comprises of profit and loss only.

Acquisition of Minority Interest in Subsidiary

As of September 30, 2010, two of our subsidiaries, KWPCL and JPL, are each directly or indirectly 85% owned by our Company. KWPCL is the company implementing our Chhattisgarh Power Project and JPL is the company implementing our Madhya Pradesh Power Project. On November 23, 2009, the Company acquired approximately 15% of ownership interests of KWPCL and JPL, thus making them almost 100% indirectly owned subsidiaries. For further details, please see "***History and Certain Corporate Matters*** – ***Our Subsidiaries***" on page 104.

FINANCIAL INDEBTEDNESS

The total outstanding amount as on December 31, 2009, with respect to the financial borrowings of our Company was Rs. 5,412.94 million. Set forth below is a brief summary of our current significant financing arrangements as on the date of filing of this Draft Red Herring Prospectus.

A. Secured Loans of our Company

S. No.	Lender	Facility and Purpose of Facility	Repayment terms	Amount outstanding as on December 31, 2009 (Rs. in million)
1.	Axis Bank Limited	Bank guarantee of Rs. 1,100 million pursuant to sanction letter dated August 5, 2009, and facility agreement dated August 5, 2009 for performance / financial guarantee in lieu of advance / security deposits in favour of sales tax, excise, custom authorities, other government / semi-government departments, earnest money for tenders, bid bond or any other in connection with the trade / activities of our Company / Subsidiaries / joint ventures, if any	N.A. (non-fund based facility)	305.22 (amount of bank guarantee issued)
2.	Axis Bank Limited	Term loan of Rs. 825 million pursuant to sanction letter dated March 24, 2008 and term loan agreement dated July 1, 2008 for repayment of the outstanding balances of the term loans sanctioned by State Bank of Mysore and Bank of Maharashtra	Term loan repayable in 36 quarterly instalments, commencing from October 2011 and March 2012, for the two tranches of disbursements	791.83
3.	Axis Bank Limited	Term loan of Rs. 400 million pursuant to sanction letter dated September 1, 2008 and term loan agreement dated October 24, 2008 to finance the expansion of power plant by 40 MW at Ballarpur	Repayable in 114 equal monthly instalments, commencing from May 2011	399.96
4.	Infrastructure Development Finance Company Limited ("**IDFCL**")	Term loan of Rs. 1,200 million pursuant to letter of intent dated May 31, 2008, amended by letter dated July 28, 2008, and term loan agreement dated July 28, 2008, to finance the expansion of power plant by 40 MW at Ballarpur	Repayable in 114 equal monthly instalments, commencing from February 2011	1,000.00
5.	IDFCL	Term loan of Rs. 666.40 million, pursuant to sanction letter dated September 9, 2009, and term loan agreement dated September 10, 2009, for repayment of the outstanding balance of the term loan of Rs. 825 million sanctioned by Axis Bank on May 17, 2006	Repayable in 52 equal quarterly instalments commenced on December 15, 2009	653.15

S. No.	Lender	Facility and Purpose of Facility	Repayment terms	Amount outstanding as on December 31, 2009 (Rs. in million)
6.	Yes Bank	Short term loan of Rs. 150 million pursuant to sanction letter dated October 8, 2008, and loan agreement dated June 30, 2009, renewed by sanction letter dated October 6, 2009, and valid up to September 28, 2010 for the purpose of meeting our cash flow mismatch	Bullet repayment at the end of tenor	Not yet utilized
7.	Indus Ind Bank ("**Indus Ind**")	Term loan of Rs. 200 million, pursuant to sanction letter dated June 17, 2009 and loan agreement dated June 18, 2009 to meet the capex requirements of the existing capacity at our power plants	Repayment commencing from September 25, 2010	200.00
8.	L&T Infrastructure Finance Company Limited ("**L&T**")	Term loan up to Rs. 1,225 million, pursuant to sanction letter dated May 28, 2007, amended on September 20, 2007 and assistance agreement dated October 1, 2007, for expansion of capacity Bhigwan power plant by 30 MW	Repayable in 44 equal quarterly instalments, commencing from October 2010	1,200.00
9.	ING Vysya Bank ("**ING**")	Cash credit / working capital demand loan (for a maximum period of six months) of Rs. 100 million pursuant to sanction letter dated December 14, 2007, and facility agreement dated December 18, 2007. The facility has been renewed by letter dated February 10, 2010, from ING	Working capital demand loan repayable within 180 days from the date of disbursement	Nil

We have created charges over our immovable and movable properties, book debts, operating cash flows, project receivables, commissions and revenues. Further, our Company has provided counter guarantee and indemnity for some of the loans mentioned above. Additionally as per the terms of the loan agreements we are required to maintain, certain financial covenants under the above-mentioned loans such as a minimum debt service coverage ratio and a fixed asset cover during the currency of such loans.

Under the terms of the above-mentioned secured loans, we have undertaken not to do any of the following without the prior written consent of our lenders:

- effect any change in our capital structure including the shareholding pattern of our Company;
- conclude any fresh borrowing arrangement with any bank or financial institution, and create any further charge over the fixed assets of our Company;
- undertake any expansion or fresh project or acquire fixed assets, except those financed out of internal accruals of our Company;
- invest by way of share capital in or advance to or place deposits with any other concern;
- enter into any transaction of merger, consolidation, re-organization, scheme of arrangement or compromise or effect any scheme of amalgamation or reconstruction or formulate any scheme of amalgamation with any other borrower or reconstruction, or acquire any borrower;
- declare dividend for any year except out of profits relating to that year;
- make any repayment of the loans and deposits and discharge other liabilities except those shown in the funds flow statement submitted from time to time;
- make any substantial change in the constitution and management set-up of our Company;
- make any change in the promoter management set-up of our Company to make sure our Company remains part of the Avantha Group;
- make any change in our MoA or Articles of Association;

- withdraw monies brought into the business of our Company, the principal shareholders, directors and depositors of our Company;
- make any material modifications to any of our project agreements aggregating more than 5% of the project cost other than modifications required by changes in statutes; and
- sell or dispose any assets (excluding permitted investments) in excess of Rs. 10 million in any financial year and Rs. 50 million on a cumulative basis over the project period.

B. Unsecured Loan of our Company

S. No.	Lender	Facility and Purpose of Facility	Repayment terms	Amount outstanding as on December 31, 2009 (Rs. in million)
1.	Kotak Mahindra Bank Limited ("**Kotak**")	Pursuant to sanction letter dated January 24, 2008 and master facility agreement dated February 18, 2008 we have availed the following facilities: (i) Cash credit facility of Rs. 100 million, interchangeable with a letter of credit backed sales discounting for Rs. 100 million and inter-changeable with working capital demand loan of Rs. 100 million; (ii) Short term loan of Rs. 100 million; and (iii) Letter of credit (inland and foreign) for raw material for Rs. 100 million interchangeable with bank guarantee for Rs. 60 million (out of which bank guarantee of Rs. 54.50 million has been issued by Kotak), inter-changeable with letter of credit for capital expenditure for Rs. 100 million	Not applicable for non-fund based facility and for others, as per arrangements with Kotak	54.50 (amount of bank guarantee issued)

C. Secured Loans of our Subsidiaries

(i) KWPCL

S. No.	Lender	Facility and Purpose of Facility	Repayment terms	Amount outstanding as on December 31, 2009 (Rs. in million)
1.	Consortium of Allahabad Bank, Andhra Bank, Axis Bank Limited, Bank of India, Bank of Maharashtra, Central Bank of India, Corporation Bank, Dena Bank, Life Insurance Corporation of India, State Bank of Hyderabad, State Bank of Patiala, State Bank of Travancore, Syndicate Bank, UCO Bank, Union Bank of India, and United Bank of India as the senior lenders,	Term loan of Rs. 21,500 million* pursuant to a common rupee loan facility agreement dated June 24, 2009 between the consortium and KWPCL to partly finance the estimated project cost of Rs. 28,720 million for the development, design, engineering, procurement and construction, operation and maintenance and generation and sale of electrical output produced by the Chhattisgarh Power Project Phase I	Repayable in 40 equal quarterly instalments starting from March 31, 2013, till December 31, 2022	1,168.00

S. No.	Lender	Facility and Purpose of Facility	Repayment terms	Amount outstanding as on December 31, 2009 (Rs. in million)
	and Axis Bank Limited as the lenders' agent and the security trustee			
2.	Yes Bank.	Bank guarantee of Rs. 210 million (out of which bank guarantee of Rs. 205 million has been issued by Yes Bank), pursuant to sanction letter dated June 10, 2008, July 17, 2009 and addendum to sanction letter dated January 11, 2010**	N.A. (non-fund based facility)	205.00 (amount of bank guarantee issued)

**Under the facility, KWPCL has been sanctioned Rs.1,250 million by Allahabad Bank, Rs. 1,000 million by Andhra Bank, Rs. 2,000 million by Axis Bank, Rs. 2,000 million by Bank of India, Rs. 1,000 million by Bank of Maharashtra, Rs. 1,600 million by Central Bank of India, Rs. 1,000 million by Corporation Bank and Rs. 1,000 million by Dena Bank, Rs. 1,250 million by Life Insurance Corporation of India, Rs. 1,000 million by State Bank of Hyderabad, Rs. 1,000 million by State Bank of Patiala, Rs. 1,000 million by State Bank of Travancore, Rs. 1,000 million by Syndicate Bank, Rs. 2,500 million by UCO Bank, Rs. 1,900 million by Union Bank of India and Rs. 1,000 million by United Bank of India.*

*** Corporate guarantee dated January 22, 2010 executed by our Company for repayment in the event KWPCL fails to repay.*

(ii) JPL

S.No.	Lender	Facility and Purpose of Facility	Repayment terms	Amount outstanding as on December 31, 2009
1.	Consortium of Axis Bank Limited, Bank of India, Corporation Bank, Life Insurance Corporation of India, Oriental Bank of Commerce, Punjab National Bank, State Bank of Bikaner and Jaipur, State Bank of Hyderabad, State Bank of Indore, State Bank of Mysore, State Bank of Patiala, State Bank of Travancore, UCO Bank, United Bank of India and Union Bank of India as the senior lenders, and Axis Bank Limited as the lenders' agent and the security trustee	Term loan of Rs. 21,800 million*** pursuant to a common rupee loan facility agreement dated December 30, 2009, between the consortium and JPL to partly finance the estimated project cost of Rs. 29,100 million for the development, design, engineering, procurement and construction, operation and maintenance and generation and sale of electrical output produced by Madhya Pradesh Power Project Phase I	Repayable in 40 equal quarterly instalments starting from March 31, 2014, till December 31, 2023	Nil

**** Under the facility, JPL has been sanctioned Rs. 2,000 million by Axis Bank, Rs. 2,000 million by Bank of India, Rs. 1,750 million by Corporation Bank, Rs. 1,800 million by Life Insurance Corporation of India, Rs. 700 million by Oriental Bank of Commerce, Rs. 1,750 million by Punjab National Bank, Rs. 700 million by State Bank of Bikaner and Jaipur, Rs. 700 million by State Bank of Hyderabad, Rs. 700 million by State Bank of Indore, Rs. 700 million by State Bank of Mysore, Rs. 1,400 million by State Bank of Patiala, Rs. 700 million by State Bank of Travancore, Rs. 2,150 million by UCO Bank, Rs. 3,000 million by Union Bank of India, and Rs. 1,750 million by United Bank* *of India.*

(iii) MCPL

S. No.	Lender	Facility and Purpose of Facility	Repayment terms	Amount outstanding as on December 31, 2009 (Rs. in million)
1.	IDFCL	Term loan of Rs. 654 million pursuant to a rupee loan agreement dated August 22, 2006 between IDFCL and MCPL to partly finance the estimated project cost of Rs. 934 million to set up the Malanpur Power Plant	Repayable in 36 equal quarterly instalments starting from April 15, 2008	526.83

Under the consortium agreements of KWPCL and JPL and the rupee loan agreement of MCPL, each of KWPCL, JPL and MCPL have created charges over their respective immovable and movable properties, book debts, operating cash flows, project receivables, commissions and revenues, including, but not limited to their goodwill, intellectual property and uncalled capital, present and future. Pledge of shares representing 51% of the total paid up equity share capital of each of KWPCL and JPL held by our Company, directly or indirectly, would be reduced to 26% of the total paid up equity share capital of each of KWPCL and JPL after commencement of commercial operation of the respective power projects. KWPCL and JPL have to ensure that the debt to equity ratio does not exceed 75:25 and MCPL has to ensure that the debt to equity ratio does not exceed 2.33:1 during the terms of their respective facilities. Further, our Company has undertaken not to, directly or indirectly, dilute our shareholding in the capital of KWPCL and JPL during the currency of the loans under the consortium agreements.

Under the terms of the above-mentioned consortium agreements, KWPCL and JPL have undertaken not to do any of the following without the prior written consent of the lenders:

- take any action of merger, consolidation, reorganization or amalgamation;
- sell, lease, transfer or otherwise dispose of any of their material assets other than in the ordinary course of business;
- make any change in their capital structure;
- make any investment by way of deposits, loans, bonds, share capital or issue any debentures or give any guarantee on behalf of any person/firm/company or invest in any other form other than the permitted under the documents in relation to the consortium agreements;
- make any capital expenditure other than the capital expenditure provided for in the consortium agreements;
- declare or make any dividend payment until the commencement of repayment of the loans under the respective consortium agreements;
- create any security interest on or in any of the secured property for the loan or any other property or assets;
- take any action to amend, cancel or terminate any document in relation to the projects, other than the merchant power sale agreements, and any action leading to variation from the material provisions in the project related documents;
- directly or indirectly create, incur, contract, assume or suffer or otherwise become liable for any debt, except for permitted indebtedness as specified in the consortium agreements;
- abandon or agree to abandon the projects;
- enter into any partnership, profit-sharing or royalty agreement other than PPAs or other similar arrangement whereby our income or profits are, or might be, shared with any other person, or enter into any management contract or similar arrangement whereby our business or operations are managed by any other persons;
- materially alter the scope of the projects;
- amend, modify or supplement their memorandum and articles of association, affecting the rights of senior lenders materially;
- undertake any new project, diversification, modernization or expansion of the projects;
- pay any commission to our Company, being the sponsor of the project, the directors and managers of KWPCL and JPL, or other persons for furnishing guarantees, counter guarantees or indemnities or for undertaking any other liability in connection with any financial assistance obtained for or by KWPCL and JPL or in connection with any other obligation undertaken for or by KWPCL and JPL for the purpose of the projects;
- change the management control of KWPCL and JPL (which remains with our Company) during the tenor of

the loans;

- prepayment of loans except as provided under the consortium agreements.

Pursuant to letters dated February 2, 2010, February 4, 2010, January 29, 2010, January 13, 2010, January 15, 2010 and January 25, 2010, Axis Bank, IDFCL, Indus Ind, L&T, ING and Kotak have given their no-objection to our Company to undertake the initial public offering of our Equity Shares.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Subsidiaries and Directors and there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by our Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than an unclaimed liability of our Company or Subsidiaries and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Subsidiaries or Directors.

Litigation involving our Promoters and Group Entities

Except as stated below there is no (i) outstanding litigation against the Promoters and the Group Entities whose outcome could have a material adverse effect on the consolidated results of operations or financial condition of such entity; (ii) default to the financial institutions or banks; (iii) non-payment of statutory dues and dues towards instrument holders such as debt instrument holders, fixed deposits and arrears on cumulative preference shares, by the Promoters and the Group Entities; (iv) proceeding initiated for economic offences or civil offences (including the past cases, if found guilty), any disciplinary action taken by SEBI or any recognized stock exchange against the Promoters or the Group Entities; (v) default or litigation relating to lock-outs or strikes against the Promoters or the Group Entities; (vi) litigation against the Promoters or Group Entities involving violation of statutory regulations or alleging criminal offence; (vii) adverse finding in respect of the persons/entities connected with the Promoters or Group Entities in respect of compliance with securities laws; and (viii) past case in which penalties were imposed by relevant authorities.

With respect to litigation information on our Promoters and Group Entities disclosed pursuant to sub clause (i) above, we have included pending matters which, in such entities reasonable judgment, if determined adversely, may result in a material adverse effect on the consolidated results of operations or financial condition of such entity. We define "material and adverse effect on the consolidated results of operations or financial condition" of such entity as pending litigation: (a) where the aggregate amount involved in any individual litigation exceeds one per cent (1%) of such entity's consolidated revenues as on and for the year ended March 31, 2009; (b) where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in a single case individually may not exceed one per cent. (1%) of the consolidated revenues as on and for the year ended March 31, 2009 for such entity, if similar cases put together collectively exceed one per cent (1%) of the consolidated revenues of such entity as on and for the year ended March 31, 2009; and (c) any other litigation which could reasonably be expected to result in a material and adverse effect on their respective business as a whole.

Contingent Liabilities

Contingent liabilities not provided for as on September 30, 2009 and March 31, 2009 as per our restated consolidated financial statements:

(In Rs. Million)

Particulars	As of September 30, 2009	As of March 31, 2009
Claims against our Company not acknowledged as debt	54.70	0.10
Guarantees issued by banks	858.20	235.70
Corporate guarantees	200.00	653.30
Total	**1,112.90**	**889.10**

I. Litigation involving our Company:

A. Litigation against our Company

Tax proceedings

(a) Our Company has received a demand notice (no. 193/90) from the Additional Commissioner of Income Tax, New Delhi, dated December 12, 2009, for an amount of Rs. 54.64 million, on account of disallowance of depreciation claimed on purchase consideration of Rs. 2,350 million and loan processing fees, for the assessment year 2007-2008.

(b) Our Company has filed an appeal on January 14, 2010, against an order dated December 23, 2009, passed under Section 143(3) of the IT Act, by the Additional Commissioner of Income Tax (Range-2), New Delhi, before the Commissioner of Income Tax (Appeals)-V, New Delhi, on account of disallowance of depreciation of Rs. 115.35 million on the fixed assets of the power division transferred by way of slump sale from BILT to our Company. The next date of hearing is not yet fixed.

Environmental proceedings

(a) Our Company has filed an appeal along with stay application against an order dated August 7, 2007, of the Maharashtra Pollution Control Board ("**MPCB**"), Mumbai, imposing an amount of Rs. 35,475 as cess from our Company under the Water (Prevention and Control of Pollution) Cess Act, 1977 (the "**Water Cess Act**"), before the Appellate Authority, MPCB constituted under Section 13 of the Water Cess Act, Mumbai. The next date of hearing is not yet fixed.

(b) Our Company has filed an appeal along with stay application against an order dated July 20, 2007, of the MPCB, Mumbai, imposing an amount of Rs. 59,964 as cess from our Company under the Water Cess Act, before the Appellate Authority, MPCB constituted under Section 13 of the Water Cess Act, Mumbai. The next date of hearing is not yet fixed.

Labour proceedings

Mr. Dhende, a former employee of our Company, was dismissed from our services in 2007. He has filed a petition before the labour court of Pune challenging his dismissal and prayed for reinstatement along with full back wages with continuity of service. The next date of hearing is not yet fixed.

B. Litigation by our Company

Nil.

II. Litigation involving our Subsidiaries

MCPL

Litigation against MCPL

Tax proceedings

(a) Certain tax authorities have raised a demand of Rs. 10.90 million on MCPL towards entry tax against which an appeal has been filed by MCPL.

(b) MCPL has filed an appeal against a VAT input tax rebate of Rs. 0.70 million from certain tax authorities. The next date of hearing is not yet fixed.

Civil proceedings

D.K. Associates has filed a civil suit against Wartsila India Limited raising a claim as a sub-contractor for Rs. 4.44 million and has also impleaded MCPL as a proforma party before the civil court at Gwalior. No claim has been made against MCPL.

Litigation by MCPL

Arbitration proceedings

MCPL has initiated an arbitration proceeding at New Delhi against Montage disputing bills raised by MCPL for power purchased by Montage from MCPL, involving an amount of Rs. 48.6 million. The next date of hearing is not yet fixed.

III. Litigation involving our Promoters

A. *AHL*

Litigation against AHL

Tax proceedings

(a) There are four income tax proceedings for an aggregate amount of Rs. 0.34 million, pending before various levels of adjudication.

(b) There are two service tax proceedings pending at Mumbai, aggregating to an amount of Rs. 2.06 million.

Labour proceedings

There is one labour proceeding initiated against Best BILT Leather Limited (merged with AHL) for wrongful dismissal before the labour court in Bangalore. The matter is currently pending.

Litigation by AHL

There is no litigation instituted by AHL.

B. *BILT*

Litigation against BILT

Criminal proceedings

(a) The Central Bureau of Investigation ("**CBI**") had filed a complaint (no. 1 of 1998) in the court of Special Judge, Chennai, alleging that BILT and some of its employees in collusion with some customs officials had forged some customs documents. CBI filed the complaint to obtain refund of custom duty of Rs. 25 million for the assessment year 1992-1993. The next date of hearing is not yet fixed.

(b) The Ballarpur Truck Owners Welfare Association has filed a contempt petition (no. 321/2007) against Mrs. Chitrakala Zutshi and others (including BILT as one of the accused) before the Supreme Court of India alleging non-compliance of the order dated November 9, 2005 passed by the Supreme Court in petition no. 136/2003 wherein the Supreme Court issued certain directives to various entities. The matter is to be listed in due course.

(c) The Inspector of Legal Meteorology, Mumbai has filed a complaint (no. 4304/55/09) against BILT before the Additional Chief Metropolitan Magistrate, 245 Court, Borivali, Mumbai, alleging offence committed under Section 39 of the Weights and Measures Act. The next date of hearing is April 7, 2010.

(d) Mrs. Garishma Harihar deposited a sum of Rs. 33,000 with BILT in fixed deposit, which had been repaid to her on maturity. However, Mrs. Garishma Harihar filed a complaint against BILT at Bangalore for non receipt of payment. On inquiry, BILT was informed by the concerned bank that the refund warrant was encashed from saving accounts (no. 589) of the bank. BILT has filed a complaint (PCR no. 15658) against Mrs. Girishma Harihar Pandya before the Magistrate Court at Bangalore for offence committed under Section 416 read with Section 420 of the Indian Penal Code, 1860 ("**IPC**"). The matter is pending for preparation of police investigation report.

(e) Mr. Baidyanath Dungri was a worker employed by a contractor at the Sewa Unit. On February 18, 2003, he died due to an accident at the Sewa Unit. A criminal complaint (no. 39 of 2203) was instituted against Mr. R.R. Vederah, Managing Director of BILT, before the sub-divisional judicial magistrate at Jeypore. The matter is to be listed in due course. Meanwhile, Mr. R.R. Vederah has filed a criminal revision petition (no. 80 of 2007) against the State of Orissa and others, before the Orissa High Court at Cuttack.

(f) Mr. Gupta Prasad Sabat has filed a complaint (no. 75 of 1996) against BILT before the Sessions Judge of Jeypore, under Sections 278, 280, 284 and 290 of IPC, for causing pollution due to emission of poisonous and intoxicating gas. BILT has filed a petition (CRLMC 1056 of 2002) for quashing the complaint before the High Court of Orissa and the High Court has stayed the lower court proceedings in favour of BILT. The matter is currently pending and the next date of hearing is not yet fixed.

(g) Mr. M.M. Raut has filed a complaint (no. 74 of 1996), against BILT before the Sessions Judge of Jeypore, under Sections 278, 280, 284 and 290 of IPC, for causing pollution due to emission of poisonous and intoxicating gas. BILT has filed a petition (CRLMC 1055 of 2002) for quashing the complaint before the High Court of Orissa and High Court has stayed the lower court proceedings in favour of BILT. The matter is currently pending and the next date of hearing is not yet fixed.

(h) Assistant Director of Factories, Orissa has filed a criminal complaint under Section 62D and 7A(2)(C) of the Factories Act before the Judicial Magistrate, Jeypore, against Mr. R.R. Vederah, Managing Director BILT. Mr. Dev Lakhan Singh was working in the factory premises at the Sewa Unit, during which he had an accident and died. The next date of hearing is not yet fixed.

Tax proceedings

(a) The Director General of Foreign Trade, Ministry of Commerce, New Delhi, has issued a demand notice to BILT for Rs. 805.00 million as export obligation against advance license. BILT is yet to file an appeal against the demand notice.

(b) There are 21 income tax proceedings initiated by the Commissioner of Income Tax, Vidarbha, Nagpur, against BILT, for an aggregate claim of Rs. 161.06 million, pending before the Mumbai High Court.

(c) There are 103 excise proceedings and 18 service tax proceedings against BILT for an aggregate claim of Rs. 208.88 million, pending before various levels of adjudication.

(d) There are nine sales tax proceedings against BILT by the sales tax authorities at New Delhi and Karnataka, aggregating to an amount of Rs. 43 million.

Labour proceedings

There are 52 labour proceedings initiated against BILT by various workers, labourers and employees of BILT, aggregating to Rs. 10.77 million, pending before various levels of adjudication.

Civil proceedings

There are four civil proceedings initiated against BILT involving an amount of Rs. 0.76 million, pending before various courts and tribunals in India.

Litigation by BILT

Criminal proceedings

(a) BILT has filed five complaints against various parties under Section 138 of the NIA which are pending before various levels of adjudication. The aggregate amount involved is Rs. 8.20 million.

(b) BILT has filed a complaint under Section 630 of the Companies Act read with Section 408 of the IPC alleging illegal possession of quarter no. TR 30 by Mr. S. K. Sawhney, Purchase Officer on May 22, 1999. Mr. Sawhney was awarded imprisonment for a period of six months and fined Rs.2,000 under Section 408 of IPC and fined Rs.1,000 under Section 630 of the Companies Act by the Chief Judicial Magistrate, Jagadhri on June 9, 2009. Mr. Sawhney has filed an appeal against this order.

Civil proceedings

There are 13 civil proceedings initiated by BILT against various parties for recovery of money aggregating to Rs. 12.84 million, pending before various levels of adjudication.

Writ petitions

(a) The State Government of Orissa (the "**SGO**") by an order of the electrical inspector stated that the scheduled date of commencement of self generation at the Sewa Unit was April 1, 1993 while the actual date of commencement was March 10, 1995. The SGO accordingly limited the period of exemption from the electricity duty for a period of seven years running from April 1, 1993. However, BILT claimed that as per binding stipulations of the scheme sanctioned by the BIFR, the exemption should have been for a period of seven years from the date of electricity generation. BILT approached the SGO for rectification but they refused to grant any relief. BILT filed a writ petition (O.J.C. no. 10973 of 2000) for declaration that it is entitled to 100% exemption from electricity duty on the captive generation set installed at the Sewa Unit for a period of seven years, starting from March 10, 1995. The SGO claimed a sum of Rs. 68.10 million before the Orissa High Court. The next date of hearing is not yet fixed.

(b) BILT has filed a writ petition (W.P.C. no. 4204 of 2004) challenging certain provisions of the Electricity Duty Act, 1961 and the increase of duty from 12 paisa per unit to 20 paisa per unit by notification no. GRIDCO-D-3/200 issued by the SGO. The next date of hearing is not yet fixed.

(c) BILT has filed a writ petition (W.P.C. no. 3568 of 2002) before the Orissa High Court alleging illegal denial of entitlement of exemption from electricity duty relating to turbo generator set no. 2 and diesel generator set installed on June 2, 1994 and December 20, 1992, respectively and that 100% exemption should be granted for next seven years and electricity duty should not be charged for 10 years from the date of installation. The SGO has claimed a sum of Rs. 79.60 million as recoverable from BILT. The next date of hearing is not yet fixed.

C. ***BPHL***

Litigation against BPHL

Labour proceedings

There are seven labour proceedings pending against BPHL before the Andhra Pradesh High Court relating to dismissal of labour.

Litigation by BPHL

There is no litigation instituted by BPHL.

D. ***Crompton Greaves***

Litigation against Crompton Greaves

Criminal proceedings

(a) The Inspector of Factories, Goa, has filed a complaint against Mr. S. M. Trehan, Managing Director, in his capacity as factory occupier and Mr. M.K. Gupta, factory manager, for alleged non-maintenance of health records and other documents for hazardous processes. Crompton Greaves has made an application to quash the abovementioned complaint before the High Court of Bombay at Goa. The next date of hearing is May 2, 2010.

(b) Certain labour authorities of Indore have filed a complaint before the District Court, Dhar, Madhya Pradesh against Crompton Greaves for alleged failure to provide ambulance van and stretchers in sufficient numbers at the construction site in Malanpur. The next date of hearing is not yet fixed.

Tax proceedings

Income Tax

There are several income tax proceedings initiated by various income tax authorities on account of disallowances relating to corporate membership fees, commissions receivable, depreciation and other miscellaneous issues, for the previous eight assessment years, aggregating to an amount of Rs. 1,024.71 million and involving total contingent liabilities of Rs. 43.10 million.

Service Tax

There are several proceedings initiated and pending before various levels of adjudication for service tax demands aggregating to an amount of Rs. 6.64 million.

Excise Duty

There are several proceedings initiated and pending before various levels of adjudication for excise duty demands aggregating to an amount of Rs. 115.19 million and involving total contingent liabilities of Rs. 68.74 million.

Sales Tax

There are several proceedings initiated and pending before various levels of adjudication for sales tax demands aggregating to an amount of Rs. 396.19 million and involving total contingent liabilities of Rs. 12.5 million.

Others

Three civil suits have been initiated and are pending before the Revenue Tax Department, Gohad, Madhya Pradesh, relating to alleged non-payment of tax for the conversion of agricultural land to industrial land, aggregating to an amount of Rs. 0.60 million.

Recovery suits

There are eight recovery suits initiated by various parties, aggregating to an amount of Rs. 35.95 million, pending before various levels of adjudication.

Intellectual Property Rights

One suit is pending before the High Court, Kolkata against Crompton Greaves and five other parties alleging infringement of a patent. The next date of hearing is not yet fixed.

Labour proceedings

There are 77 labour proceedings initiated by various workmen and contract labourers challenging their dismissal, termination of services, forfeiture of gratuity, claiming reinstatement in services with back wages and benefits, workmen's compensation, claims under voluntary retirement scheme, non-payment of bonus, employee union challenging lockout, aggregating to an amount of Rs. 30.90 million, pending before various levels of adjudication.

Civil proceedings

There are 24 civil proceedings with respect to goods sold and services rendered and for specific performance of certain contracts, pending before various levels of adjudication, aggregating to claims for Rs. 85.13 million.

Litigation by Crompton Greaves

Criminal proceedings

(a) There are more than 190 first information reports ("**FIRs**") launched by various police authorities across India against various counterfeiters of Crompton Greaves, for cheating and violation of the intellectual property rights of Crompton Greaves. Crompton Greaves has not filed any of the FIRs but may be called as witnesses.

(b) Crompton Greaves has filed 34 complaints against various parties under Section 138 of the Negotiable Instruments Act, 1881 (the "**NIA**") which are pending before various levels of adjudication. The aggregate amount involved is Rs. 15.50 million.

(c) Crompton Greaves has filed a complaint against Zenith Drugs and Allied Enterprises ("**Zenith**") for breach of trust and cheating under IPC and tampering and manipulation of data under the Information Technology Act, 2000 before the Magistrate Court in Guwahati, claiming an amount of Rs. 4.74 million in damages. Zenith has applied for criminal revision of the abovementioned complaint before the High Court at Guwahati. The matter is yet to be listed.

(d) Crompton Greaves has initiated five criminal complaints against its employees and workmen alleging nuisance, wrongful confinement, theft of property and cheating, pending before various levels of adjudication.

(e) Crompton Greaves has initiated four criminal complaints against its dealers for cheating and recovery of dues, aggregating to Rs. 1.18 million, pending before various levels of adjudication.

(f) Crompton Greaves has filed a complaint for infringement of copyright and trademark before the Delhi High Court. The next date of hearing is June 26, 2010.

Arbitration proceedings

There are four arbitration proceedings initiated by Crompton Greaves against various parties, involving an amount of Rs. 261.90 million, pending before various levels of adjudication (including an appeal pending before the Mumbai High Court, involving an amount of USD 3.6 million).

Intellectual property rights

There are 43 proceedings initiated by Crompton Greaves against various parties in relation to violation of trademark and copyright, pending before various trademark tribunals and authorities.

Land disputes

Crompton Greaves has filed a title suit against Gabriel and others for declaration of title to the agricultural land at Bhandup, Mumbai before the High Court at Mumbai. The next date of hearing is not yet fixed.

Consumer disputes

Crompton Greaves has filed a consumer complaint against Daimler Chrysler for defects in their cars relating to non-deployment of airbags upon impact, claiming damages amounting Rs. 904.50 million, before the National Consumer Redressal Forum. The next date of hearing is not yet fixed.

Recovery suits

There are 28 recovery suits initiated by Crompton Greaves against various parties, aggregating to an amount of Rs. 17.31 million, pending before various levels of adjudication.

Civil proceedings

There are 11 civil proceedings initiated by Crompton Greaves against various parties including two winding up petitions and one writ petition, aggregating to an amount of Rs. 36 million, pending before various levels of adjudication.

Labour proceedings

There are five labour proceedings initiated by Crompton Greaves against various workmen and contract labourers challenging illegal strikes and claims for reinstatement with back wages, pending before various levels of adjudication.

V. Litigation involving our Group Entities

APR Sacks Limited ("APR Sacks")

Litigation against APR Sacks

Tax proceedings

There is one tax proceeding pending against APR Sacks for Rs. 2.90 million, before the Commissioner of Income Tax (Appeals), New Delhi.

Arbitration proceedings

Ambika Solvex has initiated an arbitration proceeding against APR Sacks before the Soyabean Processing Association of India, claiming an amount of Rs. 1.31 million. The next date of hearing is not yet fixed.

Recovery suit

ICICI Lombard General Insurance Company Limited has filed a suit (no. 201/2009) against a transporter for recovery of an amount of Rs. 0.96 million, after providing insurance amount to APR Sacks and obtaining subrogation certificate from APR Sacks, before the Additional District Judge, Tis Hazari, New Delhi. APR Sacks is a performa party in the said case.

Litigation by APR Sacks

There is no litigation instituted by APR Sacks.

ASA Agencies Private Limited ("ASA Agencies")

Litigation against ASA Agencies

There is no litigation instituted against ASA Agencies.

Litigation by ASA Agencies

Criminal proceedings

ASA Agencies has filed a contempt petition (no. 13 of 2009) against Delhi Auto and General Finance Limited for violating a stay order passed by the Delhi High Court. The next date of hearing is not yet fixed.

Winding up petition

ASA Agencies has filed a contempt winding up petition (no. 169 of 2006) against Delhi Auto and General Finance Limited for failure of repayment of loan. The next date of hearing is not yet fixed.

Arizona Printers

Litigation against Arizona Printers

There is no litigation pending against Arizona Printers.

Litigation by Arizona Printers

Recovery suit

Arizona Printers filed a suit (no. 190 of 2006) against Sai Beverages and another before the Tis Hazari, New Delhi, for recovery of an amount of Rs. 1.99 million, and an ex parte decree was passed in favour of Arizona Printers. Arizona Printers filed an execution petition (no. 637 of 2008) before the Tis Hazari, New Delhi, for realization of the abovementioned amount.

Winding up petition

Arizona Printers has filed a winding up petition (no. 15 of 1993) against Unikul Bottlers Limited before the Rajasthan High Court, for failure by Unikul Bottlers Limited to make payment of Rs. 11.19 million to Arizona Printers for supply of glass bottles. The next date of hearing is not yet fixed.

Asia Aviation Limited ("Asia Aviation")

Litigation against Asia Aviation

Arbitration proceedings

Mr. V.K. Sharma has filed a claim for recovery of an outstanding amount of Rs. 9.65 million from his salary against Asia Aviation. The claim is pending before the arbitrator Mr. R.C. Chopra, for adjudication. Asia Aviation has also filed a counter claim of Rs. 13 million, for cost of training, damages for losses, recovery of aircraft from the airport authority and misconduct. The next date of hearing is April 16, 2010.

Recovery suit

Schenker India Private Limited has filed a suit (no. 699 of 2008) against Asia Aviation before the Tis Hazari Court, New Delhi, alleging non-payment of balance transit charges of helicopter 'Izmir' to New Delhi for an aggregate of Rs. 0.30 million. Asia Aviation filed a counterclaim for an aggregate amount of Rs. 0.87 million, stating that the helicopter was damaged during transit due to negligence. The next date of hearing is April 5, 2010.

Litigation by Asia Aviation

Criminal proceedings

Asia Aviation filed a complaint (no. 2773/1 of 2007) against Mrs. Geeta Uniyal and three others for embezzlement of money of Asia Aviation before the Patiala House Court, New Delhi. The next date of hearing is May 12, 2010.

Avantha Realty Limited ("Avantha Realty")

Litigation against Avantha Realty

Tax proceedings

(a) The Commissioner of Income Tax-2, Kolkata has initiated an income tax proceeding against Avantha Realty for Rs. 14.61 million, pending before the Kolkata High Court. The next date of hearing has not been fixed.

(b) The Commissioner of Income Tax-2, Kolkata has initiated an income tax proceeding against Avantha Realty for Rs. 15.88 million, before the Kolkata High Court. The next date of hearing has not been fixed.

Litigation by Avantha Realty

Criminal proceedings

Avantha Realty has filed a complaint (no. 6080/2010) under Section 138 of the NIA against Mr. Rajender Singh Sethia for the dishonour of two cheques aggregating to Rs. 1.25 million, before the Metropolitan Magistrate, Delhi. The next date of hearing is on August 9, 2010.

BBEL

Litigation against BBEL

Tax proceedings

The Assistant Commissioner, Excise Department has issued a show cause notice to BBEL demanding deposit of the CENVAT credit availed by BBEL on service tax of outward freight during the fiscal 2008. BBEL has filed a reply and has attended hearings before the excise department. The matter is currently pending.

Labour proceedings

There are three proceedings initiated against BBEL relating to accident of contract labour and refusal to take transfer between units of BBEL, pending before the labour courts at Bhigwan and Palwal.

Litigation by BBEL

Criminal proceedings

BBEL has filed a complaint under Section 138 of the NIA against Vardhman Traders before the Patiala House Court, New Delhi, for recovery of Rs. 0.26 million against supply of concrete blocks and bricks to Vardhman Traders, after cheque amounting to Rs. 0.20 million by Vardhman Traders was dishonored. The next date of hearing is not yet fixed.

Tax proceedings

There are two income tax proceedings pending before the Commissioner of Income Tax, New Delhi.

BGPPL

Litigation against BGPPL

Tax proceedings

(a) There are 65 proceedings initiated against BGPPL relating to excise duty and two proceedings relating to service tax for the unit at Ballarshah, aggregating to an amount of 46.83 million, pending before various levels of adjudication.

(b) There are 13 proceedings initiated against BGPPL relating to CENVAT credit, service tax and anti-dumping, among others, for the unit at Bhigwan, aggregating to an amount of Rs. 33.23 million, pending before various levels of adjudication.

(c) There are three proceedings relating to sales tax initiated against BGPPL for its unit at Kamalapuram, aggregating to Rs. 9.94 million, pending the Andhra Pradesh Sales Tax Appellate Tribunal.

Arbitration proceedings

Sai Rayalaseema Paper Mills Limited has filed an arbitration application (no. 2 of 2010) against BGPPL before the Andhra Pradesh High Court, for appointment of an arbitrator for deciding upon recoverable amount of Rs. 52.50 million for supply of pulp by BGPPL to Sai Rayalaseema Paper Mills Limited. The next date of hearing is not yet fixed.

Labour proceedings

There are 23 labour proceedings initiated against BGPPL by various workmen, contractors, employees and others for reinstatement in services, compensation claims and other demands, pending before various labour courts and aggregating to an amount of Rs. 2.40 million.

Recovery suits

There are three recovery suits initiated against BGPPL, aggregating to an amount of Rs. 15.69 million, pending before various authorities.

Civil proceedings

(a) Andhra Pradesh Transco has filed a civil appeal (no. 8971 0f 2003) against BGPPL before the Supreme Court of India after the Division Bench of the Andhra Pradesh High Court dismissed the order of the Andhra Pradesh Electricity Regulatory Commission, which levied grid support charges on BGPPL on captive generation, involving an amount of Rs. 102.39 million. The next date of hearing is not yet fixed.

(b) The Forest Department filed a suit (no. E5/A7/1081/2005) raising a demand for Rs 74.64 million against BGPPL towards alleged arrears of wood royalty. However, the contention of BGPPL is that the amount of royalty is paid for the lifted quantity of wood and there is no amount payable. The District Collector, WGL had ordered the Forest Department for reconciliation of the account and revert back. The next date of hearing is not yet fixed.

(c) There are six other civil proceedings relating to alleged defamation, payment for arrears and other miscellaneous issues, initiated against BGPPL before various authorities, aggregating to an amount of Rs. 0.94 million.

Litigation by BGPPL

Criminal proceedings

(a) BGPPL has filed a complaint (no. 248/2008) against Nalotia Trading Company before the Judicial Magistrate of Rajpura for the offence of cheating, procuring false information, fabricating documents and forgery by supplying poor quality lime stone to BGPPL. The proprietor of Nalotia Trading in collussion with Mr. Dalip Kumar Samtani, employee of BGPPL, procured the fake and fabricated lab test reports from the R & D department of BGPPL, through which the goods supplied by the accused company were proved to be of good quality. The next date of hearing is not yet fixed.

(b) Mr. Pawan Nalotia has filed a revision petition (no. 14 of 2008) against BGPPL before the Sessions Judge, Chanderpur, against the summoning order passed by the Judicial Magistrate in the petition (no. 248 of 2008) filed by BGPPL. The next date of hearing is not yet fixed.

(c) Mr. D. K. Samtani has filed a revision petition (no. 27 of 2009) against BGPPL before the Sessions Judge, Chanderpur against the summoning order passed by the Judicial Magistrate in the petition (no. 248 of 2008) filed by BGPPL. The next date of hearing is not yet fixed.

Labour proceedings

BGPPL has filed an appeal (no. 73/97) against Mr. P. Masthan before the Andhra Pradesh High Court against a lower court order directing BGPPL to reinstate Mr. P. Masthan in spite of termination from employment due to misconduct. The matter is currently pending.

Recovery suits

BGPPL has initiated four recovery suits against various parties, aggregating to an amount of Rs. 63.93 million, pending before various authorities.

Civil proceedings

BGPPL has initiated six civil proceedings relating to concessions not granted by the government, unauthorized construction, encroachment on forest land and other miscellaneous issues, pending before various authorities, including a writ petition (no. 7027/2004) against the Government of Andhra Pradesh filed before the Andhra Pradesh High Court, for levy of electricity duty on captive generation as per an ordinance passed by the Government of Andhra Pradesh, involving an aggregate amount of Rs. 113.25 million.

BILT Packaging

Litigation against BILT Packaging

Tax proceedings

BILT Packaging has filed an appeal (68C/08-09) against the demand of the Assistant Commissioner of Income Tax, Salary Circle, for Rs. 4.09 million, before the Commissioner of Income Tax (Appeals). The next date of hearing is not yet fixed.

Recovery suits

(a) Mr. Bipin Joshi has filed a suit against Servall Paper Board Limited before the Mumbai High Court for recovery of an amount of Rs. 2.61 million. The matter is currently pending.

(b) South India Corporation has filed a suit (no. 5 of 2006) against BILT Packaging before the District Judge, Coimbatore, for recovery of an amount of Rs. 7.6 million. The next date of hearing is not yet fixed.

(c) There is another recovery suit filed against BILT Packaging by a labour union for recovery of an amount of Rs. 0.9 million.

Labour proceedings

There are six labour proceedings initiated against BILT Packaging before the labour court at Coimbatore relating to termination of services and claiming reinstatement with past wages.

Civil proceedings

(a) The Tamil Nadu Electricity Board has made an application before the High Court of Chennai for condonation of delay of 108 days in filling a writ appeal against BILT Packaging. The next date of hearing is not yet fixed.

(b) There is a show cause notice issued by the Registrar of Companies, Maharashtra, which has been compounded by the Company Law Board, Southern Bench, dated February 1, 2010 for delayed filing of annual return. An order is to be received upon deposit of fee.

Litigation by BILT Packaging

Recovery suit

Servaladhmi Paper Boards Private Limited has filed an appeal (no. 94 of 2008) against Anis Associates and BILT Packaging before the District Judge, Coimbatore, against a suit for recovery filed by Anis Associates and BILT Packaging in a lower court for recovery of an amount of Rs. 0.19 million for supply of boiler and pipe. The matter is currently pending.

Blue Horizon

Litigation against Blue Horizon

Tax proceedings

There is one income tax proceeding initiated by the Income Tax Officer, Ward-5(3), Kolkata, pending before the Commissioner of Income Tax (Appeals), Kolkata.

Litigation by Blue Horizon

There is no litigation instituted by Blue Horizon.

Brook Crompton Greaves Limited ("Brook Crompton")

Litigation against Brook Crompton

Tax proceedings

Brook Crompton has filed a suit against the order of the Income Tax Appellate Tribunal, Pune, disallowing deduction of Rs. 1.40 million under Section 80HHC of the IT Act, before the Mumbai High Court. The next date of hearing is not yet fixed.

Statutory notice

The central excise department at Aurangabad has issued a show cause notice to Brook Crompton demanding Rs. 1.32 million as duty for excess domestic tariff area sale of Rs. 2.2 million.

Litigation by Brook Crompton

There is no litigation instituted by Brook Crompton.

BTTL

Litigation against BTTL

Criminal proceedings

State of Orissa has filed a criminal complaint (GR No. 639/2008) against Mr. Prafulla Kumar Raijilo, driver employed by BTTL, before the Sub-Divisional Judicial Magistrate, Jeypore, alleging negligence on the part of Mr. Raijilo while driving a vehicle belonging to BTTL and causing an accident. The next date of hearing is not yet fixed.

Labour proceedings

There are two labour proceedings initiated against BTTL by some employees before the District Labour Office at Jeypore, for employee-related matters.

Civil proceedings

Mrs. Tula Aruna has filed a petition (no. 670/2007) against BTTL before the Motor Accidents Claims Tribunal, Vizianagaram, for injury caused to her son due to rash driving of a driver employed by BTTL. The next date of hearing is not yet fixed.

Litigation by BTTL

Civil proceedings

BILT has filed a writ petition (No. 5626 of 1997) against the Collector, Yamunanagar, Haryana before the Financial Commissioner, Chandigarh for imposition of penalty of Rs. 3.40 million for not executing a transfer deed with proper stamp duty. The next date of hearing has not been fixed.

CG Actaris

Litigation against CG Actaris

Tax proceedings

There are three income tax proceedings initiated against CG Actaris and pending various levels of adjudication.

Civil proceedings

There are three civil proceedings initiated by various parties, including a complaint lodged by the Office of the Director General of Investigations and Registration, alleging unfair trade practices adopted by CG Actaris, pending before various levels of adjudication.

Litigation by CG Actaris

Criminal proceedings

CG Actaris has filed a complaint against Competent Sales Corporation under Section 138 of the NIA for the dishonour of a cheque. The matter is yet to be listed.

CG Electric Systems Hungary Zrt. ("CG Electric Hungary")

Litigation against CG Electric Hungary

Arbitration proceedings

An arbitral award was passed by the arbitral tribunal at Bahrain directing CG Electric Hungary to pay damages to the extent of EUR 7.70 million for non-performance of a contract to supply transformers. An invalidation request has been filed by CG Electric Hungary before the High Civil Court at Bahrain.

Civil proceedings

There are four civil proceedings initiated by various parties against CG Electric Hungary, involving an amount of approximately EUR 1.40 million, pending before various levels of adjudication.

Litigation by CG Electric Hungary

There is no litigation instituted by CG Electric Hungary.

CG Holdings Belgium N.V. ("CG Holdings Belgium")

Litigation against CG Holdings Belgium

Tax proceedings

Belgian tax authorities have initiated certain income tax proceedings against CG Holdings Belgium involving an amount of approximately EUR 1.5 million.

Civil proceedings

CG Holdings Belgium is one of the 93 defendants in a civil case initiated by the Republic of Iraq before the Southern District Court, New York for alleged irregularities in the 'Oil for Food' program, involving an amount of USD 3 million.

Arbitration proceedings

A customer has initiated an arbitration proceeding at Vancouver, British Columbia (Canada), claiming damages suffered for the failure of a transformer supplied by CG Power Systems Canada and manufactured by CG Holdings Belgium (co-defendants) in 2005, involving an amount of CAD 5.3 million.

Labour proceedings

A former employee of CG Holdings Belgium has filed a complaint before the Labour Law Court of Mechelen (Belgium), alleging wrongful dismissal from employment, claiming EUR 0.32 million.

Litigation by CG Holdings Belgium

There is no litigation instituted by CG Holdings Belgium.

CG Lucy Switchgear Limited ("CG Lucy")

Litigation against CG Lucy

Tax proceedings

CG Lucy has filed two appeals against the orders of income tax authorities, involving an amount aggregating to Rs. 66.87 million.

Litigation by CG Lucy

There is no litigation instituted by CG Lucy.

CG Power Belgium

Litigation against CG Power Belgium

Civil proceedings

Certain civil proceedings have been initiated by two customers against CG Power Belgium claiming damages for defective transformers supplied by CG Power Belgium, involving an amount of EUR 0.8 million.

Environmental proceedings

Belgian authorities have initiated environmental proceedings alleging pollution created at the manufacturing site. CG Power Belgium is complying with all instructions with respect to the necessary remediation and the approximate cost of remediation being EUR 0.6 million.

Litigation by CG Power Belgium

There is no litigation instituted by CG Power Belgium.

CG Power Systems Canada Inc. ("CG Power Canada")

Litigation against CG Power Canada

Arbitration proceedings

CG Power Canada is a party to an arbitration proceeding initiated by a customer at Vancouver, British Columbia (Canada), claiming damages suffered due to the failure of one of the transformers delivered by CG Power Canada and manufactured by CG Holdings Belgium (co-defendants) in 2005, involving an amount of approximately 5.3 million CAD.

Civil proceedings

Tucson Electric Company has initiated a civil proceeding before the District Court, Arizona, USA, for the failure of a transformer, claiming damages to the extent of USD 2.5 million.

Environmental proceedings

Certain environmental authorities at Manitoba have filed a complaint against CG Power Canada alleging that a tank farm used by CG Power Canada for storing mineral oil does not meet the conservation standards at Manitoba. The entire environmental update involves an amount of four million CAD.

Litigation by CG Power Canada

There is no litigation instituted by CG Power Canada.

CG Power Systems, Ireland ("CG Power Ireland")

Litigation against CG Power Ireland

Labour proceedings

Eight employees have initiated labour proceedings against CG Power Ireland for suffering accidents in working conditions and claiming employer's liability insurance, involving an amount of approximately EUR 0.50 million.

Litigation by CG Power Ireland

There is no litigation instituted by CG Power Ireland.

CG PPI Adhesive ("CG PPI")

Litigation against CG PPI

Tax proceedings

There are four sales tax proceedings initiated against CG PPI, aggregating to an amount of Rs. 13.15 million.

Civil proceedings

Power India has filed a suit against CG PPI before the District Court at Chandigarh alleging supply of sub-standard materials and claiming damages to an extent of Rs. 0.21 million.

Labour proceedings

There are two labour proceedings initiated by the labour union against CG PPI before the industrial tribunal at Mumbai with respect to wage settlement.

Litigation by CG PPI

Civil proceedings

There are six recovery proceedings initiated by CG PPI against various parties, including two winding up petitions, aggregating to an amount of approximately Rs. 5 million, pending before various levels of adjudication.

CG Sales Network France S.A. ("CG Sales France")

Litigation against CG Sales France

Civil proceedings

A customer has initiated a civil proceeding against CG Sales France before the Court of Commerce, Paris, claiming consequential damages of EUR 0.53 million due to alleged defect of a transformer.

Litigation by CG Sales France

There is no litigation instituted by CG Sales France.

Global Green Company Limited ("Global Green")

Litigation against Global Green

Tax proceedings

(a) The Commissioner of Income Tax, New Delhi has filed an appeal against an order of the Income Tax Appellate Tribunal, New Delhi, whereby relief was granted on the bad debts written off by Global Green for the assessment year 2001-2002, before the Delhi High Court. The matter is currently pending.

(b) There are 10 income tax proceedings initiated by the Deputy Commissioner of Income Tax, New Delhi, aggregating to Rs. 13.60 million, pending before various levels of adjudication.

(c) Global Green has filed an appeal (no. C/106/2009) against a show cause notice issued by the Commissioner of Customs, Bangalore, before the CESTAT, Bangalore, demanding an amount of Rs. 58.2 million for irregular removal of goods from the customs bonded warehouse. The next date of hearing is June 24, 2010.

Labour Proceedings

(a) Global Green has filed a writ petition (no. 488 of 2009) against Mr. Rachaiah and the Labour Court II, Hyderabad, before the Andhra Pradesh High Court, for obtaining a stay on the order of the labour court directing Global Green to reinstate Mr. Rachaiah as an employee of Global Green, involving an amount of Rs. 0.1 million. The next date of hearing is not yet fixed.

(b) Three employees of Global Green have initiated a labour proceeding before the labour court at Hyderabad, for dismissal due to misconduct. The next date of hearing is not yet fixed.

Litigation by Global Green

Recovery suit

Global Green has filed a suit (no. 39 of 2009) against Hyquip Automations Limited before the Chief Metropolitan Court, Hyderabad, for recovery of an amount of Rs. 1.45 million for non-supply of products ordered by Global Green. The next date of hearing is not yet fixed.

Civil proceedings

There are two civil proceedings filed by Global Green for an aggregate of Rs. 5.92 million, against different parties, pending before different levels of adjudication.

Gyanodaya Prakashan Private Limited ("Gyanodaya")

Litigation against Gyanodaya

Recovery suit

Employees State Insurance, Kanpur, has filed a suit against Gyanodaya before the Employees' State Insurance Corporation authority at Kanpur for recovery of Rs. 0.03 million. The next date of hearing is not yet fixed.

Litigation by Gyanodaya

There is no litigation instituted by Gyanodaya.

Intergarden (India) Private Limited ("Intergarden India")

Litigation against Intergarden India

Civil proceedings

M.R.T.T Thimme Gowda has filed a suit (no. 2146/2007) against Intergarden India before the Nelamangala Civil Court, Karnataka, for an amount of Rs. 120 million in a land dispute between the parties. The next date of hearing is April 22, 2010.

Litigation by Intergarden India

There is no litigation instituted by Intergarden India.

Intergarden NV ("Intergarden NV")

Litigation against Intergarden NV

Civil proceedings

Vegetable Processors (I) Private Limited and M. M. Poonjiaji Spices Limited have filed a suit (1854/2004) against Intergarden NV before the Mumbai High Court for an amount of Rs. 168 million as recovering cost of investment made in furtherance of a MoU entered into between the parties. The next date of hearing is not yet fixed.

Litigation by Intergarden NV

There is no litigation instituted by Intergarden NV.

International Components India Limited (“ICIL”)

Litigation against ICIL

Tax proceedings

There are five show-cause notices issued by the customs and central excise authorities of Tamil Nadu to ICIL aggregating to an amount of Rs. 2.02 million.

Litigation by ICIL

There is no litigation instituted by ICIL.

KCTBL

Litigation against KCTBL

Criminal proceedings

The Uttar Pradesh State Pollution Control Board has filed a petition (no. 183 of 1986) against KCTBL before the Special Magistrate (Pollution), Uttar Pradesh, for discharging its distillery affluent in the river Ganga. The matter is pending before the Special Magistrate for adjudication. In this matter, the High Court has exempted the directors of KCT Limited from appearance in person before the concerned court. The next date of hearing is on April 7, 2010.

Tax proceedings

There are seven income tax proceedings initiated by the income tax authorities at Kolkata against KCT Limited, aggregating to Rs. 4.21 million, pending before various levels of adjudication at Kolkata.

Labour proceedings

KCTBL has filed a review petition (no. 18 of 2009) before the Himachal Pradesh High Court against an order of a lower court directing KCTBL to reinstate certain employees. The matter is yet to be listed.

Litigation by KCTBL

There is no litigation instituted by KCTBL.

Krebs & CIE

Litigation against Krebs & CIE

Tax proceedings

There is one commercial tax proceeding initiated and pending against Krebs & CIE at Kolkata.

Civil proceedings

There are three civil proceedings initiated against Krebs & CIE and pending before various levels of adjudication, including one before the Supreme Court.

Litigation by Krebs & CIE

Civil proceedings

Krebs & CIE has initiated four civil proceedings against various parties, pending before various levels of adjudication at Kolkata and New Delhi.

Leading Line Merchant Traders Private Limited ("Leading Line")

Litigation against Leading Line

Tax proceedings

There is one tax proceeding filed by Leading Line against the Additional Commissioner of Income Tax, New Delhi, involving an amount of Rs.0.56 million for disallowance of expenses under Section 14A of the IT Act. The next date of hearing is not yet fixed.

Litigation by Leading Line

There is no litigation instituted by Leading Line.

Pauwels Trafo

Litigation against Pauwels Trafo

Negotiations are in process for final settlement for environmental remediation of the manufacturing site of Pauwels Trafo in Gent, Belgium, involving an amount of EUR 0.9 million, which is pending approval by various Belgian authorities.

Litigation by Pauwels Trafo Gent

There is no litigation instituted by Pauwels Trafo.

The Pioneer Limited ("Pioneer")

Litigation against Pioneer

Tax proceedings

There is one income tax proceeding filed against Pioneer by the Income Tax Department before the High Court, Lucknow as an appeal against an order passed by the Income Tax Appellate Tribunal.

Labour proceedings

There are 25 labour proceedings filed against Pioneer by various parties for an aggregate of Rs. 0.60 million, pending before different levels of adjudication.

Civil proceedings

There are six civil proceedings filed against Pioneer for an aggregate of Rs. 1.10 million pending before different levels of adjudication.

Litigation by Pioneer

Criminal proceedings

(a) Pioneer filed three criminal complaints (Nos. 4793/2008, 4794/2008 and 4795/2008) before the Special Chief Judicial Magistrate, Lucknow, against Mr. Ajeet Tuteja, under Section 138 of the NIA, for bouncing of cheques issued to Pioneer, as payment for publishing advertisements in the Pioneer newspaper, aggregating to a total amount of Rs. 0.05 million. The next date of hearing is not yet fixed.

(b) Pioneer filed a criminal complaint (No. 4796/2008) before the Special Chief Judicial Magistrate, Lucknow against Mr. Ram Manohar Shukla, under Section 138 of the NIA for the dishonor of cheques issued to Pioneer, aggregating to a total amount of Rs. 0.20 million. The next date of hearing is April 19, 2010.

Labour proceedings

There are three labour proceedings filed by Pioneer against various parties which are pending before different levels of adjudication.

Recovery proceedings

There are eight recovery proceedings filed by Pioneer for an aggregate amount of Rs. 1.02 million, against different parties, pending before various levels of adjudication.

Sabah Forest Industries Sendirian Berhad ("Sabah")

Litigation against Sabah

Arbitration proceedings

Tanah Hijau Planting & Rimbunan Hijau Planting have instituted arbitration proceedings against Sabah for an unspecified amount of retention sum for breach of contract by the latter. The next date of hearing is not yet fixed.

Civil proceedings

(a) Harapan Permai Sdn Bhd has filed a civil suit (Civil Appeal No.W-02- 43 of 2007) against Sabah before the Federal Court, Sabah, for an amount of MYR 184.45 million as damages arising from termination of contract. The next date of hearing is not yet fixed.

(b) UNP Plywood Sdn Bhd has filed a civil suit (Civil No. 02(F)-26-2008 (s)) against Sabah before the High Court of Malaysia for an amount of MYR 128.87 million as damages arising from termination of two contracts. The next date of hearing is not yet fixed.

(c) There are three civil suits pending against Sabah for an amount which has not been determined, by various parties claiming damages for breach of contract.

Environmental proceedings

The Public Prosecutor of Department of Environment, Sabah has filed a suit (63-153 of 2008) against Sabah before the Sessions Court, Sabah for allegedly having contravened S.16(1) of Environmental Quality Act, 1974. The next date for hearing is not yet fixed.

Labour proceedings

There are five labour disputes initiated against Sabah by different parties pending before different levels of adjudication, for an aggregate of MYR 23.74 million.

Land disputes

There is one land dispute pending against Sabah claiming for damages for trespass and for possession of the land pending before the High Court.

Litigation by Sabah

Civil proceedings

There is one civil proceeding filed by Sabah against Mazlan Bin Ali before the Malaysian High Court.

Salient Business Solutions Limited ("Salient Business")

Litigation against Salient Business

Labour proceedings

There are two labour proceedings pending against Salient Business jointly filed by various parties before different levels of adjudication.

Tax proceedings

There is one tax proceeding initiated by the Additional Commissioner of Income Tax, New Delhi, for disallowance of consultancy expenses and depreciation. The next date of hearing is not yet fixed.

Litigation by Salient Business

There is no litigation instituted by Salient Business.

Solaris Chemtech Industries Limited ("Solaris Chemtech")

Litigation against Solaris Chemtech

Tax proceedings

(a) There are two income tax proceedings initiated by the Commissioner of Income Tax (III), New Delhi against Solaris Chemtech, aggregating to Rs. 3.59 million, pending before the Delhi High Court.

(b) Solaris Chemtech has filed a suit (D.B. Civil Writ Petition No. 4352/2009 and 4149/2009) against RSMML, Udaipur before the High Court of Rajasthan, Jodhpur for a dispute regarding revision of cess charges payable amounting to Rs. 6.50 million. The next date of hearing is not yet fixed.

(c) Solaris Chemtech has filed an appeal against an order of Central Excise and Service Tax Department, before the Commissioner (Appeals), Mangalore, regarding availment of CENVAT credit in relation to outward transportation of goods from factory to customers, involving an amount of Rs. 1.62 million. The next date of hearing is not yet fixed.

(d) Solaris Chemtech has filed an appeal against an order of the Central Excise and Service Tax Department, before the CESTAT, Bangalore, regarding allegation of irregular utilization of CENVAT credit resulting in delay in payment of service tax and against a demand of Rs. 1.24 million with penalty under Section 76 of the Finance Act, 1994 and penalty under Rule 15 of the CENVAT Credit Rules, 2004. The next date of hearing is not yet fixed.

(e) Solaris Chemtech has filed a suit (no. 1127 /2007) against Special Entry Tax, Karnataka before Divisional Bench of High Court Bangalore for a dispute regarding payment of Special Entry Tax amounting to Rs. 106.71 million. The next date of hearing is not yet fixed.

(f) Solaris Chemtech has filed a suit against the Commissioner, Customs, Mangalore before the CESTAT, Bangalore pertaining to undervaluation of rock phosphate consignment imported to Karwar Port from Jordan amounting to Rs. 2.90 million. The next date of hearing is not yet fixed.

(g) Solaris Chemtech has filed a suit against the Commissioner, Customs, Mangalore before the CESTAT, Bangalore pertaining to undervaluation of furnace oil imported through Kirloskar Oil amounting to Rs. 4.77 million. The next date of hearing is not yet fixed.

(h) Solaris Chemtech has filed a suit against the Commissioner of Customs, Bangalore for a sum of Rs. 0.54 million, pending before High Court, Bangalore.

(i) There are five proceedings related to service tax, two proceedings related to customs duty, two proceedings related to central excise and one proceeding related to sales tax initiated against Solaris Chemtech for its units at Karwar and Khavda, aggregating to Rs. 125.55 million, pending before various levels of adjudication.

Civil proceedings

(a) Solaris Chemtech has filed a suit (WP no. WA 1942/2007) against Karnataka Electricity Board, Bangalore before the High Court, Bangalore for a dispute regarding the payment of electricity tax amounting to Rs. 30.30 million. The next date of hearing is not yet fixed.

(b) There is one civil proceeding pending against Solaris Chemtech for an aggregate of Rs. 0.10 million before the Civil Court, Baroda.

(c) There are four other civil proceedings against Solaris Chemtech, including one land dispute filed by the Chief Conservator of Forests, Karnataka before the Office of the Chief Conservator of Forest, Karnataka for an amount of Rs. 11.3 million for non renewal of lease.

Labour proceedings

There are 13 labour proceedings against Solaris Chemtech by various parties for an aggregate of Rs. 0.45 million and reinstatement of service pending before different levels of adjudication.

Litigation by Solaris Chemtech

Criminal proceedings

There are four complaints filed by BILT Chemicals Limited, which has subsequently merged with Solaris Chemtech, under Section 138 of the NIA against Nicomet Industries Limited before the Judicial Magistrate, Karwar, for recovery of an aggregate amount of Rs. 2.26 million.

Arbitration proceedings

Solaris Chemtech has instituted three arbitration proceedings against various parties, aggregating to Rs. 4.13 million, pending before various levels of adjudication.

Civil proceedings

Solaris Chemtech has filed a suit against Aditya Petro, Gandhidham before the High Court of Gujarat, Ahmedabad for a dispute regarding the non payment against shipment of furnace oil amounting to Rs. 15.4 million. The next date of hearing is not yet fixed.

Paperbase

Litigation against Paperbase

Tax proceedings

The Commissioner of Income Tax-VI, New Delhi has initiated two tax proceedings against Paperbase before the High Court, New Delhi. The next dates of hearing have not been fixed.

Litigation by Paperbase

There is no litigation instituted by Paperbase.

Topscore Tradevariety Private Limited ("Topscore")

Litigation against Topscore

There is one income tax proceeding initiated by the Deputy Commissioner of Income Tax, New Delhi and challenged by Topscore, involving an amount of Rs. 5.20 million for disallowance of expenses on travelling and expenses under Section 14A of the IT Act. The next date of hearing is not yet fixed.

Litigation by Topscore

There is no litigation instituted by Topscore.

Toscana Footwear

Litigation against Toscana Footwear

There is no litigation instituted against Toscana Footwear.

Litigation by Toscana Footwear

Criminal proceedings

There are three criminal complaints filed by Toscana Footwear against Zeta Leather Exports before the First Class Judicial Magistrate, Gurgaon under Section 138 of the NIA for an aggregate amount of Rs. 0.27 million.

Toscana Lasts Limited ("Toscana Lasts")

Litigation against Toscana Lasts Limited

Tax proceedings

(a) There are two income tax proceedings initiated by the Commissioner of Income Tax (VI), New Delhi against the orders of the lower courts allowing certain claims and expenses to Toscana Lasts for the assessment years 1997-1998 and 2000-2001, pending before the Delhi High Court.

(b) There are three income tax proceedings initiated by various income tax authorities at New Delhi, aggregating to Rs. 27.89 million, pending before the Commissioner of Income Tax (Appeals), New Delhi.

Litigation by Toscana Lasts

Civil proceedings

Toscana Lasts has filed a winding up petition against Wheeler Leather Corporation Limited before the Punjab and Haryana High Court for default in payment of Rs. 0.46 million. The next date of hearing is not yet fixed.

UHL Power Company Limited ("UHL Power")

Litigation against UHL Power

Recovery suits

(a) Central Bank of India has filed a recovery petition (DRT-OA 569/1996) against UHL Power before the High Court, Delhi and the Debt Recovery Tribunal for an amount of Rs. 17.45 million regarding payment for services of water, electricity and lift charges. The next date of hearing is May 18, 2010.

(b) Corporation Bank of India has filed a recovery petition (Company Petition no. 152 of 1990) against UHL Power before the High Court, Delhi as relief for vacation and eviction of property, amounting to Rs. 100.40 million. The next date of hearing is not yet fixed.

Litigation by UHL Power

Arbitration proceedings

UHL Power has filed an appeal (no. 2 of 2009) under Section 37 of the Arbitration Act before the High Court of Himachal Pradesh, against the State of Himachal Pradesh claiming damages amounting to Rs. 2,340 million in a dispute regarding implementation of a power project. The next date of hearing is not yet fixed.

Varun Prakashan Private Limited ("Varun Prakashan")

Litigation against Varun Prakashan

There is no litigation instituted against Varun Prakashan.

Litigation by Varun Prakashan

Labour proceedings

There are four labour proceedings filed by Varun Prakashan before the High Court, Lucknow against various employees and workmen

Venus Financial Services Limited ("Venus")

Litigation against Venus

Tax proceedings

Venus has initiated a tax proceeding against a demand of the Deputy Commissioner of Income Tax, for an amount of Rs. 53.38 million, pending before the Commissioner of Income Tax, Appeals, New Delhi.

Litigation by Venus

There is no litigation instituted by Venus.

IV. Litigation involving Directors

Except as stated under "***-Criminal Proceedings-Litigation against Crompton Greaves***" on page 186, there is no litigation instituted against any of our Directors.

V. Amount owed to Small Scale Undertakings

There are no amounts owed to small scale industries by our Company.

VI. Material Developments

Except as stated in "***Management's Discussions and Analysis of Financial Condition and Results of Operations***" on page 154, in the opinion of our Board, there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of its consolidated assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the GoI and various governmental agencies required for our present business and except as mentioned below, no further material approvals are required for carrying on our present business operations.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing activities.

I. Approvals in relation our Company's incorporation and change of name

- Certificate of incorporation dated July 20, 2005, as 'BILT Power Limited', under the Companies Act, from the RoC;
- Certificate for commencement of business dated November 14, 2005, under the Companies Act, from the RoC; and
- Fresh certificate of incorporation dated April 2, 2008, under the Companies Act, from the RoC, for change of name of our Company from 'BILT Power Limited' to 'Avantha Power & Infrastructure Limited'.

II. Approvals in relation to the Issue

Corporate approvals

- Our Board of Directors has, pursuant to a resolution dated January 28, 2010, authorized the Issue, subject to the approval of our shareholders under Section 81(1A) of the Companies Act.
- Our shareholders have, pursuant to a resolution dated February 2, 2010, under Section 81(1A) of the Companies Act, authorized the Issue.
- Further, pursuant to the above, the IPO Committee of our Board has, pursuant to a resolution dated March 30, 2010 approved this Draft Red Herring Prospectus to be filed with the SEBI.

In-principle approvals from BSE and NSE

We have received in-principle approvals from the BSE and NSE for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively. [●] is the Designated Stock Exchange.

III. Approvals in relation to our operations

(a) *Taxation related approvals*

- Permanent account number (AACCB7469B) dated July 20, 2005, by the Income Tax Department to our Company.
- Permanent account number (AABCR7384J) by the Income Tax Department to KWPCL.
- Permanent account number (AABCK3364R) by the Income Tax Department to JPL.
- Permanent account number (AAECM4682K) by the Income Tax Department to MCPL.
- Taxation account deduction number (DELB09191A) dated October 7, 2006, by the Income Tax Department to our Company.
- Tax deduction account number (CALK05926E) by the Income Tax Department to KWPCL.
- Tax deduction account number (CALJO3771F) by the Income Tax Department to JPL.

- Tax deduction account number (BPLM07060E) by the Income Tax Department to MCPL.
- Registration certificate (06151615941) dated September 29, 2006, with effect from July 6, 2006 by the Assessing Authority, Jagadhri, Sales Tax Department for the Yamuna Nagar Unit.
- Certificate of establishment (PT/E/4/8/18/94) dated August 10, 2006, under the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 by the Profession Tax Officer, Chandrapur, for the Ballarpur Unit.
- Registration Certificate (TIN: 21401605565) dated September 17, 2007, with effect from March 28, 2007, under the Orissa Value Added Tax Act, 2004, and the Central Sales Tax (Registration and Turnover) Rules, 1957, by the Assistant Commissioner of Sales Tax, for the Sewa Unit.
- Certificate of registration of employer (PT/R/2/2/13/6303) dated October 20, 2006, with effect from June 22, 2006, under the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975, by the Profession Tax Officer (2), Pune, for the Bhigwan Unit.
- Certificate of registration (STC Code - AACCB7469BST002) dated July 26, 2006, under the Finance Act, 1994, by the Office of the Assistant Commissioner, Central Excise, Service Tax Range, for the Yamuna Nagar Unit for payment of service tax for transport of goods by road.
- Certificate of registration (STC Code - AACCB7469BST001) dated July 20, 2006, under the Finance Act, 1994, by the Office of the Deputy Commissioner, Customs and Central Excise Division, for the Ballarpur Unit for payment of service tax for transport of goods by road.
- Certificate of registration (STC Code - AACCB7469BST004) dated April 25, 2009, under the Finance Act, 1994, by the Office of the Commissioner of Central Excise Pune-III, for the Bhigwan Unit for payment of service tax for transport of goods by road.
- Certificate of registration (STC Code - AACCB7469BST001) dated July 20, 2006, under the Finance Act, 1994, by the Office of the Superintendent of Central Excise and Customs, Jeypore Range, for the Sewa Unit for payment of service tax for transport of goods by road.

(b) *Miscellaneous approvals*

- Certificate of importer – exporter code (0506085767) dated March 15, 2007, by the Office of the Joint Director General of Foreign Trade, Ministry of Commerce and Industry, GoI New Delhi to our Company.
- Registration code (no. HR/GGN/29222) dated February 21, 2008, for applicability of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, by the Regional Provident Commissioner, Haryana to our Company.
- Registration of establishment dated May 25, 2009, under the Punjab Shops and Commercial Establishment Rule Act, 1958, by the Labour Inspector, Gurgaon, Haryana to our Company.

Approvals in relation to the Ballarpur Unit

- Consents to operate (BO/PCI-II/RO-NG/EIC No. NG-0885-06/R/CC-357 and BO/RO-Chandrapur/RO(P&P)/EIC-CH-0167-09/O/CC-493 for 27.5 MW and 40 MW), dated March 28, 2007 valid up to December 31, 2011, and December 2, 2009, valid up to June 30, 2011, respectively, under Section 26 of the Water (Prevention and Control of Pollution) Act, 1974, under Section 21 of the Air (Prevention & Control of Pollution) Act, 1981, and Authorization/Renewal of Authorization under Rule 5 of the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008, by the Maharashtra Pollution Control Board.
- No-objection (NP/AERO/NOC-24/2009/143/46) dated January 14, 2009, valid up to a period of seven years from the date of issue, to the construction of chimney for a height of 307.20 meters above mean sea level by the Airports Authority of India.

- Environmental clearance (F.NO. J-11011/99/2008-IA-II(I)) dated August 19, 2008, valid for a period of five years, for expansion and installation of 40MW power plant by the GoI, MoEF, GoI (IA Division).

- Coal supply agreement for supply of approximately 0.21 mtpa of coal (grade B/C/D) between our Company and Western Coalfields Limited dated April 30, 2008, valid for a period of five years unless extended mutually.

- Agreement(1) for drawal of water of up to 22.91 million cubic meters per annum, from the river Wardha, at Ballarpur, dated May 21, 1997, between BILT Graphic Paper Products Limited and the Government of Maharashtra for a period of 90 years.

- Certificate of registration (01/2007) dated February 2, 2007, under the Maharashtra Contract Labour (Regulation and Abolition) Rules, 1971, by the Office of the Registering Officer, Nagpur.

(1) *Pursuant to a letter dated January 1, 2009, BILT Graphic Paper Products Limited has allotted water of up to 4.46 million cubic meters per annum, to our Company*

Pending applications

- Application for long term coal linkage of approximately 0.33 mtpa, dated February 19, 2008, to the Additional Secretary, Chairman Linkage Committee, MoC. The MoC in its minutes of meeting dated February 26, 2010, authorised the issuance of LoA by CIL for a capacity of 40 MW.

- Application for renewal of license under the Factories Act, 1948, for 2010, dated September 18, 2009, to the Joint Director (Industrial Safety and Health).

Approvals in relation to the Bhigwan Unit

- Consent to operate (BO/PCI-II/EIC No. PN-3905-09/O/CC-620) dated November 25, 2009, valid up to June 30, 2012, under Section 25 of the Water (Prevention and Control of Pollution) Act, 1974, under Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 and authorization under Rule 5 of the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008, by the Maharashtra Pollution Control Board.

- Water linkage (CDO-1293/2314/437/93) dated January 10, 1995, valid for a period of 20 years from the date of issue, to BGPPL, granting permission to draw 7.57 million cubic metres from Ujjaini Dam by Irrigation Department, Government of Maharashtra.

- Agreement(1) for non-irrigation water supply dated December 1, 2009, for a period of six years with effect from November 1, 2009, between BILT Graphic Paper Products Limited and the Governor of Maharashtra for permission to draw 7.57 million cubic meters of water per annum, from the Ujjaini Dam.

- Coal supply agreement dated April 30, 2008, valid for a period of five years unless extended mutually, for supply of approximately 0.19 mtpa of coal (grade D/E) between our Company and Western Coalfields Limited.

- Certificate of registration (1938/2719/06) dated April 8, 2009, under the Maharashtra Contract Labour (Regulation and Abolition) Rules, 1971, by the Assistant Commissioner of Labour, Pune.

(1) *Pursuant to a letter dated July 11, 2007, to the Executive Engineer, Dam Management Division, Pandharpur, BGPPL has intimated that 2.24 million cubic metres of water per annum of the total water allotted, i.e. 7.57 million cubic metres per annum, would be granted to our Company.*

Pending applications

- Application for renewal of license under the Factories Act, 1948, for the period 2008 to 2011, dated August 25, 2008, to the Joint Director (Industrial Safety and Health).

- Application for long term coal linkage for increase in supply of coal from 0.19 mtpa to 0.49 mtpa by December 2008, and 1.1 mtpa by 2010, dated December 31, 2007, to the Additional Secretary, Chairman Linkage Committee, MoC. The MoC in its minutes of meeting dated February 26, 2010, authorised the issuance of LoA by CIL for a capacity of 30 MW.

Approvals in relation to the Sewa Unit

- Authorization (IND-IV-HW-57/21861) dated September 30, 2008, valid up to March 31, 2010, for operation of a facility for collection, reception, treatment, storage, transport and disposal of hazardous waste under the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008, by the State Pollution Control Board, Orissa.

- Consent (57/5/SPCB/BBSR-IND-1(CON)-106) dated March 14, 2007, valid up to March 31, 2011, for operation under Section 21 of the Air (Prevention and Control of Pollution) Act, 1981, by the State Pollution Control Board, Orissa.

- Consent (57/7/SPCB/BBSR-I-IND(CON)/106) dated March 14, 2007, valid up to March 31, 2011, for discharge of sewage and/or trade effluent under Section 25/26 under the Water (Prevention and Control of Pollution) Act, 1974 by the State Pollution Control Board, Orissa.

- Fuel supply agreement for supply of approximately 0.15 mtpa of coal (grade E/F) dated April 30, 2008 valid up to a period of five years unless extended mutually, between our Company and Mahanadi Coalfields Limited.

- Letter from the Additional Secretary to the Government, Government of Orissa, Revenue and Excise Department, (IIIV-39/93/14480/R.) dated March 29, 1993 granting permission to draw up to 18.75 million cubic meters per annum.

- Certificate of registration (01/2007) dated June 11, 2007, under the Contract Labour (Regulation and Abolition) Act, 1970, by the District Labour Officer and Registering Officer, Jeypore.

Pending applications

- Application for renewal of license under the Factories Act, 1948 dated October 29, 2009 to the Director of Factories and Boilers, Orissa.

Approvals in relation to the Yamuna Nagar Unit

- Consent (HSPCB/Air Consent/679) dated November 23, 2009, valid up to March 31, 2011, for emission under Section 21 and 22 of the Air (Prevention and Control of Pollution) Act, 1981, by the Haryana State Pollution Control Board.

- Authorization (HSPCB/HWM/Authorization/681) dated November 23, 2009 valid up to November 23, 2011, for operation of a facility for collection, reception, treatment, storage, transportation and disposal of hazardous wastes under the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008, by the Haryana State Pollution Control Board.

- Consent (HSPCB/Water Consent/677) dated November 23, 2009 valid up to March 31, 2011, to discharge effluent under Section 25/26 of the Water (Prevention and Control of Pollution) Act, 1974, by the Haryana State Pollution Control Board.

- Coal supply agreement for supply of approximately 0.18 mtpa of coal (grade A/B/C) dated April 30, 2008 valid for a period of five years until extended mutually, between our Company and Eastern Coalfields Limited.

- Agreement for private railway siding entered into with the President of India acting through the General Manager, Northern Railway Administration, in 1995.

- Factory license (no. YNR/A-232) dated February 2, 2010, valid till December 31, 2014, by the Additional Chief Inspector of Factories, Haryana, Chandigarh, for the Yamuna Nagar Unit.

Approvals in relation to the Malanpur Power Plant

- Consent to operate (10700/TS/MPPCB/2009 and 10898/TS/MPPCB/2009) dated December 8, 2009, renewed from February 1, 2010 and valid up to January 31, 2011, under Section 25 of the Water (Prevention and Control of Pollution) Act, 1974 and under Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 by the Madhya Pradesh Pollution Control Board.

- Gas sale agreement dated December 31, 2008 between MCPL and GAIL.

- Certificate of registration under Section 69 of the Finance Act, 1994 read with the Service Tax Rules, 1994, providing service tax code (no. ST/R-I/GWL/GTA/50/2006-2007), by the Central Excise Department, Gwalior, Madhya Pradesh.

- Factory license (no. 42/12864/BHD/2Mi) dated February 5, 2010, valid till December 31, 2010, by the Joint Chief Inspector of Factories, Madhya Pradesh.

- Registration code (MP/15686) dated February 15, 2008, for applicability of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, by the Assistant Commissioner, Provident Fund, Sub-Regional Office, Gwalior, Madhya Pradesh.

Pending applications

- Application for obtaining authorisation for collection/reception/reception/treatment/transport/storage of disposal of hazardous waste dated June 8, 2009, to the member secretary of the Madhya Pradesh Pollution Control Board.

Approvals in relation to the Chhattisgarh Power Project

- In-principle approval (Optg/SECR/Plg/New Project 515) dated February 10, 2009, for proposed dedicated railway siding for transportation of coal by South Eastern Central Railway.

- Rail-transport clearance (2008/TT(V)/18/Korba West) dated November 17, 2009, for transportation of coal on Bilaspur-Jharsuguda rail section, Raigarh, by the Ministry of Railways, Railway Board, GoI.

- No-objection (AAI/ER/NOC(29/9)/662-665) dated May 5, 2009, valid for a period of seven years from the date of issue, for chimney of a height of 275 metres above ground level by the Airports Authority of India.

Chattisgarh Power Project Phase I:

- In-principle approval (299/SIPB/2007/739) dated July 27, 2007, for the availability of infrastructural requirements by the State Investment Promotion Board, GoCH.

- Approval (1628/F.4-66/31/S-2/OJP/07) dated March 20, 2008, of water allotment of 20 mcm per annum from the rivers Mahanadi by the Water Resources Department, GoCH.

- Sanction (02-02/SE-I/KorbaWest/1912) of 2,750 KVA load on 33KV, dated July 27, 2009, by the Chhattisgarh State Power Distribution Company Limited, for the construction of Chhattisgarh Power Project Phase I.

- No objection (21-(50)/NCCR/CGWA/2009-52) dated June 30, 2009, valid up to a period of five years from the date of issue, for withdrawal of ground water of 375 cubic meters per day or until the area remains under the safe category, by the Central Ground Water Authority, Ministry of Water Resources, GoI.

- LoAs (SECL/BSP/S&M/COMML/15/KWPCL TPS (LOA)/2143 and SECL/BSP/S&M/COMML/380/KWPCL TPS (LOA)/356) for coal dated July 25, 2008, and June 6, 2009, for 1.44 mtpa and 1.30 mtpa of (F grade coal) respectively, by SECL.

- Agreement for long term open access dated February 24, 2010, with PGCIL for evacuation of power.

- Defence clearance (21(15)/2009/D (Coord)) dated February 22, 2010, for construction of chimney of a height not exceeding 275 metres from the Ministry of Defence, GoI, for the Chhattisgarh Power Project Phase I.

- Registration Certificate (113/RGH/2009) dated November 4, 2009, from the District Labour Commissioner, Raigarh, Chhattisgarh, for employing labor under the Contract Labour (Regulation and Abolition Act), 1970.

- Registration code (HR/GGN/30044) dated May 22, 2009, under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, by the Regional Provident Commissioner, Haryana, to KWPCL.

- In-principle approval dated October 27, 2009, from the GoCH for acquisition of approximately 158 acres of private land owned by tribals.

- In-principle approval dated May 14, 2009, by the District Trade and Industry Centre, Raigarh for transfer on lease of approximately 98 acres of government owned land

Chattisgarh Power Project Phase II:

- In-principle approval (SIPB/2010/314) for water dated January 23, 2010, by the Chhattisgarh State Investment Promotion Board, for Chhattisgarh Power Project Phase II.

Pending applications

- Application dated July 15, 2009, for long-term coal linkage, to the MoC for Chhattisgarh Power Project Phase II.

- Application dated December 16, 2009, for environmental clearance to the MoEF, GoI for the Chhattisgarh Power Project Phase I.

Approvals in relation to the Madhya Pradesh Power Project

- Defence clearance (21(19)/2009/D/(Coord)) dated February 22, 2010, for construction of chimney not exceeding 275 metres from the ground level by the Ministry of Defence, GoI.

Madhya Pradesh Power Project Phase I:

- Environmental clearance (J-13012/105/2008-IA.II(T)) dated February 17, 2010, valid for a period of five years from the date of issue, by the MoEF.

- Agreement dated December 10, 2009, for a term of 30 years from November 1, 2012, between JPL and the Goverment of Madhya Pradesh acting through Narmada Valley Development Authority, for drawing of 23 million cubic meters water per annum from Bargi Lake of Narmada river.

- LoAs (SECL/BSP/S&M/COMML/362/JPL/TPS/(LOA)/2252 and SECL/BSP/S&M/COMML/379/JPL TPS(LOA)/359) dated August 1, 2008, and June 6, 2009, for 1.44 mtpa and 0.65 mtpa, respectively of coal (F grade coal) by SECL.

- Letter of assurance (MCL/GM/S&M/LOA/Jhabua Power Limited/F-/2009/1157) dated June 11, 2009, for 0.65 mtpa, of coal (F grade coal) by Mahanadi Coalfields Limited.

- Professional tax registration certificate (79825800403) dated January 18, 2010, under the Madhya Pradesh Professional Tax Act, 1995, for registration of JPL as an employer by the Commercial Tax Officer, Jabalpur, Madhya Pradesh.

- Registration code (HR/GGN/30047) dated May 26, 2009, under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, by the Regional Provident Commissioner, Haryana to JPL.

- Letters dated November 4, 2009, and December 26, 2009, from the GoMP and the Court of Collector, Seoni, respectively, for the allotment of a lease on approximately 219 acres of government land

- Approval for the acquisition of tribal land, notified in the official gazette of the GoMP on August 21, 2009, for approximately 85 acres of tribal land.

Pending applications

- Application for the amendment of the environmental clearance (J-13012/105/2008-IA.II(T)) dated March 12, 2010, to the MoEF, which restricts us from acquiring tribal land for the Madhya Pradesh Power Project Phase I.

- Application for amendment of the LoAs (SECL/BSP/S&M/COMML/362/JPL/TPS/(LOA)/2252 dated August 1, 2008, SECL/BSP/S&M/COMML/379/JPL TPS(LOA)/359 dated June 6, 2009 and MCL/GM/S&M/LOA/Jhabua Power Limited/F-/2009/1157 dated June 11, 2009), for reflecting the change in project site from Jhabua, Madhya Pradesh to Seoni, Madhya Pradesh dated January 11, 2010, to the MoC.

- Application for no-objection certificate dated July 22, 2009, for construction of building/structures around airports to the Airports Authority of India for Madhya Pradesh Power Project.

- Application for in-principle approval for providing a railway siding at Binaki railway station, Seoni, Madhya Pradesh, dated May 18, 2009, for Madhya Pradesh Power Project.

Madhya Pradesh Power Project Phase II:

Pending applications

- Application for long term coal linkage dated December 21, 2009, for Madhya Pradesh Power Project Phase II, to the MoC.

- Application, for allotment of 23 million cubic meters of water per annum, dated January 15, 2010, for Madhya Pradesh Power Project Phase II to the Water Resource Department, GoMP.

- Application for obtaining environmental clearance as per the EIA Notification dated February 26, 2010, for Madhya Pradesh Power Project Phase II to the MoEF.

In addition, as our projects are progressively implemented, commissioned and operated, we will require other approvals.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

- The Board of Directors has, pursuant to a resolution passed at its meeting held on January 28, 2010, authorized the 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, pursuant to a resolution dated February 2, 2010, under section 81(1A) of the Companies Act, authorized the Issue.
- Our Company has received in-principle approvals from the BSE and NSE for the listing of the Equity Shares, pursuant to letters dated [●] and [●] respectively. [●] is the Designated Stock Exchange.

Prohibition by the SEBI, the RBI or governmental authorities

We confirm that neither (i) our Company, our Subsidiaries, our Directors, our Promoters, Promoter Group, persons in control of our Company or the Group Entities; nor (ii) companies with which any of the Promoters, the Directors, persons in control of our Company or any natural person behind the Promoters are or were associated as a promoter, director or person in control, are debarred or have been prohibited from accessing the capital markets under any order or direction passed by the SEBI or any other authority.

None of our Directors are in any manner associated with the securities market. There has been no action taken by SEBI against the Directors or any other entity with which our Directors are associated as promoters or directors.

Neither our Company, nor our Promoters, Promoter Group, Group Entities, relatives of Promoters (as per Companies Act) or Directors have been declared as wilful defaulters by the RBI or any other governmental authority. There are no violations of securities laws committed by them in the past or pending against them.

Eligibility for the Issue

Since our Company did not have net tangible assets of at least Rs. 30 million in each of the preceding three full years (of 12 months each), our Company is not in compliance with Regulation 26(1)(a) of the ICDR Regulations. However, our Company is eligible for the Issue in accordance with Regulation 26(2) of the ICDR Regulations, which states as follows:

"*An issuer not satisfying any of the conditions stipulated in sub-regulation (1) may make an initial public offer if:*

(a) (i) the issue is made through the book building process and the issuer undertakes to allot at least fifty per cent. of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make allotment to the qualified institutional buyers ;

or

(ii) at least fifteen per cent. of the cost of the project is contributed by scheduled commercial banks or public financial institutions, of which not less than ten per cent shall come from the appraisers and the issuer undertakes to allot at least ten per cent of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make the allotment to the qualified institutional buyers;

(b) (i) the minimum post-issue face value capital of the issuer is ten crore rupees;

or

(ii) the issuer undertakes to provide market-making for at least two years from the date of listing of the specified securities, subject to the following:

(A) the market makers offer buy and sell quotes for a minimum depth of three hundred specified securities and ensure that the bid-ask spread for their quotes does not, at any time, exceed ten per cent.;

(B) the inventory of the market makers, as on the date of allotment of the specified securities, shall be at least five per cent. of the proposed issue."

- We are an unlisted company not compliant with the conditions specified in Regulation 26(1)(a) of the ICDR Regulations. Therefore, we are required to meet both the conditions detailed in Regulation 26(2)(a) and Regulation 26(2)(b) of the ICDR Regulations.

- We are complying with Regulation 26 (2)(a)(i) of the ICDR Regulations and at least 50% of the Issue is proposed to be allocated to QIBs and in the event we fail to do so, the full subscription monies shall be refunded to the Bidders.

- We are also complying with Regulation 26(2)(b) of the ICDR Regulations and the post-Issue face value capital of our Company shall be more than the minimum requirement of Rs. 10 crore, i.e., Rs. 100 million.

Hence, we are eligible for the Issue under Regulation 26(2) of the ICDR Regulations.

Further, in accordance with Regulation 26(4) of the ICDR Regulations, we shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted will be not less than 1,000, otherwise the entire application money shall be returned forthwith.

If such application money is not repaid within eight days after our Company becomes liable to repay it (i.e., from the date of refusal of the Stock Exchanges or within 15 days from the Bid Closing Date, whichever is earlier), our Company will, on and from the expiry of eight days, be liable to repay such application money with interest thereon at the rate of 15% per annum, as prescribed under Section 73 of the Companies Act.

Compliance with Part A of Schedule VIII of the ICDR Regulations

The Company is in compliance with the provisions specified in Part A of Schedule VIII of the ICDR Regulations.

Disclaimer Clause of the SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING ENAM SECURITIES PRIVATE LIMITED, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED AND AXIS BANK LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS IN FORCE FOR THE TIME BEING. 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 OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, ENAM SECURITIES PRIVATE LIMITED, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED AND AXIS BANK LIMITED, HAVE FURNISHED TO THE SEBI A DUE DILIGENCE CERTIFICATE DATED MARCH 30, 2010, WHICH READS AS PROVIDED BELOW.

"*(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALIZATION 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, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:*

(A) *THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;*

(B) *ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED / ISSUED BY THE SEBI, THE CENTRAL 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 SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.*

(3) *WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT UNTIL THE DATE SUCH REGISTRATION IS VALID.*

(4) *WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.* **NOTED FOR COMPLIANCE.**

(5) *WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.*

(6) *WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.*

(7) *WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE.* **NOT APPLICABLE.**

(8) *WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.*

(9) 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 SUB-SECTION (3) OF SECTION 73 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 COMPANY SPECIFICALLY CONTAINS THIS CONDITION. **NOTED FOR COMPLIANCE.**

(10) 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 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT FORM ONLY.**

(11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES, WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

(12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

(A) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND

(B) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI FROM TIME TO TIME.

(13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE. **NOTED FOR COMPLIANCE.**

(14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC. **REFER TO ANNEXURE A.**

(15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY."

The filing of the Draft Red Herring Prospectus does not, however, absolve our Company from any liabilities under sections 63 and 68 of the Companies Act, or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the Issue. The SEBI further reserves the right to take up at any point of time with the BRLMs, any irregularities or lapses in the Prospectus.

Caution-Disclaimer from our Company and the BRLMs

Our Company, our Directors and the BRLMs 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 our instance and anyone placing reliance on any other source of information, including our website www.avanthapower.com would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement entered into among the BRLMs and our Company dated March 27, 2010 and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Our Company, the BRLMs and the Underwriters shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software / hardware system or otherwise.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, our Promoter Group, Group Entities, or our affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in commercial banking and investment banking transactions with our Company, our Promoter Group, Group Entities, and our affiliates or associates, for which they have received and may in future receive compensation.

Investors that Bid in the Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds) and to FIIs, FVCIs, multilateral and bilateral institutions and Eligible NRIs. The Draft Red Herring Prospectus does not, however, constitute an invitation to purchase Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Delhi, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with the SEBI for observations. Accordingly, our Equity Shares, represented thereby may not be offered 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 our Company’s affairs from the date hereof or that the information contained herein is correct as on any time subsequent to this date.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been and will not be registered under the 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 (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) to ‘qualified institutional buyers’ (as defined under Rule 144A of the Securities Act) in the United States in transactions exempt from registration under the Securities Act; and (ii) outside the United States 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. In addition, until 40 days after the commencement of the Issue, an offer or sale of the Equity Shares within the United States by any dealer (whether or not participating in the Issue) may violate the registration requirements of the Securities Act.

Disclaimer Clause of the BSE

As required, a copy of the Draft Red Herring Prospectus will be submitted to the BSE. The disclaimer clause as intimated by BSE to us, post scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing with the RoC.

Disclaimer Clause of the NSE

As required, a copy of the Draft Red Herring Prospectus will be submitted to the NSE. The disclaimer clause as intimated by NSE to us, post scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing with the RoC.

Filing

A copy of the Draft Red Herring Prospectus will be filed with the SEBI at Corporation Finance Department, SEBI Bhavan, Plot No. C4-A, G Block, 3rd Floor, Bandra Kurla Complex, Bandra (E), Mumbai 400 051, Maharashtra, India.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act will be delivered for registration to the RoC situated at the address mentioned below.

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

Listing

Applications will be made to the Stock Exchanges for permission to deal in and for an official quotation of our Equity Shares. [●] will be the Designated Stock Exchange with which the basis of Allotment will be finalized for the Issue.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within seven Working Days of finalization of the basis of Allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below.

"*Any person who:*

(a) *makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
(b) *otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,*

shall be punishable with imprisonment for a term which may extend to five years."

Consents

Consents in writing of: (a) the Directors, our Company Secretary and Compliance Officer, the Auditors, Bankers to our Company and Bankers to the Issue; and (b) BRLMs and Syndicate Member(s), Registrar to the Issue and the legal advisor, to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

The Auditors, K.K Mankeshwar & Co., Chartered Accountants, have given their written consent to the inclusion of their report in the form and context in which it appears in "***Financial Statements***" on page F1 and of their report relating to tax benefits accruing to our Company in the form and context in which it appears in "***Statement of Tax Benefits***" on page 47 and such consent and report have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

Axis Bank Limited, the financial advisor and arranger of debt facilities for the Madhya Pradesh Power Project Phase I and the Chhattisgarh Power Project Phase I, has given its written consent dated February 4, 2010, for disclosing the contents of and inclusion of the project appraisal memoranda, dated December 2008 and August 2009, in relation to Chhattisgarh Power Project Phase I and Madhya Pradesh Power Project Phase I, respectively. Such consent and project appraisal memoranda have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

[●], the agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, will give its written consent to the inclusion of its report in the form and context in which it will appear in the Red Herring Prospectus and such consent and report will not have been withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus with the RoC and Designated Stock Exchange.

Expert Opinion

Except the report of [●] in respect of the IPO grading of this Issue which will be annexed with the Red Herring Prospectus, the Examination Report of the Auditors of our Company on the restated financial information and the Statement of Tax Benefits prepared by K.K Mankeshwar & Co., Chartered Accountants, included in the Draft Red Herring Prospectus, we have not obtained any expert opinions.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. [●] million. The expenses of this Issue include, among others, lead management fees, underwriting, brokerage and selling commission, printing and distribution expenses, legal fees, advertisement expenses and listing fees. All expenses with respect to the Issue shall be borne by our Company. The estimated Issue expenses are provided below.

(Amount in Rs. million)

Activity	Expenses	% of Issue size	% of Issue expense
Lead management fees, including underwriting, brokerage and selling commission*	[●]	[●]	[●]
Registrar's fees*	[●]	[●]	[●]
Advertising and marketing expenses*	[●]	[●]	[●]
Printing and distribution expenses*	[●]	[●]	[●]
IPO Grading expenses*	[●]	[●]	[●]
Bankers to the Issue fees*	[●]	[●]	[●]
Others (SEBI filing fees, bidding software expenses, depository charges, listing fees, monitoring agency fees etc.)*	[●]	[●]	[●]
Total estimated Issue expenses*	[●]	[●]	[●]

** Will be completed after finalization of the Issue Price*

Fees Payable to the BRLMs and the Syndicate Member(s)

The total fees payable to the BRLMs and the Syndicate Member(s) (including underwriting commission and selling commission) will be as per the engagement letter issued by our Company, a copy of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to the Issue

The fees payable by us to the Registrar to the Issue for processing of Bid cum Application Forms, data entry, printing of CAN / refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement dated March 2, 2010 between us and the Registrar to the Issue, 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 make refunds or send Allotment advice by registered post / speed post / under certificate of posting.

Underwriting Commission, Brokerage and Selling Commission

Since this is our initial public issue, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of our Equity Shares since our incorporation.

Particulars Regarding Public or Rights Issues during the Last Five Years

Our Company has not made any previous rights and public issues in India or abroad in the five years preceding the date of the Draft Red Herring Prospectus.

Previous Issues of Shares Otherwise than for Cash

Except as stated in the "***Capital Structure***" on page 23, our Company has not made any previous issues of Equity Shares for consideration otherwise than for cash.

Capital Issues in the Last Three Years

Our Company and our Subsidiaries have not made any public or rights issues. For details of public, rights or other capital issues by our Promoters and Group Entities, see "***Our Promoter and Group Entities***" on page 130.

Companies under the Same Management

Except as disclosed under "***Our Promoter and Group Entities***" on page 130, we do not have any companies under the same management within the meaning of section 370(1B) of the Companies Act, which has made any public or rights issue during the last three years.

Promise v/s Performance

Our Company and our Subsidiaries have not made any public or rights issues. For details of promise versus performance in respect of the public issue by our Promoters, in the last 10 years immediately preceding the date of the Draft Red Herring Prospectus, see "***Our Promoter and Group Entities***" on page 130.

Outstanding Debentures or Bond Issues or Redeemable Preference Shares

Our Company has no outstanding debentures or bonds or redeemable preference shares, as on the date of the Draft Red Herring Prospectus.

Stock Market Data of our Equity Shares

This being an initial public offer of our Equity Shares, our Equity Shares are not listed on any stock exchange and hence no stock market data is available.

Mechanism for Redressal of Investor Grievances

The agreement dated March 2, 2010 between the Registrar to the Issue and our Company provides for retention of records with the Registrar to the Issue for a period of three years from the last date of dispatch of the letters of Allotment, or refund orders, demat credit or where refunds are being made electronically, giving of refund instructions to the clearing system, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be seven Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible. No investor complaints have been received during the immediately preceding three years prior to filing of this Draft Red Herring Prospectus with SEBI.

We have also appointed Mr. Sandeep Pathak as the Compliance Officer for this Issue and he may be contacted in case of any pre-Issue or post Issue related problems, at the following address:

Compliance Officer
Mr. Sandeep Pathak
Avantha Power & Infrastructure Limited
2nd Floor, Centrum Plaza
Sector-53, Golf Course Road
Gurgaon 122 002
Haryana, India
Tel: + (91 124) 409 9425
Fax: + (91 124) 437 6496
Email: complianceofficer@avanthapower.com
Website: www.avanthapower.com

For details of mechanism for redressal of investor grievances of our Promoters, see "***Our Promoter and Group Entities***" on page 130.

Change in Auditors

There has been no change in the auditors of our Company in the last three years.

Capitalization of Reserves or Profits

Except as stated in "***Capital Structure***" on page 23, we have not capitalized our reserves or profits since our incorporation.

Revaluation of Assets

There has been no revaluation of assets of our Company since its incorporation.

SECTION VII – ISSUE RELATED INFORMATION

ISSUE STRUCTURE

The present Issue of [●] Equity Shares of Rs. 10 each, at a price of Rs. [●] for cash aggregating to Rs. 12,500 million is being made through the 100% Book Building Process.

Our Company is considering a Pre-IPO Placement of up to 65,000,000 Equity Shares and/or aggregating up to Rs. 3,000 million with certain investors. The Pre-IPO Placement is at the discretion of our Company. Our Company will complete the issuance and allotment of such Equity Shares, if any, prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement.

	QIBs*	**Non-Institutional Bidders**	**Retail Individual Bidders**
Number of Equity Shares* *	At least [●] Equity Shares available for allocation	Not less than [●] Equity Shares available for allocation or Issue less allocation to QIB Bidders and Retail Individual Bidders	Not less than [●] Equity Shares available for allocation or Issue less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Issue size available for Allotment/allocation***	At least 50% of the Issue shall be allocated to QIBs. However, not less than 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only.	Not less than 15% of the Issue available for allocation or the Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 35% of the Issue available for allocation or the Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate as follows: (a) [●] Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) [●] Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding 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 dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter

	QIBs*	Non-Institutional Bidders	Retail Individual Bidders
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply ****	Public financial institutions as specified in Section 4A of the Companies Act, FIIs and their sub-accounts registered with the SEBI, other than sub-accounts who are foreign corporates or foreign individuals, scheduled commercial banks, mutual funds registered with the SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with the SEBI, FVCIs registered with the SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI published in the Gazette of India and insurance funds set up and managed by army, navy or air force of the Union of India.	Eligible NRIs, Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts and sub-accounts of FIIs registered with the SEBI which are foreign corporates or foreign individuals	Individuals (including HUFs, Eligible NRIs) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.
Terms of Payment	QIB Margin Amount shall be payable at the time of submission of Bid cum Application Form to the BRLMs.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member(s) #	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member(s)#
Margin Amount	At least 10% of Bid Amount*****	Full Bid Amount on bidding	Full Bid Amount on bidding

* *Our Company may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price in accordance with the ICDR Regulations. At least one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Price. Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of (i) two Anchor Investors, where allocation in the Anchor Investor Portion is up to Rs. 2,500 million and (ii) five, where the allocation under the Anchor Investor Portion is more than Rs. 2,500 million. An Anchor Investor shall make a minimum Bid of such number of Equity Shares that the Bid Amount is at least Rs. 100 million.*

** *The Issue is being made through the 100% Book Building Process wherein at least 50% of the Issue shall be Allotted to QIBs on a proportionate basis. Provided that, our Company may, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price on a discretionary basis, out of which at least one-third will be available for allocation to* *domestic Mutual Funds only. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation to Mutual Funds on a proportionate basis. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion (excluding the Anchor Investor Portion) and allocated proportionately to the QIB Bidders. If at least 50% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 15% and 35% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively subject to valid Bids being received at or above the Issue Price.*

**** If at least 50% of the Issue cannot be allotted to QIBs, then the entire application money will be refunded. In the event that the aggregate demand in the QIB Portion has been met, under subscription in any other category, if any, would be allowed to be met with spill-over from other categories or combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.*

*****In case the Bid cum Application Form is submitted in joint names, the Bidders should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.*

******After the Bid Closing Date, depending on the level of subscription, additional Margin Amount, if any, may be called for from the QIB Bidders.*

[#] *In case of ASBA Bidders, the SCSB shall be authorized to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.*

Withdrawal of the Issue

Our Company in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime after the Bid Opening Date but before the Allotment. If our Company withdraws the Issue, it shall issue a public notice that shall include reasons for such withdrawal, within two days of the Bid Closing Date. The BRLMs through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day from the date of receipt of such notification. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchanges shall also be informed promptly.

If our Company withdraws the Issue after the Bid Closing Date and thereafter determines that it will proceed with an initial public offering of Equity Shares, it shall file a fresh draft red herring prospectus with SEBI.

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 only after Allotment and within seven Working Days of finalization of Basis of Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the Stock Exchanges.

Letters of Allotment or Refund Orders

Our Company shall facilitate and shall give credit to the beneficiary account with Depository Participants within two Working Days of finalization of the basis of Allotment of Equity Shares. Our Company shall dispatch refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and will dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid Closing Date.

Interest in case of delay in dispatch of Allotment Letters/Refund Orders

In accordance with the Companies Act, the requirements of the Stock Exchanges and the ICDR Regulations, our Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid Closing Date or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions will be given to the clearing system; and

- Our Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 day time prescribed above.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made through any of the modes as described in the Red Herring Prospectus and bank charges, if any, for encashing cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Bidding Program*

BID OPENS ON	**[●], 2010**
BID CLOSES ON	**[●], 2010**

***Anchor Investors, if any, shall submit their Bid on the Anchor Investor Bidding Date, which is one Working Day prior to the Bid Opening Date*.**

Bids by Anchor Investors may be submitted to the Syndicate. The number of Equity Shares allocated to each Anchor Investor and Anchor Investor Issue Price shall be made available in the public domain by the BRLMs, before the Bid Opening Date.

Bids and any revision in Bids will be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned in the Bid cum Application Form **except that on the Bid Closing Date, Bids excluding ASBA Bids shall be accepted only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time) and uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders; and (ii) 5.00 p.m. which may be extended up to such time as permitted by the Stock Exchanges in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, as is typically experienced in IPOs, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company, the BRLMs and the Syndicate Member(s) shall not be responsible. Bids will be accepted only on Working Days, i.e. Monday to Friday (excluding any public holiday).

On the Bid Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders, after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid-cum Application Forms and ASBA Forms as stated herein and reported by the BRLMs 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 ICDR Regulations. The Cap Price shall not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the floor price originally disclosed in the Red Herring Prospectus and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bidding Period will be extended for three additional Working Days after revision of Price Band subject to the Bidding Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the web site of the BRLMs, and at the terminals of the members of the Syndicate.

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum of Association and Articles of Association, the Equity Listing Agreements, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, the Bid cum Application Form (including the ASBA Bid cum Application form), the Revision Form, the CAN 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 Issue. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing of securities issued from time to time to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act and our Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares of our Company including rights in respect of dividends. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. See "***Main Provisions of the Articles of Association***" on page 258.

Mode of Payment of Dividends

We shall pay dividends to our shareholders as per the provisions of the Companies Act and our Memorandum of Association and Articles of Association.

Face Value and Issue Price

The face value of each Equity Share is Rs. 10 and the Issue Price is Rs. [●] per Equity Share. The Anchor Investor Issue Price is Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares. The Floor Price is Rs. [●] per Equity Share and the Cap Price is Rs. [●] per Equity Share.

The Price Band and the minimum Bid lot for the Issue will be decided by our Company in consultation with the BRLMs and advertised in an English national newspaper and a Hindi national newspaper, each with wide circulation at least two Working Days prior to the Bid Opening Date.

Compliance with ICDR Regulations

We 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 any surplus on liquidation subject to any statutory and preferential claims being satisfied;
- Right of free transferability, subject to applicable foreign exchange regulations and other applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the Equity Listing Agreement, and our Memorandum of Association and Articles of Association.

All our Equity Shareholders have the same voting rights. For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividends, forfeiture, lien, transfer and transmission, and/or consolidation/splitting, see "***Main Provisions of Our Articles of Association***" on page 258.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialized form. As per the ICDR Regulations, our Equity Shares shall only be in dematerialized form. Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [•] Equity Shares.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship.

Nomination Facility to 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 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 benefits 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 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 or with the Registrar.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue 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 holder of 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 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 dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with the respective depository participant of the applicant would prevail. If the investors want to change their nomination, they are requested to inform their respective Depository Participant.

Application by Eligible NRIs / FIIs registered with the SEBI and FVCIs registered with the SEBI

It is to be distinctly understood that there is no reservation for Eligible NRIs or FIIs registered with the SEBI or FVCIs registered with the SEBI. Such Eligible NRIs, FIIs registered with the SEBI or FVCIs registered with the SEBI will be treated on the same basis as other categories for the purpose of allocation. As per regulations issued by the RBI, OCBs cannot participate in the Issue.

Bidding Period

Bidders may submit their Bids only during the Bidding Period. The Bid Opening Date is [●] and the Bid Closing Date is [●], provided that the Anchor Investors may submit their Bid only on the Anchor Investor Bidding Date.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, including through the devolvement to the Underwriters, as applicable, within 60 days from the Bid Closing Date, our Company shall refund the entire subscription amount received within 70 days from the Bid Closing Date. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Further, if at least 50% of the Issue cannot be allocated to QIBs, then all the application money shall be refunded forthwith.

Further in terms of Regulation 26(4) of the ICDR Regulations, our Company shall ensure that the number of Allottees to whom Equity Shares will be allotted will not be less than 1,000.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Delhi, India.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and may not be offered or sold within the United States (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 or any applicable state securities laws in the United States. Accordingly, the Equity Shares are being offered and sold only (i) to 'qualified institutional buyers' (as defined under Rule 144A of the Securities Act) in the United States in transactions exempt from registration under the Securities Act; and (ii) outside the United States 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. In addition, until 40 days after the commencement of the Issue, an offer or sale of the Equity Shares within the United States by any dealer (whether or not participating in the Issue) may violate the registration requirements of the Securities Act.

Arrangement for Disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on Transfer of Shares

Except for lock-in of the pre-Issue Equity Shares and Promoter's minimum contribution in the Issue as detailed in *"**Capital Structure**"* on page 23 and as provided in our Articles as detailed in "***Main Provisions of our Articles of Association***" on page 258, there are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting.

Option to receive Equity Shares in Dematerialized Form

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. Bidders will not have the option of Allotment of the Equity Shares in this Issue in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

ISSUE PROCEDURE

This section applies to all Bidders. All Bidders other than QIBs can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process.

Book Building Procedure

This Issue is being made through the 100% Book Building Process wherein at least 50% of the Issue shall be Allotted to QIBs on a proportionate basis. If at least 50% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 15% and 35% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange.

Any Bidder (other than QIBs) may participate in this Issue through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid amounts will be blocked by SCSBs.

Bidders are required to submit their Bids through the Syndicate. ASBA Bidders are required to submit their Bids to SCSBs.

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' Depository Account shall be treated as incomplete and rejected. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the 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 authorized 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 provided below.

Category	Colour of Bid cum Application Form
Resident Indians, Eligible NRIs applying on a non repatriation basis, ASBA Bidders bidding in physical form, excluding Anchor Investors	White
Non Residents, Eligible NRIs, FVCIs, FIIs and registered multilateral and bilateral development financial institutions, on a repatriation basis, ASBA Bidders bidding in physical form, excluding Anchor Investors	Blue
Anchor Investors*	White

*****_Bid cum Application Forms for Anchor Investors have been made available at the office of the BRLMs_

ASBA Bidders shall submit the ASBA Bid cum Application Form either in physical or electronic form (through internet banking facility available with the SCSBs or such other electronically enabled mechanism for bidding) to the SCSB authorizing blocking funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the application form. Upon completing and submitting the ASBA Bid cum Application Form for ASBA Bidders to the SCSB, the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the ASBA Bid cum Application Form, as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

Who can Bid?

(a) Indian nationals resident in India who are majors, or in the names of their minor children as natural / legal guardians in single or joint names (not more than three);

(b) 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;

(c) Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in the Equity Shares;

(d) Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;

(e) Mutual Funds registered with the SEBI;

(f) Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the ICDR Regulations and other laws, as applicable);

(g) Venture Capital Funds registered with the SEBI;

(h) Foreign Venture Capital Investors registered with the SEBI;

(i) State Industrial Development Corporations;

(j) Trusts / societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts / societies and who are authorized under their constitution to hold and invest in equity shares;

(k) FIIs and sub-accounts registered with the SEBI other than a sub-account which is a foreign corporate or a foreign individual, only under the QIB Portion;

(l) Sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, only under the Non Institutional Portion;

(m) Scientific and / or industrial research organizations authorized to invest in equity shares;

(n) Insurance companies registered with the Insurance Regulatory and Development Authority, India;

(o) Provident Funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares;

(p) Pension Funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares;

(q) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of GoI published in the Gazette of India;

(r) Insurance funds set up and managed by the army, navy, or air force of the Union of India; and

(s) Multilateral and Bilateral Development Financial Institutions.

Note: As per existing regulations, OCBs cannot participate in the Issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and may not be offered or sold within the United States (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 or any applicable state securities laws in the United States. Accordingly, the Equity Shares are being offered and sold only (i) to 'qualified institutional buyers' (as defined under Rule 144A of the Securities Act) in the United States in transactions exempt from registration under the Securities Act; and (ii) outside the United States 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. In addition, until 40 days after the commencement of the Issue, an offer or sale of the Equity Shares within the United States by any dealer (whether or not participating in the Issue) may violate the registration requirements of the Securities Act.

Participation by associates of the BRLMs and the Syndicate Member(s)

The BRLMs and the Syndicate Member(s) shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and the Syndicate Member(s) are entitled to subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis. Such Bidding and subscription may be on their own account or on behalf of their clients. However, the BRLMs, Syndicate Members and persons related to the BRLMs and the Syndicate Members shall not be allowed to subscribe to the Anchor Investor Portion.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Bids by Mutual Funds

As per the ICDR Regulations, 5% of the QIB Portion (excluding the Anchor Investor Portion), has been specifically reserved for Mutual Funds on a proportionate basis. An eligible Bid by a Mutual Fund in the Mutual Fund Portion shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event demand in the Mutual Fund Portion 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 Mutual Funds shall be available for allocation proportionately, after excluding the allocation in the Mutual Fund Portion in the QIB Portion.

One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds subject to valid Bids being received at or above the price at which allocation is being done to Anchor Investors.

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 over 10% of any company's paid-up share capital carrying voting rights.

The Bids made by asset management companies or custodians of Mutual Funds shall clearly indicate the name of the concerned scheme for which application is being made.

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

Bids by Eligible NRIs

Eligible NRIs are required to comply with the following:

1. Bid cum Application Forms ([●] in color) have been made available for Eligible NRIs at our Registered Office, members of the Syndicate and the Registrar to the Issue.

2. Only such applications as are accompanied by payment in freely convertible foreign exchange shall be considered for Allotment. Eligible NRIs who intend to make payment through Non Resident Ordinary ("**NRO**") accounts or by debits to their Non-Resident External ("**NRE**") or Foreign Currency Non-Resident ("**FCNR**") accounts shall use the application form meant for Resident Indians ([●] in color).

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The offer of Equity Shares to a single FII should not exceed 10% of our post-Issue share capital (i.e. 10% of [●] Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued and paid-up capital or 5% of our total issued and paid-up capital in case such sub-account is a foreign corporate or an individual. In accordance with the foreign investment limits applicable to us, the total foreign investment including FII investment cannot exceed 24% of our total issued capital unless approved by the shareholders of our Company. Our shareholders have by special resolution in the extraordinary general meeting dated February 2, 1010, approved the FII investment limit in our Company to increase up to 49%.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations 1995, as amended (the "**FII Regulations**"), an FII, as defined in the FII Regulations, or its sub-account may issue, deal or hold, off shore derivative instruments (defined under the FII Regulations, as any instrument, by whatever name called, which is issued overseas by a FII against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, against underlying securities) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or sub-account is also required to ensure that no further issue or transfer of any offshore derivative instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the FII Regulations. Associates and affiliates of the underwriters including the BRLMs and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted 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 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, each, as amended, prescribe investment restrictions on venture capital funds and FVCIs respectively registered with the SEBI. Accordingly, the holding in any company by any individual venture capital fund or FVCI registered with the SEBI should not exceed 25% of the corpus of the venture capital fund or FVCI. However, venture capital funds or FVCIs may invest not over 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for, and are not liable for informing the investors of, any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for does not exceed the applicable investment limits under laws or regulations or the maximum number of Equity Shares that can be held by them under applicable laws.

Maximum and Minimum Bid Size

(a) ***For Retail Individual Bidders*****:** The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of the option to Bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at Cut-off Price is an option given only to Retail Individual Bidders indicating their agreement to Bid for and purchases the Equity Shares at the Issue Price as determined at the end of the Book Building Process.

(b) ***For Other Bidders (Non-Institutional Bidders and QIBs (excluding Anchor Investors))*****:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [•] Equity Shares thereafter. A Bid cannot be submitted for over the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are otherwise eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at the Cut-off Price. **Under the existing ICDR Regulations, a QIB Bidder bidding in the QIB Portion cannot withdraw its Bid after the Bid Closing Date and is required to pay the QIB Margin Amount upon submission of the Bid.**

(c) ***For QIBs in the Anchor Investor Portion*****:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount is at least Rs. 100 million and in multiples of [•] Equity Shares thereafter. A Bid cannot be submitted for more than 30% of the QIB Portion. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids. A Bid cannot be submitted for more than 30% of the QIB Portion. **Anchor Investors cannot withdraw their bids after the Anchor Investor Bid/Issue Period.**

Bidders are advised to ensure than 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 the Bidders:

(a) The Red Herring Prospectus will be filed by our Company with the RoC at least three days before the Bid Opening Date.

(b) The members of the Syndicate will circulate copies of the Bid cum Application Form (including providing electronic copies to the SCSBs) to potential investors, and at the request of potential investors, copies of the Red Herring Prospectus. 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 members of the Syndicate or the SCSBs. The BRLMs shall ensure that electronic copies of the ASBA Bid cum Application Form are available on the websites of SCSBs.

(c) The members of the Syndicate and the Designated Branches shall accept Bids from the Bidder during the Bidding Period in accordance with the terms of the Syndicate Agreement, provided that the BRLMs shall accept the Bids from the Anchor Investors only on the Anchor Investor Bidding Date.

(d) Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLMs or the Syndicate Member(s), their authorized agent(s) or the Designated Branches to register their Bids.

(e) The Bids should be submitted on the prescribed Bid cum Application Form only. Bids by ASBA Bidders shall be accepted by the Designated Branches in accordance with the ICDR Regulations and any other circulars issued by the SEBI in this regard. Bid cum Application Forms should bear the stamp of the members of the Syndicate or Designated Branch. Bid cum Application Forms, which do not bear the stamp of a member of the Syndicate or the Designated Branch, will be rejected.

Method and Process of Bidding

(a) Our Company and the BRLMs shall declare the Bid Opening Date and Bid Closing Date at the time of filing the Red Herring Prospectus with the RoC and also publish the same in widely circulated national newspapers (one in each English and Hindi).

(b) The Price Band and the minimum Bid lot size for the Issue will be decided by our Company, in consultation with the BRLMs, and advertised in widely circulated national newspapers (one in each English and Hindi), at least two Working Days prior to the Bid Opening Date.

(c) The BRLMs shall accept Bids from the Anchor Investors on the Anchor Investor Bidding Date, i.e. one day prior to the Bid Opening Date. Eligible investors, except Anchor Investors who are interested in subscribing to the Equity Shares should approach any of the members of the Syndicate, their authorized agents or SCSBs to register their Bids, during the Bidding Period. The members of the Syndicate and the SCSBs shall accept Bids from the all Bidders and shall have the right to vet the Bids, during the Bidding Period in accordance with the terms of the Syndicate Agreement and the Red Herring Prospectus.

(d) The Bidding Period shall be for a minimum of three working days and not exceeding 10 working days (including the days for which the Issue is open in case of revision in Price Band). In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in widely circulated national newspapers (one in each English and Hindi) together with an indication of such change on the websites of the BRLMs and SCSBs and at the terminals of the Syndicate Member(s).

(e) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details see "***Bids at Different Price Levels***" below, within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation / Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

(f) Except in relation to the Bids received from the Anchor Investors, the members of the Syndicate or the SCSB 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.

(g) With respect to ASBA Bidders, upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid.

(h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "***Payment Instructions***" on page 244**.**

Bids at Different Price Levels

(a) The Price Band and the minimum Bid lot size shall be decided by our Company in consultation with the BRLMs and advertised at least two Working Days prior to the Bid Opening Date, in widely circulated national newspapers (one in each English and Hindi) at least two days prior to the Bid Opening Date.

(b) Our Company, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bidding Period in accordance with the ICDR Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed at least two days prior to the Bid Opening Date and the Cap Price will be revised accordingly.

(c) In case of revision in the Price Band, the Bidding Period will be extended for at least three additional days after revision of Price Band subject to a maximum of 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice in widely circulated national newspapers (one in each English and Hindi) and also by indicating the change on the websites of the BRLMs, SCSBs and at the terminals of the Syndicate Member(s).

(d) Our Company in consultation with the BRLMs can finalize the Issue Price and Anchor Investor Issue Price within the Price Band in accordance with this section, without the prior approval of or intimation to the Bidders.

(e) The Bidder 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. Only Retail Individual Bidders may Bid at Cut-off Price. However, Bidding at Cut-off Price is prohibited for QIB or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.

(f) Retail Individual Bidders 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 Bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Account(s). In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders who Bid at Cut-off Price shall receive the refund of the excess amounts from the Escrow Account(s). In case of ASBA Bidders bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSB's to block amounts based on the Cap Price.

(g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment or instruct to block additional amount based on the revised Cap Price (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders Bidding at the Cut-off Price, if the Bidder wants to continue to Bid at Cut-off Price), with the Syndicate Member or Designated Branch of the SCSB to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders Bidding at the Cut-off Price, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid, make additional payment or block additional amount and the Issue Price is higher than the Cap Price prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that the no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

(h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding would be refunded from the Escrow Account(s).

(i) 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.

Terms of Payment and Payment into the Escrow Account(s)

For details see "***Issue Procedure-Payment Instructions***" on page 244.

Electronic Registration of Bids

(a) The members of the Syndicate and SCSBs will register the Bids received, except Bids received from Anchor Investors, using the on-line facilities of the Stock Exchanges. Details of Bids in the Anchor Investor Portion will not be registered on the online facilities of the Stock Exchanges. There will be at least one online connectivity in each city, where the Stock Exchanges are located in India and where such

Bids are being accepted.

(b) The Stock Exchanges will offer a screen-based facility for registering such Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents and the SCSBs during the Bidding Period. The Syndicate Member(s) and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that it will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis.

(c) On the Bid Closing Date, the members of the Syndicate and the Designated Branches of the SCSBs shall upload the Bids until such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs on a regular basis. Bidders are cautioned that a high inflow of Bids typically experienced on the last day of the Bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such Bids that could not uploaded will not be considered for allocation. Bids will only be accepted on Working Days, i.e., Monday to Friday (excluding any public holiday).

(d) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges a graphical representation of consolidated demand and price would be made available at the bidding centres and at the websites of each of the Stock Exchanges during the Bidding Period.

(e) At the time of registering each Bid, the members of the Syndicate or the Designated Branches of the SCSBs in case of ASBA Bids shall enter the following details of the investor in the electronic system:

- Name of the Bidder(s)- Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depositary Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

- Investor Category – Individual, Corporate, Eligible NRI, FII, or Mutual Fund, QIBs, etc.

- Numbers of Equity Shares Bid for.

- Bid Amount.

- Bid cum Application Form number.

- Whether Margin Amount has been paid upon submission of Bid cum Application Form.

- Depository Participant Identity ("**DP ID**") and Client Identification Number of the beneficiary account of the Bidder.

- PAN.

(f) A system generated TRS will be given to the Bidder as a proof of the registration of each of the Bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate or Designated Branches.** The registration of the Bid by the member of the Syndicate or the Designated Branches does not guarantee that the Equity Shares shall be allocated / Allotted.

(g) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(h) The permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, and / or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

(i) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate or the Designated Branches, the decision of the BRLMs based on the physical records of Bid Application Forms shall be final and binding on all concerned.

Build Up of the Book and Revision of Bids

(a) Bids registered by various Bidders, except Anchor Investors, through the members of the Syndicate and SCSBs shall be electronically transmitted to the Stock Exchanges mainframe on a regular basis.

(b) The book gets built up at various price levels. This information will be available with the BRLMs and the Designated Branches 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 (including the price per Equity Share). 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 revised, in the Revision Form. The members of the Syndicate and the Designated Branches will not accept incomplete or inaccurate Revision Forms.

(e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate or the Designated Branch of the SCSB 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 Red Herring Prospectus.

(g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate or Designated Branches, as applicable. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

Price Discovery and Allocation

(a) Based on the demand generated at various price levels, the Company in consultation with the BRLMs shall finalize the Issue Price.

(b) Allocation to Anchor Investors shall be at the discretion of our Company in consultation with the BRLMs, subject to compliance with the ICDR Regulations. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLMs before the Bid Opening Date.

(c) Under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be met with spill over from any other category at the sole discretion of our Company and in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds in the Mutual Fund Portion is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange. If at least 50% of the Issue is not allocated to QIBs, the entire subscription monies shall be refunded.

(d) Allocation to Non-Residents, Eligible NRIs, FIIs, FVCIs and venture capital funds registered with the SEBI applying on repatriation basis will be subject to applicable law.

(e) The BRLMs, in consultation with our Company, shall notify the members of the Syndicate of the Issue Price and Anchor Investor Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

(f) Our Company reserves the right to cancel the Issue any time after the Bid Opening Date, but before the Allotment without assigning any reasons whatsoever. In terms of the ICDR Regulations, QIB Bidders Bidding in the QIB Portion shall not be allowed to withdraw their Bid after the Bid Closing Date. Further Anchor Investors shall not be allowed to withdraw their Bid after the Anchor Investor Bidding Date.

(g) The basis of 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 and the Syndicate Member(s) intend to enter into an Underwriting Agreement on or immediately after finalization of the Issue Price.

(b) After signing the Underwriting Agreement, the updated Red Herring Prospectus will be filed by our Company with the RoC in terms of Section 56, 60 and 60B of the Companies Act, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Anchor Investor Issue Price, Issue size and 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 registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the ICDR Regulations in widely circulated national newspapers (one in each English and Hindi).

Advertisement regarding Issue Price and Prospectus

Our Company will issue a statutory advertisement in widely circulated national newspapers (one in each English and Hindi) after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

(a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs or the Registrar shall send to the members of the Syndicate and SCSBs a list of their Bidders who have been allocated/ Allotted Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders (excluding Anchor Investors) may be done simultaneously with or prior to the approval of the basis of Allotment for the Retail and Non-Institutional Bidders. However, investors should note that our Company shall ensure that instructions for the demat credit of the Equity Shares to all investors in this Issue shall be delivered on the date of Allotment (which shall be the same date for all investors in this Issue). For Anchor Investors, see "***Notice to Anchor Investors: Allotment/Reconciliation and Revised CANs***"

(b) The BRLMs or the Syndicate Member(s) would dispatch a 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 entire Issue Price or Anchor Investor Issue Price, as may be applicable, for all the Equity Shares allocated to such Bidder. QIB Bidders (including Anchor Investors) who have not paid the entire Bid Amount into the Escrow Account(s) at the time of Bidding shall pay in full the amount payable into the Escrow Account(s) by the Pay-in Date specified in the CAN.

(c) Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the

Escrow Account(s) at the time of Bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account(s). The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.

(d) The Issuance of CAN is subject to "***Notice to Anchor Investors: Allotment Reconciliation and Revised CANs***" and "***Notice to QIBs: Allotment Reconciliation and Revised CANs***" as provided below.

Notice to Anchor Investors: Allotment Reconciliation and Revised CANs

After the Anchor Investor Bidding Date, a physical book will be prepared by the Registrar on the basis of Bid cum Application Forms received in the Anchor Investor Portion. Based on the physical book and at the discretion of our Company and the BRLMs, select Anchor Investors may be sent a CAN, within two Working Days of the Anchor Investor Bidding Date, indicating the number of Equity Shares that may be allocated to them. The provisional CAN shall constitute a valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the Anchor Investor to pay the entire Anchor Investor Issue Price for all the Equity Shares allocated to such Anchor Investor. This provisional CAN and the final allocation is subject to (a) physical application being valid in all respects along with stipulated documents being received by the Registrar to the Issue, (b) the Issue Price being finalized at a price not higher than the Anchor Investor Issue Price, and (c) allotment by the Board of Directors. In the event of a technical rejection, or in the event the Issue Price is fixed higher that the Anchor Investor Issue Price, a revised CAN may be sent to Anchor Investors and the price of the Equity Shares in such revised CAN may be different from that specified in the earlier CAN. Anchor Investors 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 or price of Equity Shares, which shall in no event be later than two Working Days after the Bid Closing Date. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

Notice to QIBs Bidding in the QIB Portion: Allotment/Transfer Reconciliation and Revised CAN

After the Bid Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the Stock Exchange systems. This shall be followed by a physical book prepared by the Registrar on the basis of the Bid cum Application Forms received. Based on the electronic book or the physical book as the case may be, QIBs Bidding in the QIB Portion may be sent a provisional CAN, after the Bid Closing Date, indicating the number of Equity Shares that may be allocated to them. This provisional CAN and the final allocation is subject to (a) the basis of final Allotment, which will be approved by the Designated Stock Exchange, (b) physical application being valid in all respects along with stipulated documents being received by the Registrar to the Issue, and (c) allotment by the Board of Directors. Subject to the ICDR Regulations, certain Bids may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN shall constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

(a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid Closing Date. After the funds are transferred from the Escrow Account(s) to the Public Issue Account on the Designated Date and appropriate requests to the Designated Branches for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Bidders to the Public Issue Account.

(b) In accordance with the ICDR Regulations, Equity Shares will be issued, transferred and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

General Instructions

Do's:

(a) Check if you are eligible to apply as per the terms of the Red Herring Prospectus under applicable laws, rules and regulations;

(b) Ensure that you have Bid within the Price Band;

(c) Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour), the Non-Resident Bid cum Application Form (blue in colour), the Anchor Investor Bid cum Application Form (white in colour) or the ASBA Bid cum Application Form ([●] in colour) as the case may be;

(d) Ensure that the details about Depository Participant and Beneficiary Account are correct, and the Beneficiary Account is activated, as Allotment of Equity Shares will be in the dematerialized form only;

(e) Ensure that the Bids are submitted at the Bidding centres only on forms bearing the stamp of a member of the SCSBs in case of ASBA Bidders;

(f) With respect to ASBA Bidders ensure that your Bid is submitted at a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilised by the ASBA Bidder for Bidding has a Bank Account. Further, ensure that the ASBA Bid cum Application Form is signed by the account holder in case the Bidder is not the account holder;

(g) Ensure that you have funds equal to the Bid Amount in your bank account of the Designated Branch of the SCSB;

(h) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;

(i) Ensure that you have been given a TRS for all your Bid options;

(j) Submit revised Bids to the same member of the Syndicate or Designated Branch of the SCSB through whom the original Bid was placed and obtain a revised TRS;

(k) Except for Bids (i) on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Bidders should mention their Permanent Account Number (PAN) allotted under the I.T. Act. Applications in which the PAN is not mentioned will be rejected;

(l) Ensure that the Demographic Details (as defined below) are updated, true and correct in all respects; and

(m) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

(a) Do not Bid for lower than the minimum Bid size;

(b) Do not submit a Bid though ASBA process if you are a QIB;

(c) Do not submit a Bid without payment of the applicable Margin Amount;

(d) Do not Bid / revise the Bid to less than the Floor Price or higher than the Cap Price;

(e) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the

Syndicate or the Designated Branch;

(f) Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest and in relation to ABSA Bidders in any other mode other than blocked amounts in the bank accounts maintained by SCSBs;

(g) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate or Designated Branch only;

(h) Do not Bid at the Cut-off Price (for QIB Bidders and Non-Institutional Bidders);

(i) In case of Retail Bidders, do not submit a Bid with a Bid Amount exceeding Rs. 100,000;

(j) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceed the Issue size and / or investment limit or maximum number of Equity Shares that can be held under applicable laws or regulations or the maximum amount permissible under applicable regulations;

(k) Do not submit more than five ASBA Bid cum Application Forms per bank account;

(l) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Instructions for Completing the Bid cum Application Form

Bids and revisions of Bids must be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.

(b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.

(c) For Retail Individual Bidders (including Eligible NRIs) the Bid must be for a minimum of [•] Equity Shares and in multiples of [•] thereafter subject to a maximum Bid Amount of Rs. 100,000.

(d) For Non-Institutional Bidders and QIB Bidders Bidding in the QIB Portion, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or is equal to Rs. 100,000 and in multiples of [•] Equity Shares thereafter. Anchor Investors must ensure that their Bids must make a minimum Bid of such number of Equity Shares that the Bid Amount is at least Rs. 100 million. Bids cannot be made for over the Issue size.

(e) Bids by Non Residents, Eligible NRIs, FIIs and Foreign Venture Capital Funds registered with the SEBI on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

(f) In a single name or in joint names (not more than three and in the same order in which they appear in the beneficiary account held with the Depository Participant).

(g) 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.

(h) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.

Bids by Anchor Investors

The Company may consider participation by Anchor Investors in the QIB Portion for up to 30% of the QIB Portion in accordance with the ICDR Regulations. Only QIBs as defined in Regulation 2(1)(zd) of the ICDR Regulations and not otherwise excluded pursuant to Schedule XI of the ICDR Regulations are eligible to invest. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor Portion. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. In accordance with the ICDR Regulations, the key terms for participation in the Anchor Investor Portion are provided below.

(a) Anchor Investors Bid cum Application Forms will be made available for Anchor Investor Portion at our Registered Office, members of the Syndicate and the Registrar to the Issue.

(b) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds Rs. 100 million. A Bid cannot be submitted for more than 30% of the QIB Portion. In case of a Mutual Fund registered with the SEBI, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of Rs. 100 million.

(c) One-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds.

(d) The Bidding for Anchor Investors shall open one day before the Bid Opening Date and shall be completed on the same day.

(e) The Company, in consultation with the BRLMs, shall finalize allocation to the Anchor Investors on a discretionary basis. Provided that the minimum number of Allottees in the Anchor Investor Portion shall not be less than:

- two, where the allocation under Anchor Investor Portion is up to Rs. 2,500 million; and
- five, where the allocation under Anchor Investor Portion is over Rs. 2,500 million.

(f) Allocation to Anchor Investors shall be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLMs before the Bid Opening Date.

(g) Anchor Investors shall pay Anchor Investor Margin Amount representing 25% on the Bid Amount at the time of submission of the Bid. Any difference between the amount payable by the Anchor Investor for Equity Shares allocated and the Anchor Investor Margin Amount paid at the time of Bidding, shall be payable by the Anchor Investor within two Working Days of the Bid Closing Date. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date.

(h) In the event that the Issue Price is greater than the Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price shall be paid by the Anchor Investors by the Pay-in-Date. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Allotment to Anchor Investors shall be at the higher price i.e. the Anchor Investor Issue Price.

(i) The Equity Shares Allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment in the Issue.

(j) None of the BRLMs or any person related to the BRLMs, Promoters, or Group Entities shall participate in the Anchor Investor Portion. The parameters for selection of the Anchor Investors shall be clearly identified by the BRLMs and shall be made available as part of the records of the BRLMs for inspection by the SEBI.

(k) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

Additional details, if any, regarding participation in the Issue under the Anchor Investor Portion shall be disclosed in the advertisement for the Price Band which shall be published by our Company in widely circulated national newspapers (one in each English and Hindi) at least two Working Days prior to the Bid Opening Date.

The Red Herring Prospectus, in so far as it relates to terms of the Issue should be read in conjunction with the aforementioned paragraphs, to the extent applicable.

Bidder's Depository Account and Bank Account Details

Bidders should note that on the basis of DP ID and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidder's bank account details, Magnetic Ink Character Recognition ("**MICR**") code and occupation (the "**Demographic Details**"). These Demographic Details would be used for giving refunds (including through physical refund warrants, direct credit, ECS, NEFT and RTGS) to the Bidders, CANs, allocation advice and it is mandatory to provide the bank account details in the space provided in the Bid cum Application Form. Hence, Bidders are advised to immediately update their Bank Account details and Demographic Details as appearing on the records of the Depository Participant and ensure they are true and correct. Please note that failure to do so could result in delays in dispatch/credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Registrar to the Issue nor the Escrow Collection Banks or SCSBs nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER IN THEIR BID CUM APPLICATION FORMS. BIDDERS MUST ENSURE THAT THE NAME GIVEN IN THEIR BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. ADDITTIONALLY, THE PERMANENT ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM OR THE ASBA BID CUM APPLICATION FORM SHOULD BE EXACTLY THE SAME AS PROVIDED IN THE DEPOSITORY ACCOUNT. 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.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders (where refunds are not being made electronically) / Allocation Advice / CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders / allocation advice / CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither our Company, nor the Escrow Collection Bank(s) nor the BRLMs, shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars obtained from the Depository Participant are incorrect.

In case no corresponding record is available with the depositories, which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the DP ID and the beneficiary's identity, then such Bids are liable to be rejected.

Our Company in its absolute discretion, reserves 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 or 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 Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with the SEBI on a repatriation basis

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only, at the prevailing exchange rate and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the

Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids under Power of Attorney

In case of Bids (including ASBA Bids) made pursuant to a power of attorney by limited companies, corporate bodies or registered societies, FIIs, Mutual Funds, Insurance companies and provident funds with a minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with a minimum corpus of Rs. 250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In addition to the above, certain additional documents are required to be submitted by the following entities:

(a) With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.

(b) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.

(c) With respect to Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with a minimum corpus of Rs. 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company, in consultation with the BRLMs, may deem fit.

Payment Instructions

Escrow Mechanism for Bidders other than ASBA Bidders

The Company and the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) 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 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 the Escrow Agreement. The Escrow Collection Banks for and on behalf of the Bidders shall maintain the monies in the Escrow Account until the Designated Date. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account are per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the Syndicate, the Escrow Collection Banks and the Registrar to the Issue to facilitate collections from the Bidders.

Payment into Escrow Account for Bidders other than ASBA Bidders

Each Bidder (other than ASBA Bidders) shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

(a) Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned in "***Issue Structure***" on page 222.

(b) The Bidders for whom the applicable Margin Amount is equal to 100%, shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.

(c) In case of Bids by QIBs, the balance amount shall be paid by the QIBs into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.

(d) The payment instruments for payment into the Escrow Account should be drawn in favour of:

- In case of Resident QIB Bidders: "[●]"
- In case of Non Resident QIB Bidders: "[●]"
- In case of Resident Retail and Non-Institutional Bidders: "[●]"
- In case of Non-Resident Retail and Non-Institutional Bidders: "[●]"

(e) Anchor Investors would be required to pay the Anchor Investor Margin Amount, i.e. at least 25% of the Bid Amount, at the time of submission of the Bid cum Application Form by drawing a cheque or demand draft for the Bid Amount in favour of the Escrow Account of the Escrow Collection Bank(s)and submit the same to the member of the Syndicate to whom the Bid cum Application Form is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The balance amount shall be payable within two Working Days of the Bid Closing Date. In the event of Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.

Our Company, in consultation with the GCBRLMs and the BRLMs, in their absolute discretion, shall decide the list of Anchor Investors to whom the provisional CAN or CAN shall be sent, pursuant to which the details of the Equity Shares allocated to them and the details of the amounts payable for Allotment of such Equity Shares in their respective names shall be notified to such Anchor Investors.

For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

- In case of resident Anchor Investors: "[●]"
- In case of non-resident Anchor Investors: "[●]"

(f) In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of NRO Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

(g) In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

(h) 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.

(i) The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.

(j) 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 Public Issue Account with the Bankers to the Issue.

(k) On the Designated Date and no later than 15 days from the Bid Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.

(l) 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.

(m) In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.

(n) Bidders are advised to mention the number of the Bid cum Application Form on the reverse of the cheque /demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/ rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of Bid cum Application Form, failure of the Issue or for unsuccessful Bid cum Application Forms, the Registrar shall give instructions to the SCSB to unblock the Bid Amount in the relevant bank account within one day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Payment by Stockinvest

Payment through stockinvest would not be accepted in this Issue.

Submission of Bid Cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

With respect to ASBA Bidders, the ASBA Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate or SCSB will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Other Instructions

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three and in the same order in which they appear in the beneficiary account held with the Depository Participant). In the case of joint Bids, all payments will be made in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (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 case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with the SEBI and such Bids in respect of over 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. Anchor Investors can Bid under the Anchor Investor Portion and also in the QIB Portion (excluding Anchor Investor Portion) and such Bids shall not be treated as multiple Bids.

An ASBA Bidder cannot Bid, either in physical or electronic mode, on another ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form after bidding on ASBA Bid cum Application Form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or uploaded by the ASBA Bidder, as the case may be. Submission of a second ASBA Bid cum Application Form or a Non-ASBA Bid cum Application Form to either the same or to another Designated Branch of the SCSB will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the Allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the "***Build up of the Book and Revision of Bids***" above.

Our Company, reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are provided below.

(a) All applications with the same name and age will be accumulated and taken to a separate process file, which would serve as a multiple master.

(b) In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.

(c) The Registrar will obtain from the Depositories details of the Bidder's address based on the DP ID and Beneficiary Account Number provided in the Bid cum Application Form and create an address master.

(d) The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.

(e) The applications will be scrutinised for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.

(f) Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications (excluding ASBA Bids) physically verified to tally signatures as also father's / husband's names. On completion of this verification, the applications will be identified as multiple applications.

'PAN' or 'GIR' Number

The Bidders, or in the case of a Bid in joint names, each of the Bidders, should mention his/ her Permanent Account Number (PAN) allotted under the I.T. Act. In accordance with the ICDR Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. **Any Bid cum Application Form without the PAN is liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground**.

Right to Reject Bids

In case of QIB Bidders Bidding in the QIB Portion, our Company in consultation with the BRLMs may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. Provided that, our Company in consultation with the BRLMs, reserves the right to reject any Bid received from Anchor Investors without assigning any reasons. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company has a right to reject Bids based on technical grounds only. Consequent refunds shall be made through any of the modes described in the Red Herring Prospectus and will be sent to the Bidder's address at the Bidder's risk.

With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, the Company would have a right to reject the ASBA Bids only on technical grounds.

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 value of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;

2. Application on plain paper;

3. Age of First Bidder not given;

4. 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;

5. Bid by persons not competent to contract under the Indian Contract Act, 1872, as amended, including minors, insane persons;

6. PAN not stated (except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts);

7. Bids for lower number of Equity Shares than specified for that category of investors;

8. Bids at a price less than the Floor Price;

9. Bids at a price over the Cap Price;

10. Bids at Cut off Price by Non-Institutional Bidders and QIB Bidders;

11. Bids by QIBs through the ASBA process;

12. Submission of more than five ASBA Bid cum Application Forms per bank account;

13. Bids for number of Equity Shares which are not in multiples of [●];

14. Category not ticked;

15. Multiple Bids as described in the Red Herring Prospectus;

16. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;

17. Bids accompanied by stockinvest / money order / postal order / cash;

18. Signature of sole and / or joint Bidders missing. In addition, with respect to ASBA Bids, the Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;

19. Bid cum Application Form does not have the stamp of the BRLMs the Syndicate Member(s**)** or Designated Branches**;**

20. Bid cum Application Form does not have Bidder's depository account details or the details given are incomplete;

21. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form, Bid Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;

22. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the DP ID and the beneficiary's account number;

23. With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;

24. Bids in respect whereof the Bid cum Application Form do not reach the Registrar to the Issue prior to the finalisation of the Basis of Allotment;

25. Bids by persons located in the United States who are not 'qualified institutional buyers' as defined in Rule 144A of the Securities Act;

26. Bids for amounts greater than the maximum permissible amounts prescribed by applicable regulations;

27. Bids by QIBs not submitted through the Syndicate;

28. Bids by OCBs;

29. Bids where clear funds are not available in the Escrow Accounts as per the final certificate from the Escrow Collection Banks;

30. Bids not uploaded in the book would be rejected;

31. Bids or revision thereof by QIB Bidders and Non-Institutional Bidders uploaded after 4.00 P.M. on the Bid Closing Date;

32. Bank account details for the refund not given;

33. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

34. Bids by persons who are not eligible to acquire Equity Shares of our Company in terms of all applicable laws, rules, regulations, guidelines and approvals; and

35. Bids that do not comply with the securities laws of their respective jurisdictions.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in dematerialized form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue;

a) Agreement dated [●], 2010, with NSDL, our Company and [●];

b) Agreement dated [●], 2010, with CDSL, our Company and [●].

All Bidders can seek Allotment only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and DP ID) appearing in the Bid cum Application Form or Revision Form.

c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

h) The trading of the Equity Shares of our Company would be in dematerialized form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this 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, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

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 Equity Shares in the respective beneficiary accounts, refunds, etc.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, provided below.

"*Any person who:*

(a) *makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*

(b) *otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,*

shall be punishable with imprisonment for a term which may extend to five years."

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

- The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate basis of Allotment, see below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

- The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

- In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of Allotment see below.

C. For QIBs in the QIB Portion (excluding the Anchor Investor Portion)

Bids received from the QIB Bidders Bidding in the QIB Portion, at or above the Issue Price, shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price. Allotment shall be undertaken in the following manner:

- In the first instance allocation to Mutual Funds for 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be determined as provided below.

(a) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion (excluding the Anchor Investor Portion), allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB Portion.

(b) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion (excluding the Anchor Investor Portion), then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.

(c) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;

- In the second instance Allotment to all QIBs shall be determined as provided below.

(i) In the event of oversubscription in the QIB Portion (excluding Anchor Investor 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 (excluding Anchor Investor Portion), if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

The aggregate allocation to QIB Bidders shall be at least [●] Equity Shares.

D. For Anchor Investors

Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of our Company, in consultation with the BRLMs, subject to compliance with the following requirements:

- not more than 30% of the QIB Portion will be allocated to Anchor Investors;

- at least one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors;

- Allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation up to Rs. 2,500 million and a minimum number of five Anchor Investors for allocation more than Rs. 2,500 million.

The number of Equity Shares Allotted to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the BRLMs before the Bid Opening Date. The method of proportionate basis of Allotment is stated below.

Illustration of Allotment to QIBs and Mutual Funds ("MF") in the QIB Portion (excluding the Anchor Investor Portion)

Issue Details

Sr. No.	Particulars	Issue details
1	Issue size	2,000 million equity shares
2	Portion available to QIBs*	1,000 million equity shares
3	Anchor Investor Portion	300 million
4	Portion available to QIBs* other than anchor investors [(2) – (3)]	700 million equity shares
	Of which	
	Reservation to MF (5%)	35 million equity shares
	Balance for all QIBs including MFs	665 million equity shares
5	No. of QIB applicants	10
6	No. of shares applied for	5,000 million equity shares

** Where 50% of the issue size is required to be allotted to QIBs.*

(1) *Details Of QIB Bids*

S. No.	Type of QIB bidders	No. of shares bid for (in million)
1	A1	500
2	A2	200
3	A3	1,300
4	A4	500
5	A5	500
6	MF1	400
7	MF2	400
8	MF3	800
9	MF4	200
10	MF5	200
	TOTAL	**5,000**

A1-A5 (QIB bidders other than MFs)
MF1-MF5 (QIB bidders which are MFs)

(2) *Details of Allotment to QIB Bidders/Applicants*

(No. of equity shares in million)

Type of QIB bidders	Equity shares bid for	Allocation of 35 million equity shares to MFs proportionately (See Note 2)	Allocation of balance 665 million equity shares to QIBs proportionately (See Note 4)	Aggregate allocation to MFs
A1	50	0	66.50	0
A2	20	0	26.60	0
A3	130	0	172.90	0
A4	50	0	66.50	0
A5	50	0	66.50	0
MF1	40	7	53.20	60.20
MF2	40	7	53.20	60.20
MF3	80	14	106.40	120.40
MF4	20	3.50	26.60	30.10
MF5	20	3.50	26.60	30.10
	500	**35**	**665**	**301**

Please note:

(a) The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in "***Issue Structure***" on page 222.

(b) Out of 700 million equity shares allocated to QIBs, 35 million (i.e. 5%) will be allocated on proportionate basis among 5 mutual fund applicants who applied for 200 shares in QIB category.

(c) The balance 665 million equity shares [i.e. 700 – 35 (available for MFs)] will be allocated on proportionate basis among 10 QIB applicants who applied for 500 shares (including 5 MF applicants who applied for 200 shares).

(d) The figures in the fourth column titled *"Allocation of balance 665 million equity shares to QIBs proportionately"* are arrived as under :

- For QIBs other than mutual funds (A1 to A5) = No. of shares bid for (i.e Col II) X 66.5 / 496.5

- For mutual funds (MF1 to MF5) = {(No. of shares bid for (i.e Col II) less shares allotted (i.e., col. III)} X 665 / 4,965
- The numerator and denominator for arriving at allocation of 665 million shares to the 10 QIBs are reduced by 35 million shares, which has already been allotted to mutual funds at Col. No. (III).

Method of Proportionate Basis of Allotment

Except in relation to Anchor Investors, in the event of the Issue being over-subscribed, our Company shall finalize the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalized in a fair and proper manner.

Except in relation to Anchor Investors, the Allotment shall be made in marketable lots, on a proportionate basis as explained below.

(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 the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

(c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

(d) In all Bids where the proportionate Allotment is less than [•] Equity Shares per Bidder, the Allotment shall be made as provided below.

- Each successful Bidder shall be Allotted a minimum of [•] Equity Shares; and

- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

(e) If the proportionate Allotment to a Bidder is a number that is over [•] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be Allotted Equity Shares arrived at after such rounding off.

(f) If the Equity Shares allocated on a proportionate basis to any category are over the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Subject to valid Bids being received, Allotment of Equity Shares to Anchor Investors will be at the discretion of our Company, in consultation with the BRLMs.

Payment of Refund

Bidders other than ASBA Bidders, must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar will obtain, from the Depositories, the Bidders' address, bank account details, including the nine digit MICR code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar, the Bankers to the Issue, nor the

BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, for Bidders, would be done through various modes in the following order of preference:

1. Direct Credit – Bidders having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.

2. RTGS – Bidders having a bank account with a bank branch which is RTGS enabled as per the information available on the website of RBI and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible Bidders who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid cum Application Form. In the event the same is not provided, refund shall be made through NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the Bidder's bank receiving the credit would be borne by the Bidder.

3. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the Bidders' bank branch is NEFT enabled and has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR) code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with MICR code. Wherever the Bidders 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 Bidders through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the Registrars to the Issue. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in this section.

4. NECS – Payment of refund would be done through NECS for Bidders having an account at any of the centres specified by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the nine digit MICR code from the Depositories. The payment of refunds is mandatory for Bidders having a bank account at any of the abovementioned centres, except where the Bidder, being eligible, opts to receive refund through direct credit or RTGS.

5. For all other Bidders, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Disposal of applications and application moneys and interest in case of delay

With respect to Bidders other than ASBA Bidders, the Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges after the Allotment of Equity Shares.

In case of Bidders who receive refunds through ECS, NEFT direct credit or RTGS, the refund instructions will be given to the clearing system within 15 (fifteen) days from the Bid Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 15 (fifteen) days of Bid Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven Working Days of the date of finalization of the Basis of Allotment of the Equity Shares.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the ICDR Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialized form within 15 days of the Bid Closing Date;

- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 days of the Bid Closing Date would be ensured, with respect to ASBA Bidders' instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 15 days from the Bid Closing Date; and

- Our Company shall pay interest at 15% per annum for any delay beyond the period mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the time prescribed above as per the ICDR Regulations.

Letters of Allotment or Refund Orders

Bidders residing at the centres where clearing houses are managed by the RBI, will get refunds through ECS only except where Bidder is otherwise disclosed as eligible to get refunds through direct credit and RTGS. The Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid Closing Date. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 15 days of the Bid Closing Date. In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 15 days of the Bid Closing Date.

Interest in case of delay in dispatch of Allotment letters / refund orders

Allotment of securities offered to the public shall be made not later than 15 days from the Bid Closing Date. We shall pay interest at 15% per annum if the Allotment letters / refund orders have not been dispatched to the Bidders or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid Closing Date.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by the Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Undertakings by our Company

Our Company undertakes the following:

- That the complaints received in respect of this Issue shall be attended to by the Company expeditiously and satisfactorily;

- That all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven Working Days of finalisation of the basis of Allotment;

- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer;

- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Bidder within 15 days of the Bid Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- That the Promoters' contribution in full has already been brought in;

- That the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time;

- That no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and

- That adequate arrangements shall be made to collect all ASBA Bids and to consider them similar to non-ASBA applications while finalizing the basis of Allotment.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue anytime after the Bid Opening Date but before the Allotment of Equity Shares. In such an event the Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid Closing Date, providing reasons for not proceeding with the Issue. The Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed.

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 only after Allotment and within seven working days of finalization of Basis of Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the Stock Exchanges.

In the event our Company withdraws the Issue after the Bid Closing Date, our Company shall file a fresh offer document with the SEBI in the event it subsequently decides to proceed with its initial public offering.

Utilization of Issue Proceeds

The Board of Directors declares that:

- All monies received out of this Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

- Details of all monies utilized out of the Issue 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;

- Details of all unutilized monies out of the 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 invested.

SECTION VIII - MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to Schedule II of the Companies Act, and the ICDR Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures, their consolidation or splitting are as provided below. Each provision below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

Applicability of Table 'A'

Subject as hereinafter provided, the regulations contained in Table 'A' in schedule 'I' of the Companies Act shall apply to the Company.

SHARE CAPITAL

The authorized share capital of the Company shall be such amount and be divided into such shares as may from time to time be provided in Clause V of the Memorandum of Association with rights, privileges and conditions attaching thereto as are provided by these presents with power to sub-divide, consolidate, classify and increase or decrease the capital and with power from time to time to issue any shares of the original capital or any new capital with and subject to such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with these presents and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Act, or provided by these presents.

Further issue of shares

3. (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 (30) days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;

(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (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 sub-clause (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 GoI is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

(3) Nothing in sub-clause (c) of (1) hereof shall be deemed :

(a) To extend the time within which the offer should be accepted; or

(b) To 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:

(a) To convert such debentures or loans into shares in the company ; or
(b) 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 GoI 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 GoI in this behalf, has also been approved by the special resolution passed by the Company in a general meeting before the issue of the loans.

(5) Subject to the provisions of applicable laws, the Company shall also have the right to issue non voting shares or shares with differential voting rights.

4. Notwithstanding anything contained in these Articles, every holder of shares in or debentures of the Company may at any time nominate in the manner prescribed under the Act, a Person to whom his shares in or debentures of the Company shall vest in the event of his death. Such nomination and right of nominee to be registered as holder of shares/debentures as the case may be or for transfer of the shares/debentures as the case may be shall be governed by the provisions of Sections 109A and 109B and other applicable provisions of the Act.

SHARES AT THE DISPOSAL OF THE DIRECTORS

5. 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 or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the Company in a 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 a general meeting.

PREFERENCE SHARES

6. Subject to the other provisions of these Articles and of the Act, the Company shall have the power to issue preference shares.

7. The preference shares shall be redeemed out of the profits of the Company or by way of fresh issue of capital or in any other manner permissible by law, as may be decided by the Board at the time of issue of preference shares.

PAYMENT IN ANTICIPATION OF CALL MAY CARRY INTEREST

8. 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 up in advance of calls shall not in respect thereof confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.The members shall not be entitled to any voting rights in respect of the monies 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.

If a sum called in respect of the shares of Company is not paid within time, as may be prescribed by the Board of Directors of the Company, the sum due may be called upon to be paid along with interest thereon from the day of payment thereof to the time of actual payment at such rate as the Board may determine.

FORFEITURE

9. (a) If any member fails to pay the whole or any part of call or installment or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may at any time thereafter during such time as the call or installment or any part thereof and other moneys remain unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or on the Person (if any) entitled to the share by transmission requiring him to pay such call or installment or such part thereof of other moneys as remain unpaid together with any interest that may have accrued and all expenses (legal or otherwise) that may have been incurred by the Company by reason of such non payment.

(b) The notice shall name a day (not being less than one month from the date of service of the notice) on or before which and the place or places at which such call or installment or such part thereof and other moneys as aforesaid and such interest and expenses as aforesaid are to be paid, and if payable to any Person other than and expenses as aforesaid are to be paid, and if payable to any Person other than the Company, the Person to whom such payment is to be made. The notice shall also state that in the event of non-payment at or before the time and if payable to any Person other than the Company at the place appointed the shares in respect of which the call was made or installment is payable will be liable to be forfeited.

(c) If the requirement of any such notice as aforesaid shall not be complied with, any of the shares in respect of which such notice has been given, may at any time thereafter but before payment of all calls or installment interests and expenses and other moneys due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture, subject to Section 205 of the Act.

COMPANY'S LIEN ON SHARES / DEBENTURES

10. (a) The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all monies(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.

(b) Fully paid-up share shall be free from all lien and in the case of partly paid-up shares the Company's lien shall be restricted to moneys called or payable at a fix time in respect of such shares.

BUY BACK OF SHARES

11. The Company shall be entitled to purchase its own shares or other securities, subject to such limits, upon such terms and conditions and such approvals as required under the provisions of the Act and all other applicable law, as may be in force.

IV. TRANSFER AND TRANSMISSION OF SHARES

12. The instrument of transfer shall be a common form of transfer in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. Every instrument of transfer shall be left at the registered office of the Company duly stamped for registration accompanied by the certificate of the shares to be transferred and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares. The Directors may waive the production of any certificate or instrument of transfer upon satisfactory evidence to them of its loss or destruction and upon such terms as to indemnifying the Company or otherwise as the Board of Directors may think fit.

13. Any person becoming entitled to a share in consequence of the death, bankruptcy or insolvency of any member (herein referred to as a person entitled by transmission) shall produce to the Company such evidence as may be reasonably required by the Board of Directors to prove his title including in the case of death a Grant of Probate or Letters of Administration or Succession Certificate, as may be, from some competent Court in India and declare in writing his election either to be himself registered as a member in respect of the share or instead of being registered himself to make such transfer as the deceased, bankrupt or insolvent person could have made.

14. The Company may (subject to the provisions of section 78, 80, 100 to 104 inclusive, of the Act) from time to time by special resolution, reduce its share capital, any capital redemption, reserve account or any share premium account in any manner for the time being authorized by law, and in particular capital may be paid off on the footing that it may be called upon again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.

NO FEE ON TRANSFER OR TRANSMISSION

15. 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

16. 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 of Directors 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 not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

DEMATERIALIZATION OF SECURITIES

17. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing shares, debentures and other securities, rematerialize its shares, debentures and other securities held in the Depositories and/or offer its fresh shares, debentures and other securities, in a dematerialized form pursuant to the Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.

18. Every Person subscribing to securities offered by the Company shall have the option to receive Security certificates or to hold the securities with a Depository. Such a Person who is the Beneficial Owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any Security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required certificate of securities.

If a Person opts to hold his Security with a Depository, the Company shall intimate such Depository the details of allotment of the Security and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Security.

19. All securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

20. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of Security on behalf of the beneficial owner.

    Save as otherwise provided above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

21. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a Depository.

22. Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of discs.

23. Nothing contained in Section 108 of the Act shall apply to a transfer of securities effected by transfer and transferee both of whom are entered as beneficial owners in the records of a Depository.

24. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in the Depository mode.

LIMITATION OF TIME FOR ISSUE OF CERTIFICATES

25. 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 may from time to 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 certificate of shares shall be under the Seal 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.

ISSUE OF NEW CERTIFICATE IN PLACE OF ONE DEFACED, LOST OR DESTROYED

26. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is 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 this 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 the Securities Contracts (Regulation) Act, 1956 or any other Acts or rules applicable thereof in this behalf. The provision of this Article shall mutatis mutandis apply to debentures of the company.

V. TERM OF ISSUE OF DEBENTURE

27. 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 a 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 a general meeting by a special resolution.

VI. UNPAID OR UNCLAIMED DIVIDEND

28. Where the Company has declared a dividend but which has not been paid or claimed within thirty (30) days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within seven days of the date of expiry of the said period of thirty (30) days, transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the Company in that behalf in any scheduled bank.

29. Any money transferred to the unpaid dividend account of the 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 the Investor Education and Protection Fund established under Section 205C of the Act.

30. No unclaimed or unpaid dividend shall be forfeited by the Board of Directors before the claim becomes barred by law.

VII. GENERAL AUTHORITY

31. Subject to the provisions of Sections 292, 293 and 372A of the Act, the Board of Directors may, from time to time, borrow or secure the payment of any sum or sums of money and to invest/ make loans/guarantees for the purpose of the Company.

32. The Board may secure the repayment of such monies in such manner and upon such terms and conditions in all respect as it thinks fit and in particular by the issue of bonds, perpetual or redeemable debentures or debenture stock or any mortgage, charge or other security on the undertaking of the whole or any part or the property of the Company (both present and future) including its uncalled capital for the time being.

33. Debentures, debenture-stock, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

34. Subject to the provisions of Section 76 of the Act, any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption surrender, drawings, allotment of shares, appointment of Directors and otherwise.

35. Whenever any uncalled capital of the Company is charged, all person taking any subsequent charge there on shall take the same subject to such prior charge and shall not be entitled by notice to the shareholders or otherwise, to obtain property over such prior charge.

36. If the Directors or any of them, or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors 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 to becoming liable as aforesaid from any loss in respect of such liability.

VIII. GENERAL MEETING

37. Subject to the provisions of the Companies Act, 1956, the Board of Directors may, whenever it thinks fit and necessary, postpone an annual general meeting or extra ordinary general meeting that had been convened by the Board of Directors or cancel such meeting and reconvene such meeting before such meeting is held or is due to be held. This provision shall not however apply to an extra ordinary general meeting called by the members on requisition.

Provided that a general meeting may be called after giving shorter notice than the time specified in Section 171(1) of the Act, if consent is accorded thereto –

a) in the case of an annual general meeting, by all the members entitled to vote thereat;

b) in the case of any other meeting, by members of the Company (i) holding, if the Company has a share capital, not less than ninety five (95) per cent of such part of the paid-up share capital of the Company as gives a right to vote at the meeting, or (ii) having, if the Company has no share capital, not less than 95 per cent of the total voting power exercisable at that meeting.

38. Subject to the provisions herein made at any meeting of the members a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the show of hands) demanded by any one member present, and unless a poll is so demanded a declaration by the chairman that the resolution, on a show of hands, has or has not been carried, or has been carried either unanimously or by a particular majority, and an entry to that effect in the minute book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes, recorded in favour of, or against that resolution. On a poll being demanded every member present in person or by proxy shall have one vote for every equity share held by him.

39. If the copies of the documents required by the Act to be sent along with the notice of the meeting are sent less than seven days before the date of the meeting, they shall notwithstanding that fact, be deemed to have been duly sent if it is so agreed to by all the members.

IX. DIRECTORS

40. The number of Directors shall not be less than three and more than twelve (12).

41. The following are the first Directors of the Company:

1) Ms. Neerja Sharma;
2) Mr. Madhav Acharya; and
3) Mr. Vivek Goyal

42. The Board of Directors shall appoint any Director to be the Chairman of the Company, for such terms as the Board of Directors shall deem fit, who shall preside as Chairman of every board meeting and general meeting including the annual general meeting of the Company.

43. Subject to the provisions of Section 285 of the Act, the Directors may meet together for the dispatch of business and may adjourn and otherwise regulate their meetings and proceedings as they think fit and may determine the quorum necessary for the purpose of the business. Until otherwise determined and subject to Section 287 of the Act, two Directors personally present or one third of the total strength, whichever is higher, shall be the quorum. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Directors, it shall be adjourned until such date and time, as the Directors present shall appoint.

44. Remuneration of the Director shall be fixed by the Board of Directors, from time to time.

45. The sitting fee of each of the Directors shall be such sum of rupees as be fixed by the Board of Directors subject to the ceiling prescribed by the GoI from time to time as maximum permissible under first proviso Section 310 of the Act for every meeting of the Board of Directors or any committee thereof attended by him. The Directors shall be entitled to be paid their reasonable travelling and hotel and other out of pocket expenses incurred in connection with their attending the Board of Directors and committee meetings, any annual/extraordinary general meeting, any adjourned meeting thereof or otherwise incurred in the execution of their duties as Directors.

46. The Board of Directors may from time to time appoint one or more Managing Director, Executive Director, Working Director and/or Wholetime Director and shall likewise fix his/their term, remuneration, duties, authorities and powers.

47. The Board of Directors may at any time and from time to time by a power of attorney appoint any person or persons to be attorney or attorneys of the Company for such purposes and with such power, authorities or discretions (not exceeding those vested in or exercisable by the Directors under these presents) and for such period and subject to such conditions as the Directors may from time to time think fit and any such appointment (if the Directors think fit) be made in favour of any Company or members, directors, nominees or managers of any Company or firm or otherwise in favour of any floating body or persons whether nominated directly or indirectly by the Directors and any such power of attorney may contain any such powers for protection and convenience of persons dealing with such attorney as the Directors may think fit and the Attorney as aforesaid has the power to sub-delegate all or any of such powers to any of the persons authorized and the discretion for the time being vested in them.

48. The Board of Directors may from time to time entrust to and confer upon the Managing Director or the Wholetime Director such of the powers exercisable under these Articles by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such object and purposes and upon such terms and conditions and with such restrictions as they think expedient and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.

    The Managing Director, may at his discretion, sub-delegate any of the powers, vested in him to any officer of the Company, subject to his superintendence and control, and modify, restrict or revoke such powers so sub- delegated.

49. Subject to the provisions of Sections 297 and 299 of the Act notwithstanding the relation, and to the position with the Company, a Director is expressly allowed to work for the Company and specially to do the work of the Company, as provided by these Articles and to do any work of the Company upon such remuneration as the Board of Directors may from time to time decide.

50. If any Director, being willing is appointed to an executive office either whole time or part time or is called upon to perform extra services or to make any special exertions for any of the purposes of the Company or in giving special attention to the business of the Company or as a member of the committee of the Board of Directors then, subject to Section 198, 309 and 310 of the Act, the Board may remunerate the Director so doing by a fixed sum or otherwise and such remuneration may either be in addition to or in substitution for any other remuneration to which he may be entitled.

51. Subject to the provisions of Section 260 of the Act, the Board of Directors shall have the power at any time, and from time to time, to appoint a person as an Additional Director who shall hold office until the next following annual general meeting. Such person shall however be eligible for appointment by the Company at the next following annual general meeting as a director after the meetings as, if necessary, increase the number of Directors.

52. The Board of Directors shall have the power at any time and from time to time, to fill a casual vacancy occurring on account of the office of any Director being vacated. Any person appointed to fill a casual vacancy, shall hold office only upto the date which the Director in whose place he is appointed would have held office or holding of next Annual General Meeting whichever is earlier.

53. The Board of Directors shall have power to appoint an alternate director to act for a Director during his absence for a period of not less than three months from National Capital Territory of Delhi and the provisions of Section 313 of the Act shall apply.

54. The management of the business of the Company shall be vested in the Directors. The Directors may exercise all such powers and do all such acts and things as the Company is by Memorandum of Association or otherwise authorized to exercise and do, but subject nevertheless to the provisions of the Act and of the Articles and to any regulations not being inconsistent with these Articles from time to time made by the Company in a general meeting, provided that no such regulation shall invalidate any prior act of the Directors which would have been valid if such regulations had not been made.

55. The Company shall, subject to the provisions of the Act, be entitled to agree with any person, foreign collaborator, firm, financial institutions or corporation that he or it shall have right to appoint his or its nominee on the Board of Directors of the Company upon such terms and conditions as the Company may deem fit. The number of Directors including the nominee Directors shall not at any time exceed the maximum fixed under Article 40 above.

56. That no resolution shall be deemed to have been duly passed by the Board of Directors or by a Committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the directors and the committee members, whether in or outside India, as the case may be, or to all the members of the committee and has been approved by majority of them.

57. The Directors of the Company need not hold any qualification shares.

X. COMMON SEAL

58. The Board of Directors shall provide a Seal for the purpose 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 Directors shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by or under authority or by resolution of the Directors or a Committee of Directors previously given and in the presence of at least one Director and secretary, if any, or person authorized by the Board of Directors / Committee in this behalf and such Director and secretary/authorized person, shall sign every instrument to which the Seal be affixed in their/his presence. Such signatures shall be conclusive evidence of the fact that the Seal has been properly affixed.

XI. ARBITRATION

59. Whenever any difference arises between the Company on the one hand and any of the members, their executors, administrator or assignees on the other hand touching the true intent or construction, or touching anything then or thereafter done, executed, omitted or suffered in pursuance of these presents or of the status or touching any breach, or alleged breach or otherwise relating to the premises, or to these presents and to any statute affecting the Company including the transfer and transmission of shares, every such difference shall be referred to the decision of one or more arbitrators or an umpire to be appointed by the arbitrators.

XII. SECRECY CLAUSE

60. Every Director, executor, trustee, member of committee, officer, servant, agent, accountant or other person employed in the business of the Company shall be deemed to have pledged himself to observe a strict secrecy in respect of all transactions of the Company with the customers and the state of the accounts with individuals in matters relating thereto and shall be deemed to have pledged not to reveal any of the matters which come to his knowledge in the discharge of his duties except so far as may be necessary in order to comply with any of the provisions in the presents contained.

XIII. RECONSTRUCTION

61. On any sale of the undertaking of the Company, the Board of Directors or the liquidators on a winding-up may, if authorized by a special resolution, accept fully paid or party paid up shares, debentures or securities of any other company whether incorporated in India or not either then existing or to be formed for the purchase in whole or in part of the property of the Company, and the Board of Directors (if the profits of Company permit) or the liquidators (in winding-up) may distribute such shares or securities or

any other property of the Company amongst the members without realization or vest the same in trustees for them, and any special resolution may provide for the distribution or appropriation of the case, shares or other securities, benefit or property, otherwise than in accordance with the strict legal rights of the members or contributories of the Company, and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorized, may waive all rights in relation thereto save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights (if any) under section 495 of the Act as are incapable of being varied or excluded by these Articles.

XIV. FINANCIAL INSTITUTIONS' DIRECTORS

62. Notwithstanding anything to the contrary contained in these Articles, if any default happens in terms of the facility owing by the Company to any financial institution as defined under the Act, the financial institutions shall have a right to jointly appoint one nominee as Director on the Board of Directors of the Company.

63. The Directors so appointed will not be required to hold qualification shares and they will not be liable to retire by rotation. The financial institutions may at any time and from time to time remove the nominee or nominees appointed by them and on a vacancy being caused in such office from any cause, whether by resignation, removal or otherwise, appoint another or others in his/their place. Such appointment or removal shall be by notice in writing to the Company. The Board of Directors of the Company shall have no power to remove such nominee or nominees from office. Each such nominee shall be entitled to the same rights, privileges and obligations as any other Director of the Company, and shall also be entitled to attend any general meeting of the Company. The Company shall pay to such Directors normal fees and expenses to which the other Directors are entitled. The Company shall also pay or reimburse any expenses that may be incurred by financial institutions or such Directors in connection with their appointment. Such Directors as well as financial institutions shall be entitled to receive all notices and other communications (including agenda) relating to meetings of the Board of Directors and its committees and general meetings of the Company and the minutes of all such meetings.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Draft Red Herring Prospectus delivered to the RoC for registration, and also the documents for inspection referred to hereunder may be inspected at our Registered Office at Thapar House, 124, Janpath, New Delhi – 110 001, India, from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid Closing Date.

Material Contracts

1. Engagement Letter dated March 24, 2010, for appointment of Axis Bank Limited, Enam Securities Private Limited, Citigroup Global Markets India Private Limited and Kotak Mahindra Capital Company Limited as BRLMs.

2. Issue Agreement dated March 27, 2010, amongst our Company and the BRLMs.

3. Agreement dated March 2, 2010, between our Company and the Registrar to the Issue.

4. Escrow Agreement dated [●], 2010, amongst our Company, the BRLMs, the Syndicate Member(s), Escrow Collection Banks, and the Registrar to the Issue.

5. Syndicate Agreement dated [●], 2010, amongst our Company, the BRLMs and Syndicate Member(s).

6. Underwriting Agreement dated [●], 2010, amongst our Company, the BRLMs and Syndicate Member(s).

Material Documents

1. Our Memorandum and Articles of Association as amended until date.

2. Our certificate of incorporation dated July 20, 2005.

3. Our fresh certificate of incorporation consequent to name change from 'BILT Power Limited' to our present name dated April 2, 2008.

4. Resolution of the Board dated January 28, 2010, authorizing this Issue and other related matters.

5. Shareholders' resolution dated February 2, 2010 in relation to this Issue and other related matters.

6. The Examination Report of the Auditors, K.K Mankeshwar & Co., Chartered Accountants, on our restated financial information, included in this Draft Red Herring Prospectus.

7. Report on statement of tax benefits of the Auditors, K.K Mankeshwar & Co., Chartered Accountants, dated February 11, 2010, as contained in this Draft Red Herring Prospectus.

8. Detailed Project Report dated November 2008, issued by Fitchner Consulting Engineers (India) Private Limited for the Chhattisgarh Power Project Phase I.

9. Detailed Project Report dated February, 2010, issued by Fitchner Consulting Engineers (India) Private Limited for the Chhattisgarh Power Project Phase II.

10. Detailed Project Report dated April 2009, issued by Fitchner Consulting Engineers (India) Private Limited for Madhya Pradesh Power Project Phase I.

11. Detailed Project Report dated January 2010, issued by Fitchner Consulting Engineers (India) Private Limited for the Madhya Pradesh Power Project Phase II.

12. Brand equity and business promotion agreement dated October 20, 2009, between our Company and AHL

13. Power purchase agreement dated June 20, 2006 between our Company and BILT and a take or pay agreement dated June 23, 2006 between our Company and BILT.

14. Tripartite agreement amongst our Company, BILT and BGPPL dated January 3, 2008, and addendum to the PPA dated July 24, 2008.

15. PPA between our Company with BBEL dated October 1, 2007.

16. Three coal supply agreements between our Company and Western Coalfields dated April 30, 2008.

17. Fuel supply agreement between our Company and MCL dated April 30, 2008.

18. Fuel supply agreement between our Company and Eastern Coalfields Limited dated April 30, 2008.

19. Energy purchase agreement between our Company and MSEDCL dated February 4, 2010, along with a letter dated March 26, 2010 from MSEDCL.

20. Energy purchase agreement between our Company and MSEDCL dated March 21, 2009 along with a letter dated March 19, 2010.

21. Memorandum of understanding between our Company and Government of Gujarat dated January 13, 2009.

22. Implementation agreement between our Company, CSEB and the Government of Chhattisgarh, dated July 28, 2008.

23. Memorandum of understanding between KWPCL and Chhattisgarh State Power Holding Company Limited dated November 17, 2009.

24. Letters of assurance from SECL dated July 25, 2008 and June 6, 2009.

25. BTG contract between KWPCL and BHEL dated March 7, 2009.

26. Notices of awards dated February 25, 2010, issued by KWPCL to BHEL.

27. Implementation agreement between JPL and the Governor of Madhya Pradesh, dated January 14, 2008 and the amendment to the implementation agreement dated January 14, 2010.

28. Notice to proceed dated March 18, 2010, by JPL to BHEL.

29. Notices of awards dated Februrary 25, 2010, issued by JPL to BHEL.

30. Letters of assurance from SECL dated August 1, 2008, and June 6, 2009.

31. Letter of assurance from MCL dated June 11, 2009.

32. Gas sale agreement between MCPL and GAIL dated December 31, 2008.

33. Letters of intent between MCPL and NVVN dated November 30, 2009 and March 18, 2010.

34. Copies of our annual reports for the past three fiscal years.

35. Consent of the Auditors, K.K Mankeshwar & Co., Chartered Accountants, as referred to, in their capacity and for inclusion of their Examination Report on our restated financial information in the form and context in which it appears in this Draft Red Herring Prospectus.

36. Consents of the IPO Grading Agency, Bankers to our Company, BRLMs, Syndicate Member(s), Registrar to the Issue, Bankers to the Issue, Legal Counsels, our Directors, Company Secretary and Compliance Officer, as referred to, in their respective capacities.

37. Consent of Axis Bank Limited, dated February 4, 2010, for disclosing contents of the project appraisal memoranda prepared by Axis Bank for Chhattisgarh Power Project Phase I and Madhya Pradesh Power Project Phase I.

38. Applications dated [●] for in-principle listing approvals from the BSE and the NSE, respectively.

39. In-principle listing approvals from the BSE and the NSE dated [●] and [●], respectively.

40. Agreement among NSDL, our Company and the Registrar to the Issue, dated [●].

41. Agreement among CDSL, our Company and the Registrar to the Issue, dated [●].

42. Due diligence certificate to SEBI from Axis Bank Limited, Enam Securities Private Limited, Citigroup Global Markets India Private Limited and Kotak Mahindra Capital Company Limited, dated March 30, 2010.

43. SEBI observation letter (Ref. No. [●]) dated [●], and our in-seriatim reply dated [●].

44. IPO Grading Report by [●] dated [●].

Any of the contracts or documents mentioned in this 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 the Company, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the GoI or the regulations issued by Securities and Exchange Board of India, applicable, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or regulations issued, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

Signed by all Directors

1.	Mr. Sudhir Mohan Trehan
2.	Mr. Anil Bhargava
3.	Mr. Bhuthalingam Hariharan
4.	Mr. Rahul Rana
5.	Mr. Vinayak Chatterjee
6.	Dr. Omkar Goswami
7.	Mr. Prabhakar Keshaorao Kukde
8.	Mr. Vinesh Kumar Jairath

Date: March 30, 2010

Place: New Delhi

Mr. Rajat Gupta
Chief Financial Officer