

IMPORTANT NOTICE

YOU MAY NOT AND ARE NOT AUTHORIZED TO (I) FORWARD OR DELIVER THE ATTACHED PRELIMINARY PLACEMENT DOCUMENT ("PPD"), ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR (II) REPRODUCE SUCH PPD IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED PPD IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

THIS OFFERING OF THE SECURITIES DESCRIBED IN THE ATTACHED PPD (THE "OFFERING") IS AVAILABLE ONLY TO INVESTORS WHO ARE (A) EITHER (1) "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT OR (2) NON-U.S. PERSONS WITH ADDRESSES OUTSIDE OF THE U.S.; AND (B) QUALIFIED INSTITUTIONAL BUYERS AS DEFINED UNDER REGULATIONS 2(1)(ZD) OF THE SEBI ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENT) REGULATIONS, 2009 (THE "SEBI ICDR REGULATIONS").

IMPORTANT: This e-mail is intended for the named recipient(s) only. If you are not an intended recipient, please delete this e-mail from your system immediately. You must read the following before continuing. The following applies to the PPD attached to this e-mail, and you are therefore advised to read this page carefully before reading, accessing or making any other use of the attached PPD. In accessing the PPD, you agree to be bound by the following terms and conditions, including any modifications thereto any time you receive any information from us as a result of such access.

Confirmation of Your Representation: You have accessed the attached PPD on the basis that you have confirmed your representation to each of Jaiprakash Power Ventures Limited ("Company") and Credit Suisse Securities (India) Private Limited (the "Manager"), that: (1) you have received the attached PPD; (2) (i) you are neither resident in the United States nor a U.S. Person, as defined in Regulation S under the Securities Act, nor acting on behalf of a U.S. Person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions, and, to the extent that you eventually purchase the securities described in the attached PPD, you will be doing so pursuant to Regulation S under the Securities Act OR (ii) you are a "Qualified Institutional Buyer" as defined in Rule 144A under the Securities Act; (3) you are a "Qualified Institutional Buyer" as defined under regulation 2(1)(zd) of the SEBI ICDR Regulations and not excluded pursuant to Regulations 86(1)(b) of the SEBI ICDR Regulations ; (4) you otherwise agree that the representations and warranties provided in the "Notice to Investors", "Representation by Investors", "Issue Procedure", "Distribution and Solicitation Restrictions", "Transfer Restrictions" and, with respect to Canadian investors only, "Representations of Purchasers" sections of the PPD are true and correct and acknowledge and agree that these representations and warranties are given by you for the benefit of the Company and the Manager for the issue, each of which is entitled to rely and is relying on these representations and warranties in

consummating the Issue; (5) you are not a person to whom delivery of the PPD may not be lawfully made in accordance with the laws of any applicable jurisdiction; AND (6) you consent to the delivery of the attached PPD and any amendments or supplements thereto by electronic transmission.

The attached PPD has been made available to you in electronic form pursuant to the requirements under regulation 84(4) of the SEBI ICDR Regulations in good faith and for information purposes only. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Company, the Manager, their respective affiliates or any person who controls any of them, or any of their respective directors, officers, employees or agents or any affiliates of any such person, accepts any liability or responsibility whatsoever in respect of any discrepancies between the PPD distributed to you in electronic format and its hard copy version. We will provide you with a hard copy version of the PPD upon request.

Restrictions: The attached PPD and notice are being furnished in connection with the Offering, which is exempt from registration under the Securities Act and solely for the purpose of enabling a prospective investor to consider the purchase of the securities described in the PPD. In making an investment decision, investors must rely on their own examination of the merits and risks involved.

THE SECURITIES ISSUED PURSUANT TO THE OFFERING HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND SUCH SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE SECURITIES, ISSUED PURSUANT TO THE OFFERING, OFFERED OR SOLD OUTSIDE OF THE UNITED STATES ARE BEING OFFERED OR SOLD IN COMPLIANCE WITH THE APPLICABLE LAWS OF THE JURISDICTION WHERE THOSE OFFERS AND SALES OCCUR.

Except with respect to eligible investors in jurisdictions where such an Offering is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the Company or the Manager to subscribe for or purchase any of the securities described in the attached PPD, and access to the same has been limited to the extent that it shall not constitute a "general solicitation" or "general advertising" (each as defined in Regulation D under the Securities Act) or "directed selling efforts" (as defined in Regulation S under the Securities Act) in the United States or elsewhere. If a jurisdiction requires that the Offering be made by a licensed broker or dealer and the Manager or any affiliate of the Manager is a licensed broker or dealer in that jurisdiction, the Offering shall be deemed to be made by the Manager or any of its eligible affiliates on behalf of the Company in such jurisdiction. Further, nothing in this electronic transmission constitutes an offer or an invitation, or an offer or invitation to the public under the Indian Companies Act, 1956, by or on behalf of either the

Company or the Manager to subscribe for or purchase any of the securities issued pursuant to the Offering and as described in the attached PPD.

You are reminded that you have accessed the attached PPD on the basis that you are a person into whose possession this PPD may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver or forward this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described in the attached PPD.

Actions That You May Not Take: You should not reply by e-mail to this announcement, and you may not purchase any securities issued pursuant to the Offering and described in the attached PPD by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. You may not nor are you authorized to deliver or forward this document, electronically or otherwise, to any other person.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



Jaiprakash Power Ventures Limited was incorporated on December 21, 1994 as Jaiprakash Hydro-Power Limited, a public limited company under the Companies Act, 1956. Pursuant to a scheme of amalgamation approved by the Himachal Pradesh High Court through an order dated November 20, 2009, an entity called Jaiprakash Power Ventures Limited (hereinafter referred to as “erstwhile JPVL”) was amalgamated into Jaiprakash Hydro-Power Limited. Subsequent to the merger, Jaiprakash Hydro-Power Limited was renamed as Jaiprakash Power Ventures Limited on December 23, 2009, which is the Company issuing the Equity Shares (as defined herein) and a fresh certificate of incorporation consequent upon change of name was issued on December 30, 2009. Further, pursuant to a scheme of amalgamation approved by the Himachal Pradesh High Court through an order dated July 25, 2011 Jaypee Karcham Hydro Corporation Limited and Bina Power Supply Company Limited amalgamated into the Company. For further details, please see, “Business – Corporate History and Structure”. The Company’s Corporate Identity Number is L40101HP1994PLC015483.

Jaiprakash Power Ventures Limited (the “Company”, “Issuer” or “JPVL”) is issuing [●] equity shares of a face value of Rs. 10 each (“Equity Shares”) at a price of Rs. [●] per Equity Share, including a premium of Rs. [●] per Equity Share, aggregating to Rs. [●] (the “Issue”).

THIS ISSUE AND THE DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IS BEING DONE IN RELIANCE UPON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE “ICDR REGULATIONS”). THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED UNDER ICDR REGULATIONS).

Invitations, offers and sale of the Equity Shares shall only be made pursuant to this Preliminary Placement Document, the Bid cum Application Form, and the Confirmation of Allocation Note. For further information, see “*Issue Procedure*” in this Preliminary Placement Document. The distribution of this Preliminary Placement Document or the disclosure of its contents without our prior consent, to any person other than Qualified Institutional Buyers (“QIBs”) (as defined in the ICDR Regulations) and persons retained by such QIBs to advise them with respect to their purchase of Equity Shares, is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document agrees to observe the foregoing restrictions, and to make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

This Preliminary Placement Document has not been reviewed by the Securities and Exchange Board of India (the “SEBI”), the Reserve Bank of India (the “RBI”), the BSE Limited (the “BSE”), the National Stock Exchange of India Limited (the “NSE”), and together with the BSE, the “Stock Exchanges”) or any other regulatory or listing authority and is intended only for use by QIBs. The Equity Shares offered in the Issue have not been recommended or approved by SEBI, nor does SEBI guarantee the accuracy or adequacy of this Preliminary Placement Document. This Preliminary Placement Document has not been and will not be registered as a prospectus with the Registrar of Companies in India, and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction. The placement of Equity Shares proposed to be made pursuant to this Preliminary Placement Document is meant solely for QIBs on a private placement basis and is not an offer to the public or to any other class of investors.

Investments in the equity and equity related securities involve a degree of risk and prospective investors should not invest any funds in this Issue unless they are prepared to take the risk of losing all or part of their investment. Prospective investors are advised to carefully read the “Risk Factors” in this Preliminary Placement Document carefully before taking an investment decision in this Issue. Each prospective investor is advised to consult its own advisers about the particular consequences to it of an investment in the Equity Shares proposed to be issued pursuant to this Preliminary Placement Document.

The information on our website or any website directly or indirectly linked to such website does not form part of this Preliminary Placement Document and prospective investors should not rely on such information contained in, or available through, such websites.

All of our Company’s outstanding Equity Shares are listed on the Stock Exchanges. On February 18, 2013, the closing prices of the outstanding equity shares of our Company as reported on BSE and NSE were Rs. 32.10 and Rs. 32.25, respectively. In principle approvals under Clause 24(a) of the equity listing agreements with the Stock Exchanges for listing of the Equity Shares have been received. Applications shall be made for the listing of the Equity Shares in connection with this Issue on the BSE and the NSE. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or the Equity Shares.

YOU ARE NOT AUTHORIZED TO AND MAY NOT (1) DELIVER THE PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON OR (2) REPRODUCE SUCH PRELIMINARY PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER. ANY DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE ICDR REGULATIONS, THE U.S. SECURITIES ACT OF 1933 OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

A copy of this Preliminary Placement Document has been delivered to the Stock Exchanges. A copy of the Placement Document will be filed with the Stock Exchanges and will be delivered to the SEBI for record purposes. This Preliminary Placement Document has been prepared by the Company solely for providing information in connection with the proposed issue of the Equity Shares described in this Preliminary Placement Document.

The Equity Shares issued pursuant to the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or any state securities laws in the United States, and may not be offered, sold or re-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 and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold in the Issue only to (a) “qualified institutional buyers” (as defined in rule 144A under the Securities Act (“Rule 144A”)); and (b) outside the United States in reliance on Regulation S under the Securities Act (“Regulation S”). The Issue is not being made to the public or any other class of investors other than QIBs. For further details, see “*Transfer Restrictions*”.

This Preliminary Placement Document is dated February 19, 2013

Book Running Lead Manager


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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for the information contained in this Preliminary Placement Document and to the best of our knowledge and belief, having made all reasonable enquiries, confirms that this Preliminary Placement Document contains all information with respect to our Company, our Subsidiaries and the Equity Shares which is material in the context of this Issue. The statements contained in this Preliminary Placement Document relating to our Company, our Subsidiaries and the Equity Shares are, in every material respect, true and accurate and not misleading, the opinions and intentions expressed in this Preliminary Placement Document with regard to our Company, our Subsidiaries and the Equity Shares are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to our Company, our Subsidiaries and are based on reasonable assumptions. There are no other facts in relation to our Company, our Subsidiaries and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, all reasonable enquiries have been made by our Company to ascertain such facts and to verify the accuracy of all such information and statements.

The Book Running Lead Manager has not separately verified all of the information (financial, legal or otherwise) contained in this Preliminary Placement Document. Accordingly, neither the Book Running Lead Manager nor any of its respective member, employee, counsel, officer, director, representative, agent or affiliate of the Book Running Lead Manager makes any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted, by the Book Running Lead Manager as to the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information supplied in connection with our Company, our Subsidiaries and the Equity Shares. Each person receiving this Preliminary Placement Document acknowledges that such person has not relied either on the Book Running Lead Manager nor on any person affiliated with the Book Running Lead Manager in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of our Company and the merits and risks involved in investing in the Equity Shares. Prospective investors should not construe anything in this Preliminary Placement Document as legal, business, tax, accounting or investment advice.

No person is authorized to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of our Company or the Book Running Lead Manager. The delivery of this Preliminary Placement Document at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Equity Shares have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or the securities commission of any non-U.S. jurisdiction or any other U.S. or non-U.S. regulatory authority or any other regulatory authority in any jurisdiction. None of these authorities have passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Preliminary Placement Document. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

The distribution of this Preliminary Placement Document and the issue of the Equity Shares in certain jurisdictions may be restricted by law. As such, this Preliminary Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company and the Book Running Lead Manager which would permit an issue of the Equity Shares or distribution of this Preliminary Placement Document in any country or jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Within the United States, this Preliminary Placement Document is being provided only to persons who are “qualified institutional buyers” (as defined in Rule 144A). Distribution of this Preliminary Placement Document to any person other than the investor specified by the Book Running Lead Manager or their representatives is unauthorised, and any disclosure of its contents, without prior written consent of our Company, is prohibited.

In making an investment decision, investors must rely on their own examination of our Company and the terms of this Issue, including the merits and risks involved. Investors should not construe the contents of this Preliminary Placement Document as legal, tax, accounting or investment advice. Investors should consult their

own counsel and advisors as to business, legal, tax, accounting and related matters concerning this Issue. In addition, neither our Company nor the Book Running Lead Manager are making any representation to any offeree, investor or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under applicable legal, investment or similar laws or regulations.

Each investor, subscriber or purchaser of the Equity Shares in this Issue is deemed to have acknowledged, represented and agreed that it is a QIB eligible to invest in India and in equity shares of the Company under Indian law, including Chapter VIII of the ICDR Regulations and is not prohibited by the SEBI or any other statutory or regulatory authority from buying, selling or dealing in securities. Each investor, subscriber or purchaser of the Equity Shares in this Issue is deemed to have acknowledged that it has been afforded an opportunity to request from us and review information relating to us and the Equity Shares.

The information on the Company's website or the Book Running Lead Manager does not constitute or form part of this Preliminary Placement Document. Prospective investors should not rely on the information contained in, or available through such websites. This Preliminary Placement Document contains summaries of certain terms of certain documents. All such summaries are qualified in their entirety by the terms and conditions of such documents.

REPRESENTATIONS BY INVESTORS

References herein to “you” or “your” is to the prospective investors in the Issue.

By bidding for and subscribing to any Equity Shares under this Issue, you are deemed to have represented, warranted and acknowledged and agreed with our Company and the Book Running Lead Manager as follows:

- you are a QIB as defined in Regulation 2(1)(zd) of the ICDR Regulations having a valid and existing registration under the applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any of the Equity Shares that are allocated to you in accordance with Chapter VIII of the ICDR Regulations;
- you are acquiring the Equity Shares for your own account and not with a view to a distribution and are either (i) a qualified institutional buyer (as defined in Rule 144A) or (ii) (1) located outside the United States (within the meaning of Regulation S), (2) purchasing such Shares in an offshore transaction pursuant to Regulation S and (3) not an affiliate of the Company or a person acting on behalf of such an affiliate;
- that you are permitted by all applicable laws to acquire the Equity Shares;
- you confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by the Company or its agents (“Company Presentations”) with regard to the Company, the Equity Shares or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Manager may not have knowledge of the statements that the Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Book Running Lead Manager has advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that, to the best of your knowledge, you have not been provided any material information that was not publicly available;
- you have made, or will be deemed to have made, as applicable, the representations set forth under “*Transfer Restrictions*”;
- you are aware that the Equity Shares have not been and will not be registered under the Companies Act, SEBI regulations or under any other law in force in India. The Preliminary Placement Document has not been verified or affirmed by the SEBI or the Stock Exchanges and will not be filed with the Registrar of Companies. The Preliminary Placement Document has been filed with the Stock Exchanges for record purposes only and will be displayed on the websites of our Company and the Stock Exchanges;
- you are entitled to subscribe for and/or purchase the Equity Shares under the laws of all relevant jurisdictions which apply to you and that you have fully observed such laws and obtained all such governmental and other guarantees and other consents in either case which may be required there under and complied with all necessary formalities;
- you are entitled to acquire the Equity Shares under the laws of all relevant jurisdictions and that you have all necessary capacity and have obtained all necessary consents and authorities to enable you to commit to this participation in this Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorities to agree to the terms set out or referred to in the Preliminary Placement Document) and will honour such obligations;
- neither the Company nor the Book Running Lead Manager is making any recommendations to you, advising you regarding the suitability of any transactions it may enter into in connection with the Issue and that participation in the Issue is on the basis that you are not and will not be a client of the Book Running Lead Manager and that the Book Running Lead Manager has duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and is in no way acting in a fiduciary capacity to you;
- neither the Book Running Lead Manager nor its affiliates has provided you with any tax advice or otherwise made any representations regarding the tax consequences of the Equity Shares. You have

evaluated the tax consequences in relation to the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares) and you waive and agree not to assert any claim against the Book Running Lead Manager with respect to the tax aspects of the Equity Shares or the Issue or as a result of any tax audits by tax authorities, wherever situated;

- you are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the general public and the allotment of the same shall be on a discretionary basis;
- you were provided a serially numbered copy of the Preliminary Placement Document and have read the Preliminary Placement Document in its entirety including in particular, the section entitled the “**Risk Factors**”;
- that in making your investment decision, (i) you have relied on your own examination of our Company and the terms of this Issue, including the merits and risks involved, (ii) you have made your own assessment of our Company, the terms of this Issue based on such information as is publicly available, (iii) you have consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws, (iv) you have relied upon your own investigation and resource in deciding to invest in the Equity Shares, and (v) you have received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares;
- you have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares and you and any accounts for which you are subscribing the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Book Running Lead Manager, our Company and/or the officers of our Company for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares;
- that where you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorized in writing by each such managed account to acquire the Equity Shares for each managed account (and you hereby make) the acknowledgements and agreements herein for and on behalf of each such account, reading the reference to “you” to include such accounts and all prospective investors in the Equity Shares;
- you are not a Promoter (as defined in the ICDR Regulations) or a person related to the Promoters of our Company, either directly or indirectly, and your Bid does not, directly or indirectly, represent any Promoter or Promoter Group of our Company;
- you have no rights under a shareholders’ agreement or voting agreement with the Promoters or persons related to the Promoters, no veto rights or right to appoint any nominee director on the Board of Directors of our Company other than that acquired in the capacity of a lender, which shall not be deemed to be a person related to the Promoters;
- you will have no right to withdraw your Bid after the Bid Closing Date;
- the Equity Shares will, when issued, be credited as fully paid and will rank *pari passu* in all respects with the existing equity shares of the Issuer including the right to receive all dividends and other distributions declared, made or paid in respect of such Equity Shares after the date of issue of the Equity Shares;
- if allotted the Equity Shares pursuant to this Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the Stock Exchanges;
- you are eligible to bid for and hold the Equity Shares so allotted and together with any equity shares of the Issuer held by you prior to this Issue. You further confirm that your holding upon the issue of any of the Equity Shares shall not exceed the level permissible as per any applicable law;
- the Bids made by you would not eventually result in triggering an open offer under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the “**Takeover Code**”);

- to the best of your knowledge and belief together with other QIBs in this Issue that belong to the same group or are under common control as you, the allotment under the present Issue shall not exceed 50% of the size of this Issue. For the purposes of this statement:
 - (a) the expression ‘belongs to the same group’ shall derive meaning from the concept of ‘companies under the same group’ as provided in sub-section (11) of Section 372 of the Companies Act, 1956;
 - (b) ‘control’ shall have the same meaning as is assigned to it by clause (c) of Regulation 2 of the Takeover Code;
- you shall not undertake any trade in the Equity Shares credited to your depository participant account until such time that the final listing and trading approval for the Equity Shares is issued by the Stock Exchanges;
- you are aware that we have received from the Stock Exchanges in-principle approval for the listing and admission of the Equity Shares to trading on the Stock Exchanges’ market for listed securities and that the application for the final listing and trading approval will be made only after the Allotment of the Equity Shares in the Issue, and there can be no assurance that such final approval will be obtained on time or at all;
- you are aware and understand that the Book Running Lead Manager will enter into an agreement with our Company whereby the Book Running Lead Manager has, subject to the satisfaction of certain conditions set out therein, undertaken to use its reasonable endeavours to seek to procure purchasers for the Equity Shares;
- that the content of the Preliminary Placement Document is exclusively our responsibility and that neither the Book Running Lead Manager nor any person acting on its behalf has or shall have any liability for any information, representation or statement contained in the Preliminary Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in this Issue based on any information, representation or statement contained in the Preliminary Placement Document or otherwise. By accepting a participation in this Issue, you agree to the same and confirm that you have neither received nor relied on any other information, representation, warranty, or statement made by or on behalf of the Book Running Lead Manager or our Company or any other person and that neither the Book Running Lead Manager nor our Company nor any other person will be liable for your decision to participate in this Issue based on any other information, representation, warranty or statement which you may have obtained or received;
- that the only information you are entitled to rely on and on which you have relied in committing yourself to acquire the Equity Shares is contained in the Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares and that you have neither received nor relied on any other information given or representations, warranties or statements made by the Book Running Lead Manager or our Company (including any view, statement, opinion or representation expressed in any research published or distributed by the Book Running Lead Manager or its affiliates or any view, statement, opinion or representation expressed by any staff (including research staff) and neither the Book Running Lead Manager nor our Company will be liable for your decision to accept an invitation to participate in this Issue based on any other information, representation, warranty or statement;
- all statements other than statements of historical fact included in the Preliminary Placement Document, including, without limitation, those regarding our Company’s financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Company’s products), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Company’s present and future business strategies and the environment in which we will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of the Preliminary Placement Document. We assume no responsibility to update any of the forward-looking statements contained in the Preliminary Placement Document;

- you understand that the Book Running Lead Manager has no obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by our Company of any of its respective obligations or any breach of any representations or warranties by our Company, whether to you or otherwise;
- that you are a sophisticated investor who is seeking to subscribe to the Equity Shares in this Issue for your own investment and not with a view to distribute. In particular, you acknowledge that (i) an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment, (ii) you have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of the purchase of the Equity Shares, and (iii) you are experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions and have such knowledge and experience in financial, business and investment matters that you are capable of evaluating the merits and risks of your investment in the Equity Shares;
- that you are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by Person Resident Outside India) Regulations, 2000, as amended from time to time, and have not been prohibited by SEBI from buying, selling or dealing in securities;
- you understand that the Equity Shares issued pursuant to the Issue 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, sold or resold within the United States, except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold in the Issue only to QIBs (as defined in the ICDR Regulations) outside the United States in reliance on Regulation S under the Securities Act. You were and are, at each time any offer of Equity Shares was or is made to you and at each time any buy order of yours for Equity Shares was or is originated, outside the United States (within the meaning of Regulation S); you are purchasing your Equity Shares in a transaction meeting the requirements of Regulation S; and you are not an affiliate of our Company or a person acting on behalf of such an affiliate;
- you agree to indemnify and hold our Company and the Book Running Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of your representations and warranties as contained herein. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares including by or on behalf of the managed accounts;
- that our Company, the Book Running Lead Manager and others will rely upon the truth and accuracy of your foregoing representations, warranties, acknowledgements and undertakings, each of which is given to the Book Running Lead Manager and to our Company on your own behalf and each of which is irrevocable; and
- that each of the representations, warranties, acknowledgments and agreements set forth above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (“RSA 421-B”) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, (the “**FII Regulations**”) foreign institutional investors as defined under the FII Regulations (referred to as “**FIIs**”), including FII affiliates of the Book Running Lead Manager are permitted to issue, deal or hold, off-shore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities (all such off-shore derivative instruments are referred to herein as “**P-Notes**”), listed or proposed to be listed on any stock exchange in India subject to the satisfaction of the following conditions:

- (i) the P-Notes are issued only to persons who are regulated by an appropriate foreign regulatory authority; and
- (ii) the P-Notes are issued after compliance with – know your client norms.

In terms of the FII Regulations, on and from May 22, 2008, no sub account of an FII is permitted to, directly or indirectly, issue P-Notes. An FII shall also ensure that no further issue or transfer of any instrument referred to above is made to any person other than such entities regulated by appropriate foreign regulatory authorities. P-Notes have not been and are not being offered or sold pursuant to this Preliminary Placement Document. This Preliminary Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-Notes, including, without limitation, any information regarding any risk factors relating thereto. Any P-Notes that may be issued are not securities of our Company and do not constitute any obligations of, claim on, or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are solely the obligations of, third parties that are unrelated to our Company. Our Company does not make any recommendation as to any investment in P-Notes and does not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Manager and do not constitute any obligations of, or claim on, the Book Running Lead Manager.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult with their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Preliminary Placement Document has been submitted to the Stock Exchanges. The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of the Preliminary Placement Document;
2. warrant that the Company's equity shares (including the Equity Shares allotted in this Issue) will be listed or will continue to be listed on the Stock Exchange; or
3. take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company;

The filing of this Preliminary Placement Document should not for any reason be deemed or construed to mean that the Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a limited liability company incorporated under the laws of India. All of our Directors and key managerial personnel named herein are residents of India and all or a substantial portion of assets of our Company and of such persons are located in India. As a result, it may be difficult for investors outside India to effect service of process upon our Company or such persons or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908 as amended (the “CPC”) on a statutory basis. Section 13 of the CPC provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the CPC provides that where a foreign judgment has been rendered by a superior court (within the meaning of that section) in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the CPC is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

The United Kingdom, Singapore and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the CPC but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered and any such amount may be subject to income tax in accordance with applicable laws.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Preliminary Placement Document, unless the context otherwise indicates or implies, references to 'you', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors' and 'potential investor' are to the prospective investors in this Issue, references to the/ our 'Company', 'JPVL', the 'Issuer' are to Jaiprakash Power Ventures Limited, and references to 'we', 'our', 'us' or similar terms are to Jaiprakash Power Ventures Limited together with its subsidiaries (as defined hererin)

In this Preliminary Placement Document, references to 'US\$' and 'U.S. Dollars' are to the legal currency of the United States of America and references to '₹' 'Rs.' and 'Rupees' are to the legal currency of India. All references herein to the 'U.S.', 'U.S.A.' or the 'United States' are to the United States of America and its territories and possessions and all references to 'India' are to the Republic of India and its territories and possessions. We publish our financial statements in ₹.

Unless otherwise stated, references in this Preliminary Placement Document to a particular year are to the calendar year ended on December 31 and to a particular 'Fiscal', 'Financial Year' or 'FY' are to the year ended on March 31. Our audited consolidated financial statements as of and for the years ended March 31, 2012, 2011 and 2010 are referred as the "Audited Consolidated Financial Statements", our reviewed consolidated financial statements as of and for the six month periods ended September 30, 2012 and 2011 are referred as the "Interim Consolidated Financial Statements", and the Issuer's reviewed standalone financial statements as of and for the nine month periods ended December 31, 2012 and 2011 are referred to as the Interim Standalone Financial Statements and the Issuer's financial statements as of and for the three month periods ended December 31, 2012 and 2011 to as the Interim Standalone Quarterly Financial Statements. The Audited Consolidated Financial Statements, Interim Consolidated Financial Statements, Interim Standalone Financial Statements and the Interim Standalone Quarterly Financial Statements included in this Preliminary Placement Document were prepared in accordance with Indian GAAP and are referred to herein collectively as the "Financial Statements".

The Audited Consolidated Financial Statements and the Interim Consolidated Financial Statements are prepared on a consolidated basis for the Issuer and its consolidated subsidiaries. The Interim Standalone Financial Statements and Interim Standalone Quarterly Financial Statements are prepared on a standalone basis for the Issuer and do not reflect our consolidated subsidiaries. See "Risk Factors - ***The Interim Standalone Financial Statements do not reflect our consolidated subsidiaries.***"

Unless stated otherwise, references to our consolidated financial statements as of and for the years ended March 31, 2011 and 2010 are to the financial statements for that year, prepared, presented and audited in accordance with the format prescribed under Schedule VI to the Companies Act before it was replaced with a revised Schedule VI pursuant to a Notification S.O. 447(E) dated February 28, 2011 issued by the Ministry of Corporate Affairs, Government of India. Similarly, references to our consolidated financial statements as of and for the year ended March 31, 2012 and the six month periods ended September 30, 2012 and 2011, and the Issuer's standalone financial statements as of and for the three month and nine month periods ended December 31, 2012 and 2011, are to financial statements presented in accordance with the revised Schedule VI. See "**Management's Discussion and Analysis of Financial Condition and Results of Operations - Changes in Presentation of Financial Statements with Effect from April 1, 2011.**"

We prepare our financial statements in accordance with Indian GAAP and the Companies Act. Indian GAAP differs significantly in certain respects from International Financial Reporting Standards ("IFRS") and U.S. GAAP. Unless otherwise indicated, all financial data in this Preliminary Placement Document are derived from the Financial Statements prepared in accordance with Indian GAAP. Indian GAAP differs in certain significant respects from IFRS and U.S. GAAP. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Preliminary Placement Document, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. Each of U.S. GAAP and IFRS differs in significant respects from Indian GAAP. See "***Risk Factors – Risks relating to India – Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may be material to investors' assessments of our financial condition***" and "***Summary of Principal Differences between Indian GAAP and U.S. GAAP***". Accordingly, the degree to which the Financial Statements prepared in accordance with Indian GAAP included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited. In this Preliminary Placement Document, certain monetary thresholds have been subjected to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In this Preliminary Placement Document, references to “EBITDA” are to the Company’s consolidated net income after adding provisions for income tax, depreciation and amortization and interest expense. EBITDA is not a measure of performance under Indian GAAP, and investors should not consider EBITDA in isolation or as an alternative to net income as an indicator the Company’s operating performance or to cash flow from operating, investing and financing activities as measures of liquidity, or any other measure of performance under Indian GAAP. Because there are various EBITDA calculation methods, the Company’s presentation of EBITDA may not be comparable to similarly titled measures used by other companies.

The information presented by EBITDA is unaudited and has not been prepared in accordance with Indian GAAP or any other accounting standards. In addition, the presentation of this measure is not intended to and does not comply with the reporting requirements of the SEC; compliance with its requirements would require us to make changes to the presentation of this information.

You should not consider EBITDA or any other non-Indian GAAP financial measures presented herein as alternatives to measures of financial performance determined in accordance with generally accepted accounting principles, such as net income, as a measure of operating results, or cash flow, as a measure of liquidity. EBITDA is not a measure of financial performance under Indian GAAP. Our computation of EBITDA and other non-Indian GAAP financial measures may not be comparable to similarly titled measures of other companies.

INDUSTRY AND MARKET DATA

Information regarding market position, growth rates and other industry data pertaining to our businesses contained in this Preliminary Placement Document consists of estimates based on data reports compiled by professional organizations and analysts, data from other external sources and our knowledge of the markets in which we compete. The statistical information included in this Preliminary Placement Document relating to various industries in which we operate has been reproduced from various trade, industry and government publications and websites.

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analyses and estimates, so we rely on internally developed estimates. While we have compiled, extracted and reproduced this data from external sources, including third parties, trade, industry or general publications, we accept responsibility for accurately reproducing such data. However, neither we nor the Book Running Lead Manager have independently verified this data and neither we nor the Book Running Lead Manager make any representation regarding the accuracy of such data. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither we nor the Book Running Lead Manager can assure potential investors as to their accuracy. The extent to which the market and industry data is contained in this Preliminary Placement Document is meaningful depends on the vendor’s familiarity with an understanding of the methodologies used in compiling such data.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import.

All statements regarding our Company's expected financial condition and results of operations and business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, its revenue and profitability, growth plans and other matters discussed in this Preliminary Placement Document that are not historical facts. These forward-looking statements and any other projections contained in this Preliminary Placement Document (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- Long gestation period and substantial capital outlay on our new projects;
- Substantial borrowings in connection with the development of our projects;
- Cost overruns, delays and disruptions in completion and commissioning of our projects;
- Performance of the Indian debt and equity markets;
- Occurrence of natural calamities or natural disasters affecting the areas in which our Company has operations;
- Changes in laws and regulations that apply to companies in India especially those relating to the power industry; and
- Other factors discussed in this Preliminary Placement Document, including under "**Risk Factors**".

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "**Management's Discussion and Analysis of Financial Condition and Results of Operations**", "**Our Industry**" and "**Business**".

The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of our management, as well as the assumptions made by and information currently available to our management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from those described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements. The forward looking statements speak only as of the date of the Preliminary Placement Document and we assume no responsibility to update any of the forward looking statements to reflect events or circumstances after the date of this Preliminary Placement Document.

DEFINITIONS AND ABBREVIATIONS

In this Preliminary Placement Document, the following terms and abbreviations have the following meanings, unless the context otherwise permits or requires. Any references to statutes, or rules, regulations or policies issued thereunder, shall include reference to any amendments thereto, from time to time.

Company Related Terms

Term	Description
“JPVL” or “Company” or “the Company” or “or Company” or “the Issuer”	Jaiprakash Power Ventures Limited
Articles/ Articles of Association	Articles of Association of our Company, as amended
Auditors	R. Nagpal Associates, Chartered Accountants, the statutory auditors of our Company
Board	Board of Directors of our Company
Directors	The directors of our Company
Equity Shares	[●] Equity Shares of our Company of face value of Rs. 10 each pursuant to this Issue.
JAL	Jaiprakash Associates Limited, a company registered under the Companies Act and having its registered office at Sector 128, Noida – 201 304, Uttar Pradesh
JIV	Jaypee Infra Ventures (A Private Company with Unlimited Liability), a company registered under the Companies Act and having its registered office at Sector 128, Noida – 201 304, Uttar Pradesh
Memorandum/ Memorandum of Association	Memorandum of Association of our Company
Promoter	JAL
Promoter Group	JIV
Registered Office	JUIT Complex, Wagnaghat, P.O. Dumehar Bani, Kandaghat – 173 215, Distt. Solan (H.P.)
RoC	Registrar of Companies, Punjab, Chandigarh and Himachal Pradesh
Subsidiaries	Jaypee Arunachal Power Limited, Jaypee Meghalaya Power Limited, Jaypee Powergrid Limited, Prayagraj Power Generation Company Limited and Sangam Power Generation Company Limited.

Business and Industry related terms

Term	Description
Arunachal Pradesh projects	The Lower Siang hydroelectric project in the East Siang district of the state of Arunachal Pradesh and the Hirong hydroelectric project in the West Siang district of the state of Arunachal Pradesh
Bara thermal power project or Bara TPP	A 3,300 MW thermal power project under implementation at Bara in the Allahabad district of the state of Uttar Pradesh, India
BASPA II hydroelectric power plant or BASPA II HEP	A 300 MW run-of the-river hydroelectric power plant on the Baspa river, a tributary of the Satluj river in Kinnaur district in the state of Himachal Pradesh
BASPA II PPA	The PPA between the Company and HPSEB for sale of power, generated by the BASPA II HEP, by the Company to HPSEB.
Bina thermal power project or Bina TPP	A 1,200 MW thermal power plant in the Sagar district of the state of Madhya Pradesh, India
BPSCL	Bina Power Supply Company Limited, which developed the Bina TPP and amalgamated into the Company as of April 1, 2012
Capacity Charge	The element of a two-part pricing method (the other element being the Energy Charge) of a PPA that is assessed based on the maximum or peak amount of electricity used at any time in the previous 12 months

Term	Description
Case II bidding process	A competitive bidding mechanism for power distribution projects whereby the procurer (generally the state) undertakes preliminary development activities and then transfers the project to the qualified bidder (generally the bidder quoting the lowest tariff) after the required land has been identified and acquired, and environmental clearance and water allocation have been obtained
Central Transmission Utility	Any Government company which the Central Government may notify under sub-section (1) of section 38 of the Electricity Act, 2003
Central Government	Government of India and each entity controlled by it
CERs	Certified Emission Reductions pursuant to the Clean Development Mechanism, a scheme under the Kyoto Protocol, which is intended to facilitate the compliance of industrialised countries with the emission reduction targets agreed under the Kyoto Protocol
50% Dependable Year	The level of electricity generation that is expected to be achieved with 50% probability in a given year
90% Dependable Year	The level of electricity generation that is expected to be achieved with 90% probability in a given year
Design Energy	The quantum of energy which could be generated in a 90% Dependable Year with 95% availability of installed capacity of the plant
Energy Charge	The element of a two-part pricing method (the other element being the Capacity Charge) of a PPA that comprises the fuel cost for the electricity generated by a plant
Former Jaiprakah Power Ventures Limited	The company which developed and operated the Vishnuprayag HEP prior to its amalgamation into the Company as of April 1, 2009
Hirong hydroelectric project or Hirong HEP	A 500 MW hydroelectric project in the West Siang district of the state of Arunachal Pradesh
Infirm Energy	Energy delivered by a unit of a power plant following the synchronization of the unit to the grid but prior to the commercial operation date (COD) of the unit
IPTC	Independent Private Transmission Company
JAPL	Jaypee Arunachal Power Limited, which is developing the Arunachal Pradesh projects
Jaiprakash Associates Limited (JAL)	A company registered under the Companies Act and having its registered office at Sector 128, Noida – 201 304, Uttar Pradesh, which had an ownership of 67.93% of the Equity Shares prior to the Issue
Jaypee Powergrid transmission line	A joint venture between our Company and JPL to set up and operate a transmission system for the evacuation of power generated by the Karcham-Wangtoo HEP
Jaypee Group	A diversified infrastructure group in India, including our Company, with interests in civil engineering and construction, cement, power, real estate, expressways, hospitality, golf courses and not-for-profit education.
JHPL	Jaiprakash Hydro-Power Limited, our Company, which was renamed “Jaiprakash Power Ventures Limited”, as of April 1, 2009
JKHCL	Jaypee Karcham Hydro Corporation Limited, which developed and implemented the Karcham-Wangtoo HEP, prior to its amalgamation into the Company as of April 1, 2010
JMPL	Jaypee Meghalaya Power Limited, which is developing the Meghalaya projects
JPL	Jaypee Powergrid Limited, our Company’s 74%-owned subsidiary, which implemented and operates the Jaypee Powergrid transmission line

Term	Description
Karcham-Wangtoo hydroelectric power plant or Karcham-Wangtoo HEP	A 1,000 MW run-of-the-river hydroelectric power plant on the Sutlej river, in the Kinnaur district of the state of Himachal Pradesh
Karchana thermal power project or Karchana TPP	A 1,980 MW thermal power project under development in the Allahabad district of the state of Uttar Pradesh, India
Kynshi II hydroelectric power project or Kynshi II HEP	A 450 MW hydroelectric project under development in the West Khasi district of the state of Meghalaya
Lower Siang hydroelectric project or Lower Siang HEP	A 2,700 MW hydroelectric project under implementation in the East Siang district of the state of Arunachal Pradesh
Meghalaya projects	The Kynshi II hydroelectric project under development in the West Khasi district of the state of Meghalaya
MPJCL	MP Jaypee Coal Limited
MPPTCL	Madhya Pradesh Power Trading Company Limited
MTPA	Million tons per annum
Nigrie thermal power project or Nigrie TPP	A 1,320 MW coal-fired thermal power plant under implementation in the Singrauli district of the state of Madhya Pradesh
Plant Availability	A plant's availability for generation of electricity, calculated by the ratio of actual hours operated to maximum possible hours available
PPA	Power Purchase Agreement
PPGCL	Prayagraj Power Generation Company Limited, our Company's subsidiary, which is implementing the Bara thermal power project
Saleable Energy	The quantum of energy available for sale after allowing for free energy to the home state (if applicable)
Secondary Energy	Energy that is in excess of the Design Energy of the plant based on a 90% Dependable Year
SPGCL	Sangam Power Generation Company Limited, our Company's wholly-owned subsidiary, which is implementing the Karchana thermal power project
Umngot hydroelectric power project or Umngot HEP	A 270 MW hydroelectric project in the East Khasi district of the state of Meghalaya
under development	Projects "under development" are in the preliminary stages of development, including the second phase of each of the Bina and Bara thermal projects, the Karchana TPP, the Arunachal Pradesh projects and the Meghalaya projects
under implementation	Projects "under implementation" are under construction, including the first phase of each of the Bina and Bara thermal projects and the Nigrie thermal project
Vishnuprayag hydroelectric power plant or Vishnuprayag HEP	A 400 MW run-of-the-river hydroelectric power plant on the Alaknanda river in Chamoli district of the state of Uttarakhand
Vishnuprayag PPA	The PPA between the Company and UPPCL for sale of power, generated by the Vishnuprayag HEP, by the Company to UPPCL.

Issue Related Terms

Term	Description
Allocated /Allocation	The allocation of Equity Shares following the determination of the Issue Price to QIBs on the basis of Bid cum Application Forms submitted by them, in consultation with the Book Running Lead Manager and in compliance with Chapter VIII of the ICDR Regulations
Allotment /Allotted	The allotment and issue of Equity Shares pursuant to the Issue
Allottees	QIBs to whom Equity Shares of our Company are issued pursuant to the Issue
Bid	An indication of a QIBs interest to subscribe for the Equity Shares
Bid Closing Date	[●], 2013, i.e., the date on which the Company (or the Book Running Lead Manager on behalf of the Company) shall cease the

Term	Description
	acceptance of duly completed Bid cum Application Form for the Issue, from the QIBs
Bid cum Application Form	Form (including any revisions thereof) which the QIBs are required to complete and return to the Book Running Lead Manager, and pursuant to which a QIB subscribes for the Equity Shares Allocated to such QIB
Bid Opening Date	February 19, 2013
Bidding Period	The period between the Bid Opening Date and Bid Closing Date, inclusive of both dates, during which the QIBs may submit their Bids
Book Running Lead Manager	Credit Suisse.
CAN/Confirmation of Allocation Note	Note or advice or intimation to not more than 49 QIBs confirming the Allocation of Equity Shares to such QIBs after discovery of the Issue Price and to pay the entire Issue Price for all the Equity Shares allocated to such QIBs
Cut-off Price	The Issue Price of the Equity Shares which shall be finalized by our Company in consultation with the Book Running Lead Manager at or above the Floor Price
Designated Date	The probable designated date for the credit of the Equity Shares to the QIBs' accounts
Equity Shares	Equity shares of the face value of Rs. 10 each
Floor Price	The floor price of Rs. 31.93 for each Equity Share, calculated in accordance with Chapter VIII of the ICDR Regulations. The Company may offer a discount of not more than 5% on the Floor Price in terms of Regulations 85 of the ICDR Regulations
ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, as amended
Issue	The offer and issuance of the Equity Shares to QIBs, pursuant to Chapter VIII of the ICDR Regulations
Issue Price	The final price at which Equity Shares will be Allotted in terms of the Preliminary Placement Document, as determined by our Company in consultation with the Book Running Lead Manager, on the Pricing Date
Pay-in date	The last date specified in the CAN for payment of application monies by the QIBs
Payment Collection Bank	[●]
Placement Document	The Placement Document, dated [●] 2013 issued in accordance with Chapter VIII of the ICDR Regulations
Preliminary Placement Document	This Preliminary Placement Document, dated February 19, 2013 issued in accordance with Chapter VIII of the ICDR Regulations
QIB or Qualified Institutional Buyer	Qualified Institutional Buyer, as defined under Regulation 2(1)(zd) of the ICDR Regulations
QIP	Qualified Institutions Placement under Chapter VIII of the ICDR Regulations
Stock Exchanges	The NSE and the BSE

General Terms and Abbreviations

Term	Description
11 th Plan	Eleventh Five Year Plan (2007-2012) targeting India's economy, and developed, monitored and executed by the Planning Commission
11 th Plan Working Group	A group set up by the Planning Commission, to make recommendations on various policy matters pertaining to specific Plans
12 th Plan	Twelfth Five Year Plan (2013-2017) targeting India's economy, and developed, monitored and executed by the Planning

Term	Description
	Commission
AGM	Annual General Meeting
Air Act	Air (Prevention and Control of Pollution) Act, 1981, as amended
APTEL	Appellate Tribunal for Electricity
AS	Accounting standards issued by the Institute of Chartered Accountants of India
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CEA	Central Electricity Authority of India
CERC	Central Electricity Regulatory Committee
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Companies Act	The Companies Act, 1956, as amended
CPC	Civil Procedure Code, 1908
CPI	Consumer Price Index
Cusecs	Cubic feet per second (a measure of flow rate)
DEPB	Duty Entitlement Pass Book Scheme
DG	Diesel Generator
DIN	Director Identification Number
Delisting Regulations	SEBI (Delisting of Equity Shares) Regulations, 2009
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended
Depository Participant	A depository participant as defined under the Depositories Act
DPR	Detailed Project Report
EBIDTA	Earnings Before Interest, Depreciation and Tax
ECBs	External Commercial Borrowings
ECGC	Export Credit Guarantee Corporation
EGM	Extraordinary General Meeting
Environment Act	Environment Protection Act, 1986, as amended
EPC	Engineering, Procurement & Construction
EPCG	Export Promotion Capital Goods Scheme
EPS	Earnings per share
Escrow Account	The bank account titled “[•]” opened by the Company with the Payment Collection Bank
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder
FII	Foreign Institutional Investor (as defined under Section 2(f) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 as amended) registered with SEBI under applicable laws in India
Financial Year / Fiscal / FY	The period commencing on April 1 of a year and ending on March 31 of the following year
FSA	Fuel supply agreement
FSMA	The Financial Services and Markets Act, 2000, as amended
GIR	General Index Registrar
GoHP	Government of Himachal Pradesh
Government of India /GoI / Central Government / the Government	The Government of the Republic of India
HUF	Hindu Undivided Family
HPERC	Himachal Pradesh Electricity Regulatory Commission
HPPCB	Himachal Pradesh State Pollution Control Board
HPSEB	The Himachal Pradesh State Electricity Board, which is the power off-taker in connection with the BASPA II HEP
IAS	International Accounting Standard
ICAI	Institute of Chartered Accountants of India

Term	Description
ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
ICSI	Institute of Company Secretaries of India
ICWAI	Institute of Costs and Works Accountants of India
IFRS	International Financial Reporting Standards
Income Tax Act or I.T. Act	Income Tax Act, 1961, as amended
Indian GAAP	Generally accepted accounting principles of India
ISO	International Organisation for Standardisation
KV	Kilovolt
kWh	Kilo Watt Hour
Listing Agreement	The agreement entered into with each Stock Exchange for the listing of the Company's equity shares
MAT	Minimum alternative tax
MPERC	Madhya Pradesh Electricity Regulatory Commission
MOEF	Ministry of Environment and Forests
MoF	Ministry of Finance, GoI
MoP	Ministry of Power, GoI
MPPTCL	MP Power Trading Company Limited
MPSEB	Madhya Pradesh State Electricity Board
MPSMCL	Madhya Pradesh State Mining Corporation Limited
MTPA	Million tons per annum
MU	Million units
MW	Megawatts
NGO	Non-governmental organization
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Non Resident	A person resident outside India, as defined under FEMA
NRI/ Non Resident Indian	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 (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NSEZ	Noida Special Economic Zone
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
O&M	operation and maintenance
PGCIL	Power Grid Corporation of India Limited
PAN	Permanent account number issued by the income tax department
PAT	Profit After Tax
PIS	Portfolio Investment Scheme
Prospectus Directive	Directive 2003/71/EC, which includes any relevant implementing measure in each Relevant Member State
RBI	The Reserve Bank of India
Relevant Member State	Each Member State of the European Economic Area which has implemented the Prospectus Directive
Rs. / Rupees	Indian Rupees
SAT	Securities Appellate Tribunal
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Insider Trading Regulations	Securities and Exchange Board of India Act (Prohibition of

Term	Description
	Insider Trading) Regulations, 1992, as amended
Securities Act	U.S. Securities Act of 1933, as amended
SECL	South Eastern Coalfields Limited
Securities and Futures Act	Securities and Futures Act, Chapter 289 of Singapore, as amended
SEZ Act	Special Economic Zones Act, 2005, as amended
SEZ	Special Economic Zone
STT	Securities Transaction Tax
Takeover Code	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
U.K.	United Kingdom
UNFCCC	United Nations Framework Convention on Climate Change
UPPCL	The UP Power Corporation Limited, which is the power off-taker in connection with the Vishnuprayag power plant
UPERC	Uttar Pradesh Electricity Regulatory Commission
U.S.	United States of America
U.S. GAAP	Generally accepted accounting principles in the United States of America
USD/US\$/	United States Dollar
VERs	Verified Emissions Reductions certificates, which are tradable certificates (commonly referred to as “carbon credits”) issued pursuant to the Voluntary Carbon Standard 2007, a carbon offset standard for projects that reduce greenhouse gas emissions
WHO	World Health Organization
WPI	Wholesale Price Index
Water Act	Water (Prevention and Control of Pollution) Act, 1974, as amended

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Preliminary Placement Document, including under “*Risk Factors*”, “*Use of Proceeds*”, “*Placement*”, “*Issue Procedure*” and “*Description of the Shares*”.

Issuer	Jaiprakash Power Ventures Limited
Issue	The offer and sale of [●] equity shares of the Issuer of face value of Rs. 10 each (“ Equity Shares ”) to QIBs pursuant to Chapter VIII of the ICDR Regulations.
Issue Price	Rs. [●] per Equity Share, including a premium of Rs. [●] per Equity Share.
Issue Size	The issue of up to [●] Equity Shares aggregating up to Rs. [●] million
Floor Price	Rs. 31.93 per Equity Share, calculated in accordance with Regulation 85 of the ICDR Regulations.
Eligible Investors	QIBs as defined in Regulation 2(1)(zd) of the ICDR Regulations to whom the Preliminary Placement Document and the Bid cum Application Form is circulated and who are eligible to bid and participate in the Issue. See “ <i>Issue Procedure — Qualified Institutional Buyers</i> ”
Equity shares issued and outstanding immediately prior the Issue	2,624,757,123 equity shares of the face value of Rs. 10 each
Equity shares issued and outstanding immediately after the Issue	[●] equity shares of the face value of Rs. 10 each
Listing	Applications for approval, in terms of Clause 24(a) of the listing agreements with the Stock Exchanges were made and approval has been received from each of the Stock Exchanges on February 19, 2013. The application for the in-principle and final listing and trading approval, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, will be made only after Allotment of the Securities in the Issue.
Lock-up	<p>The Company undertakes that it will not for a period commencing the date hereof and ending 60 days from the date of Allotment, without the prior written consent of the BRLM, directly or indirectly:</p> <ul style="list-style-type: none"> (a) purchase, offer, issue, lend, sell, grant any option or contract to purchase, purchase any option or contract to offer, issue, lend, sell, grant any option, right or warrant to purchase, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned by the undersigned) or file any registration statement under the Securities Act, with respect to any of the foregoing, or (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or (c) deposit Equity Shares with any other depositary in connection with a depositary receipt facility, or (d) enter into any transaction (including a transaction involving derivatives)

	<p>having an economic effect similar to that of a sale or deposit of the Equity Shares in any depository receipt facility; or</p> <p>(e) publicly announce any intention to enter into any transaction falling within (a) to (d) above or enter into any transaction falling within (a) to (d) above.</p> <p>Provided, however, that the foregoing restrictions do not apply to the issuance of any Issue Shares and the above clauses shall not restrict the Company from issuing foreign currency convertible bonds in this period.</p>
Transferability Restrictions	The Equity Shares being allotted pursuant to this Issue cannot be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. See “ <i>Distribution and Solicitation Restrictions</i> ” and “ <i>Transfer Restrictions</i> ”
Use of Proceeds	The net proceeds of the Issue (after deduction of fees, commissions and other expenses) are expected to total approximately Rs. [●] million. Subject to compliance with applicable laws and regulations, we currently intend to use the net proceeds received from the Issue for (i) funding of its business of power projects; (ii) investment in subsidiaries by way of equity investments; (iii) repaying outstanding indebtedness; (iv) general corporate purposes; and (v) any other use as may be permitted under applicable laws. See “ <i>Use of Proceeds</i> ”.
Risk Factors	See “ <i>Risk Factors</i> ” for a discussion of certain risks in connection with an investment in the Equity Shares.
Pay-In Date	Last date specified in the CAN sent to the QIBs for payment of application money.
Closing	The Allotment is expected to be made on or about [●] 2013.
Ranking	The Equity Shares being issued shall be subject to the provisions of the Issuer’s Memorandum and the Articles and shall rank <i>pari passu</i> in all respects with the existing equity shares of the Company including rights in respect of dividends. The shareholders will be entitled to participate in dividends and other corporate benefits, if any, declared by the Issuer after Allotment, in compliance with the Companies Act. Shareholders may attend and vote in shareholders’ meetings on the basis of one vote for every equity share of the Company held. See “ <i>Description of the Shares</i> ”.
Security Codes for the equity shares of the Company	<p>ISIN INE351F01018</p> <p>BSE Code 532627</p> <p>NSE Code JPPOWER</p>

SUMMARY OF THE BUSINESS

In this section, any reference to “we”, “us”, “our” or “our Company” refers to Jaiprakash Power Ventures Limited or the project companies incorporated or proposed to be incorporated for the development and implementation of the projects described below, either on a standalone basis or on a consolidated basis, as the context requires.

Overview

We are an Indian power company, which currently owns and operates three hydroelectric power plants, including the largest privately operated hydroelectric power plant to commence operations in India during the 11th Five Year Plan according to the Central Electricity Authority of India (CEA), one transmission line and one thermal power plant. We are at various stages of implementing three thermal power projects, including the remaining phases of our operating thermal power plant. We are also in the preliminary stages of developing four hydroelectric power projects and the second phases of two of our thermal power projects under implementation. Jaiprakash Associates Limited (JAL), our Promoter, is the flagship company of the Jaypee Group, and owns 67.93% of our Equity Shares. Our Promoter and Promoter Group collectively own 72.72% of our Equity Shares.

We currently operate the BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power plants, which have aggregate generation capacity of 1,700 MW, and our 74%-owned subsidiary, JPL, operates the 217-kilometer Jaypee Powergrid transmission line. In addition, the first 250 MW unit of the 500 MW first phase of the Bina Thermal power project has commenced operations, while the second 250 MW unit of the first phase is expected to commence operations in 2013.

- *BASPA II Hydroelectric Power Plant.* We developed and operate a 300 MW run-of-the-river hydroelectric power plant on the Baspa river, a tributary of the Satluj river in Kinnaur district in the state of Himachal Pradesh, pursuant to a build-own-operate concession granted by the state of Himachal Pradesh. The BASPA II hydroelectric power plant commenced operations in June 2003 and is designed to produce approximately 1,213 MU of power in a 90% Dependable Year.
- *Vishnuprayag Hydroelectric Power Plant.* We developed and operate a 400 MW run-of-the-river hydroelectric power plant on the Alaknanda river in Chamoli district of the state of Uttarakhand pursuant to a build-own-operate concession originally granted by the state of Uttar Pradesh in 1994 and subsequently by the state of Uttarakhand in 2003 pursuant to the reorganization of the state of Uttar Pradesh. The Vishnuprayag hydroelectric power plant commenced operations in October 2006 and is designed to produce approximately 1,744.4 MU of power in a 90% Dependable Year.
- *Karcham-Wangtoo Hydroelectric Power Plant.* We developed and operate a 1,000 MW run-of-the-river hydroelectric power plant on the Sutlej river, in Kinnaur district of the state of Himachal Pradesh, India. The Karcham-Wangtoo hydroelectric power plant commenced operations in September 2011 and is designed to produce 4,261 MU of electrical energy in a 90% Dependable Year. This plant is the largest privately operated hydroelectric power plant to commence operations in India during the 11th Five Year Plan according to the CEA.
- *Jaypee Powergrid Transmission Line.* Our 74%-owned subsidiary, Jaypee Powergrid Limited (JPL), developed and operates a 217-kilometer-long power transmission line, which transmits power from the Karcham-Wangtoo hydroelectric power plant to a 400 k/v DC transmission line at Abdullarpur in the state of Haryana, India for inter-state transmission of electricity. The Jaypee Powergrid transmission line commenced operations in April 2012.

We are implementing the first phase of the Bina thermal power project, the Nigrie thermal power project and the first phase of the Bara thermal power project.

- *Bina Thermal Power Project (Phase I).* We are implementing the first phase of a 1,200 MW thermal power plant in Sagar district of the state of Madhya Pradesh, India. The first 250 MW unit of the 500 MW (first phase) of this project commenced operations in August 2012 and the second 250 MW unit of the first phase is expected to commence operations in 2013.

- *Nigrie Thermal Power Project.* We are implementing a 1,320 MW coal-fired thermal power plant based on super-critical technology in Singrauli district of the state of Madhya Pradesh, India, which is currently expected to commence operations in 2013.
- *Bara Thermal Power Project (Phase 1).* Our 92.53%-owned subsidiary, PPGCL, is implementing the first phase of a 3,300 MW thermal power plant at Bara in Allahabad district of the state of Uttar Pradesh, India. The first phase of 1,980 MW is currently expected to commence operations in 2014.

We are in the preliminary stages of developing the second phases of the Bina and Bara thermal power projects, the Karchana thermal power project and four hydroelectric power projects, namely the Lower Siang and Hirong projects in the state of Arunachal Pradesh, and the Kynshi II and Umngot HEP in the state of Meghalaya.

- *Bina Thermal Power Project (Phase 2).* We are in the preliminary stages of developing the second phase of a 1,200 MW thermal power plant in Sagar district of the state of Madhya Pradesh, India. We are in the process of arranging for coal supplies and obtaining approvals for the second phase of 700 MW. The first phase of 500 MW is currently under implementation.
- *Bara Thermal Power Project (Phase 2).* Our 92.53%-owned subsidiary, PPGCL, is in the preliminary stages of developing the second phase of a 3,300 MW thermal power plant at Bara in Allahabad district of the state of Uttar Pradesh, India. We are in the process of arranging coal supplies and obtaining approvals for the second phase of 1,320 MW. The first phase of 1,980 MW is currently under implementation.
- *Karchana Thermal Power Project.* Our wholly-owned subsidiary, Sangam Power Generation Company Limited (SPGCL), is implementing developing a 1,980 MW thermal power plant in Allahabad district of the state of Uttar Pradesh, India. The timeframe for implementation of this project is subject to SPGCL's ability to obtain possession of the required land, for which SPGCL has already made payment to the Government of Uttar Pradesh. See "Legal Proceedings And Disputes".
- *Arunachal Pradesh Projects.* Pursuant to memoranda of agreement with the Government of Arunachal Pradesh, we expect to own 89% of Jaypee Arunachal Power Limited (JAPL) and the Government of Arunachal Pradesh is expected to own the remaining portion. JAPL is developing the Lower Siang hydroelectric power project, which is a 2,700 MW hydroelectric power project in the East Siang district of the state of Arunachal Pradesh, India, and the Hirong hydroelectric power project, which is a 500 MW hydroelectric power project in the West Siang district of the state of Arunachal Pradesh, India.
- *Meghalaya Projects.* Pursuant to memoranda of agreement with the Government of Meghalaya, we expect to own 74% of Jaypee Meghalaya Power Limited (JMPL) and the Government of Meghalaya is expected to own the remaining portion. JMPL is developing the Kynshi II hydroelectric power project, which is a 450 MW hydroelectric power project in the West Khasi district of the state of Meghalaya, India, and the Umngot hydroelectric power project, which is a 270 MW hydroelectric power project in the East Khasi district of the state of Meghalaya, India.

For the six months ended September 30, 2012, our total revenues were Rs. 15,718 million and our net profit after tax was Rs. 5,651 million. For fiscal 2012, our total revenues were Rs. 16,864 million and our net profit after tax was Rs. 4,007 million. Our operating results for such periods primarily reflect the operation of our three operating hydroelectric power plants, namely the BASPA II hydroelectric power plant, the Vishnuprayag hydroelectric power plant and the Karcham-Wangtoo hydroelectric power plant. Our average selling price of electricity from the BASPA II hydroelectric power plant was Rs. 4.03 per unit for the three months ended December 31, 2012, Rs. 2.05 per unit for the six months ended September 30, 2012 and Rs. 2.69 per unit for fiscal 2012. Our average selling price of electricity from the Vishnuprayag hydroelectric power plant was Rs. 3.26 per unit for the three months ended December 31, 2012, Rs. 1.89 per unit for the six months ended September 30, 2012, and Rs. 2.39 per unit for fiscal 2012. Our average selling price of electricity from the Karcham-Wangtoo hydroelectric power plant was Rs. 4.42 per unit for the three months ended December 31, 2012, Rs. 3.54 per unit for the six months ended September 30, 2012, and Rs. 3.89 per unit for fiscal 2012.

The Jaypee Group

The Jaypee Group is a diversified infrastructure group in India with interests in civil engineering and construction, cement, power, real estate, expressways, hospitality, golf courses, sports, fertilizer and not-for-profit education which is carried out by various Jaypee Group companies including an 83.1% interest in Jaypee Infratech Limited (which executed the 165 km Yamuna Expressway and is currently developing approximately 530 million square feet of real estate development), 100% owned Himalayan Expressway Limited (which executed a project with National Highways Authority of India), a 90.5% interest in Jaypee Sports International Limited (which conducts the formula 1 race) and 100% owned Jaypee Fertilizers and Industries Limited. We believe we benefit from the Jaypee Group's experience in the conceptualization, design, development, construction and operation of hydroelectric power plants. Together with the Jaypee Group, we are able to manage multiple aspects of power projects, from front-end engineering design to completion, operation and maintenance.

Our Promoter has been involved in the construction of various multi purpose river valley and hydro power projects namely 390 MW Dulhasti hydro power project, 300 MW Chamara II hydro power project (EPC only), 1,450 MW Sardar Sarovar hydro power project (the third highest concrete dam in India), 520 MW Omkareshwar hydro power project (EPC only), 1,000 MW Indira Sagar hydro power project (the second largest surface powerhouse in India), 450 MW Baghalihar I hydro power project (EPC only), 1,000 MW Tehri hydro power project (largest rockfill dam in India), 510 MW Teesta hydro power project, 1,500 MW Nathpa Jhakri hydro power project (the largest underground powerhouse in India) and 1,020 MW Tala hydro power project. Each of the projects was completed during the period from 2002 through 2011. Our Promoter is involved in engineering and construction, manufacture of cement of a total operational and planned capacity of 23.3 MTPA, real estate and hospitality. Our Promoter is also involved (a) in the manufacture of cement including by way of (i) a 74% interest in various cement joint ventures with aggregate capacity of 4.3 MTPA; (ii) Jaypee Cement Corporation Limited, its wholly owned subsidiary, which has capacity to produce up to 9.8 MTPA; and (b) in the mining of coal at Mandla (North) and Mandla (South) (by way of a joint venture between JAL and Madhya Pradesh State Mining Corporation Limited).

JAL, which is part of the Jaypee Group, owns 67.93% of our Equity Shares. Our Promoter and Promoter Group collectively own 72.72% of our Equity Shares. JAL is the flagship company of the Jaypee Group. JAL has over 40 years of experience in the civil engineering and construction sectors in India, as a well-known construction company or as a member of consortia and joint ventures. In particular, JAL has a strong project implementation track record as a hydroelectric power construction company and has participated in projects that have added 9,840 MW of hydroelectric power capacity to the national power grid from calendar year 2002 through calendar year 2012. JAL's shares have been listed on the BSE and the NSE since June 14, 2004 and had a market capitalization of Rs. 187.37 billion as of January 31, 2013.

Mr. Jaiprakash Gaur, the founder of the Jaypee Group, has been associated with the construction industry for over 52 years. He is an alumnus of the University of Roorkee (now the Indian Institute of Technology, Roorkee). Mr. Jaiprakash Gaur spearheaded the growth of the Jaypee Group.

Corporate History and Structure

The Company was incorporated on December 21, 1994 as Jaiprakash Hydro-Power Limited (JHPL), a public limited company under the Companies Act, 1956. In March 2005, JHPL became the first hydropower company to have its shares listed on the BSE and NSE. Pursuant to a scheme of amalgamation, Jaiprakash Power Ventures Limited, which developed and operated the Vishnuprayag hydroelectric power plant, amalgamated into JHPL effective as of April 1, 2009. Subsequent to the amalgamation, JHPL was renamed Jaiprakash Power Ventures Limited (JPVL). Pursuant to a scheme of amalgamation, Jaypee Karcham Hydro Corporation Limited (JKHCL), which developed and operates the Karham-Wangtoo plant, and Bina Power Supply Company Limited (BPSCL), which is developing and implementing the Bina thermal power project, amalgamated into the Company effective as of April 1, 2010.

SELECTED FINANCIAL INFORMATION OF THE COMPANY

The selected financial information as of and for the financial year ended March 31, 2012, 2011 and 2010 and for the six month periods ended September 30, 2012 and 2011 set forth below have been derived from our **“Financial Statements”** included elsewhere in this Preliminary Placement Document. The financial information included in this Preliminary Placement Document does not reflect our results of operations, financial position and cash flows for the future and our past operating results are no guarantee of our future operating performance. Our **“Financial statements”** are prepared and presented in accordance with Indian GAAP. For a summary of our significant accounting policies and the basis of the presentation of our **“Financial Statements”**, refer to the notes to the **“Financial Statements”** included elsewhere in this Preliminary Placement Document.

Solely for the convenience of the reader, the selected data set out below are presented in a format different from and such data has been derived from the Audited Consolidated Financial Statements and Interim Consolidated Financial Statements. Neither the information set forth below nor the format in which it is presented should be viewed as comparable to information presented in accordance with Indian GAAP, U.S. GAAP, IFRS or other accounting principles. For further details please see **“Risk Factors - Significant differences exist between Indian GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with Indian GAAP contained in this Preliminary Placement Document”** and **“Summary of Principal Differences between Indian GAAP and U.S. GAAP”**.

The selected financial information set forth below should be read in conjunction with **“Management’s Discussion and Analysis of Financial Condition and Results of Operations”** and **“Financial Statements”** included elsewhere in this Preliminary Placement Document.

The Audited Consolidated Financial Statements as of and for the financial years ended March 31, 2012, 2011 and 2010 included in this Preliminary Placement Document were audited by our statutory Auditors, R. Nagpal Associates and the Interim Consolidated Financial Statements as of and for the six month periods ended September 30, 2012 and 2011 have been subject to a limited review conducted by our statutory Auditors, R. Nagpal Associates.

Unless stated otherwise, references to our consolidated financial statements as of and for the years ended March 31, 2011 and 2010 are to the financial statements for that year, prepared, presented and audited in accordance with the format prescribed under Schedule VI to the Companies Act before it was replaced with a revised Schedule VI pursuant to a Notification S.O. 447(E) dated February 28, 2011 issued by the Ministry of Corporate Affairs, Government of India. Similarly, references to our consolidated financial statements as of and for the year ended March 31, 2012, and the six month periods ended September 30, 2012 and 2011, are to the audited financial statements presented in accordance with the revised Schedule VI. See **“Management’s Discussion and Analysis of Financial Condition and Results of Operations - Changes in Presentation of Financial Statements with Effect from April 1, 2011.”**

CONSOLIDATED BALANCE SHEET

(Rupees in millions)

Particulars		Figures as at the end of the Reporting Period		
		As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
I. EQUITY AND LIABILITIES				
(1) Shareholders' funds				
(a) Share Capital		26,248	26,248	20,957
(b) Reserves and Surplus		28,340	25,416	12,723
(c) Money received against share warrants		-	-	-
(d) Minority Interest (in subsidiaries)		759	650	585
(2) Share application money pending allotment		-	-	-
(3) Deferred Revenue		3,921	3,130	2,340
(4) Non Current Liabilities				
(a) Long-term borrowings		156,790	1,30,174	64,614
(b) Deferred tax liabilities		1,243	-	-
(c) Other Long-term liabilities		627	975	-
(d) Long-term provisions		3,562	3,471	-
(5) Current Liabilities				
(a) Short-term borrowings		5	508	3,500
(b) Trade payables		12,046	3,957	2,017
(c) Other current liabilities		17,866	3,196	732
(d) Short-term provisions		3,656	196	1,011
TOTAL		255,063	197,921	108,479
II. ASSETS				
(1) Non-current assets				
(a) Fixed assets				
(i) Tangible assets		98,600	32,112	42,275
(ii) Intangible assets		-	-	-
(iii) Capital work-in-progress		95,653	1,03,243	23,924
(iv) Intangible assets under development		-	-	-
(b) Non-current investments				

Particulars		Figures as at the end of the Reporting Period		
		As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
		19,859	19,859	4,000
(c) Deferred tax assets		-	-	-
(d) Long-term loans and advances		20,758	15,063	1,829
(e) Other non-current assets		966	1,058	2,287
(2) Current assets				
(a) Current investments		-	-	-
(b) Inventories		490	549	217
(c) Trade receivables		4,304	1,556	1,045
(d) Cash and cash equivalents		9,192	22,281	25,872
(e) Short-term loans and advances		4,829	1,646	6,981
(f) Other current assets		412	554	49
TOTAL		255,063	197,921	108,479

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rupees in millions)

Particulars		Figures for the Reporting Period		
		Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
I.	Revenue from operations	16,156	7,369	6,907
II.	Other Income	708	1,039	271
III.	Total Revenue (I+II)	16,864	8,408	7,178
IV.	Expenses :			
	Cost of operation and maintenance	493	268	307
	Purchase of Stock-in-trade	-	-	-
	Changes in inventories of finished goods work-in-progress and stock-in-trade	-	-	-
	Employee benefits expense	434	245	215
	Finance costs	8,595	4,484	2,364
	Depreciation and amortization expense	2,312	978	1,026
	Other expenses	411	296	331
	Total expenses	12,245	6,271	4,243
V.	Profit before exceptional and extraordinary items and tax (III -IV)	4,619	2,137	2,935
VI.	Minority Interest	3	5	-
VII.	Profit before exceptional and extraordinary items and tax (V -VI)	4,616	2,132	2,935
VIII.	Exceptional items	-	-	-
IX.	Profit before extraordinary items and tax (V -VI)	4,616	2,132	2,935
X.	Extraordinary items	-	100	-
XI.	Profit before tax (VII-VIII)	4,616	2,032	2,935
XII.	Tax Expense :			
	(i) Current tax (MAT)	927	412	516
	Less : MAT credit entitlement	927	-	-
	Net Current Tax	-	-	-
	(ii) Earlier years	-	2	2
	(iii) Previous Year - Written Off	(12)	-	-
	(iv) Provision of tax for earlier years reversed	-	-	-
	(v) Fringe benefit tax of earlier year written off	-	-	-
	(vi) Deferred tax	621	-	-
XIII.	Profit/(loss) from continuing operations (VII-VIII)	4,007	1,618	2,417
XIV.	Profit/(loss) from discontinuing operations	-	-	-
XV.	Tax expense of discontinuing operations	-	-	-
XVI.	Profit/(loss) from discontinuing operations (after tax) (XII-XIII)	-	-	-
XVII.	Profit/(loss) for the period (XI + XIV)	4,007	1,618	2,417
XVII	Earnings per equity share :			
I.	Before Extraordinary items			
	(i) Basic	1.53	0.82	1.15
	(ii) Diluted	1.47	0.66	1.15
	After Extraordinary items			
	(i) Basic	1.53	0.77	1.15
	(ii) Diluted	1.47	0.62	1.15

CASH FLOW STATEMENT

(Rupees in millions)

S. NO	PARTICULARS	Figures for the Reporting Period		
		Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
A.	Cash flow from operating activities			
	Profit before taxation	4,619	2,036	2,936
	<u>Add Back</u>			
	Depreciation	2,312	949	1,026
	Deferred Revenue on account of advance against depreciation	791	791	791
	Less : Adjustment of tariff			(38)
	(Gain)/Loss on sale of Assets	-	-	-
	Amount written off-Miscellaneous Expenditure	-	29	29
	Interest & financial charges	8,594	4,484	2,364
	<u>Deduct:</u>			
	Interest Income (Interest on bank deposits)	(669)	(873)	(119)
	Interest Income (Interest on Arrears)	(33)	(136)	(147)
	Dividend Income (On Mutual Funds)	-	(5)	-
	Other Income	(6)	(25)	(5)
	Operating profit before working capital changes			
	<u>Add:</u>			
	(Increase)/Decrease in Trade Debtor	(2,747)	483	(834)
	Add: Transfer from amalgamating Company	-	-	536
	(Increase)/Decrease in Inventories	59	35	(168)
	Add: Transfer from amalgamating Company	-	2	14
	(Increase)/Decrease in Long Term/Short Term Loans and Advances and others Current Asses	(4,672)	(1,224)	(7,891)
	Add: Transfer from amalgamating Company	-	2,042	489
	<u>Deduct:</u>			
	Increase (Decrease) in Current Liabilities & Other Long Term Liabilities	7,713	2,545	2,334
	excluding Current Maturities of Long Term Debts			
	Less: Transfer from amalgamating Company	-	(4,780)	(310)
	Increase (Decrease) in Provisions	24	6	8
	Less: Transfer from amalgamating Company	-	(7)	(252)
	Cash generated from Operations	15,985	6,352	764
	<u>Adjustments for :</u>			
	Income tax paid (net of refund)	(907)	(442)	(553)
	Net cash inflow from operating activities----'A'	15,078	5,910	211
B.	Cash flow from Investing activities			
	<u>Outflow</u>			
	Investment in Fixed Assets/Capital Work in Progress	(61,211)	(87,628)	(18,776)
	Less: Transfer from amalgamating Company	-	44,128	-
	Work in Progress	-	-	-
	Investment in Subsidiary	-	(15,859)	(4,000)
	Less: Transfer from amalgamating Company	-	15,859	-
	<u>Inflow</u>			
	Sale of Assets	-	-	-
	Interest Income	713	1,214	166
	Other Income	6	25	5
	Net cash used in investing activities-----'B'	(60,492)	(42,261)	(22,605)
C.	Cash flow from Financing activities			
	<u>Inflow</u>			
	Increase in Share Capital-Minority Interest	109	65	260
	Increase in Long Term Borrowings & Current Maturities of Long Term debt-Net	40,717	65,344	70,321
	Less: Transfer from Transferee Company		(28,763)	(11,449)

	<u>Outflow</u>			
	Interest & financial charges paid	(8,501)	(4,484)	(2,355)
	Decrease in Borrowings	-	-	(11,056)
	Payment of Preliminary Expenses	-	(10)	(1)
	Payment of Dividend and Dividend Distribution Tax	-	-	(430)
	Net cash in financing activities---`C'	32,325	32,152	45,290
D.	CASH AND CASH EQUIVALENT ON AMALGAMATIONS.....'D'	-	609	1,740
	Net increase/(Decrease) in cash or cash equivalent (A+B+C+D)	(13,089)	(3,590)	24,636
	Cash & cash equivalent at the commencement of the year (Opening balance)	22,282	25,872	1,236
	Cash & cash equivalent at the end of the year (closing balance)	9,193	22,282	25,872

EBITDA

The following table sets forth the Company's consolidated EBITDA for the periods specified and a reconciliation to the Company's Profit After Tax for such periods.

	For the years ended March 31,			For the six months ended September 30,	
	2010	2011	2012	2011 (unaudited)	2012 (unaudited)
	(Rs. millions)				
EBITDA⁽¹⁾	6,325	7,494	15,523	8,974	14,239
Add (Deduct):					
Depreciation and Amortization	1,026	978	2,312	944	1,707
Provision for income tax	518	414	609	876	1,138
Interest expense	2,364	4,484	8,595	3,658	5,743
Profit After Tax	2,417	1,618	4,007	3,496	5,651

Note: (1) EBITDA represents net income after adding provisions for interest expense, income tax and depreciation and amortization. EBITDA is not a measure of performance under Indian GAAP and investors should not consider EBITDA in isolation or as an alternative to operating income or net income as an indicator of the Company's operating performance or to cash flow from operating, investing and financing activities as a measure of liquidity, or any other measures of performance under Indian GAAP. Because there are various EBITDA calculation methods, the Company's presentation of EBITDA may not be comparable to similarly titled measures used by other companies.

Unaudited Consolidated Financial Results For The Six Month Periods Ended September 30, 2012 and September 30, 2011

CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2012

(Rupees in millions)

Particulars		Figures as of September 30, 2012	Figures as of September 30, 2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital		26,248	26,248
(b) Reserves and Surplus		32,678	27,521
(c) Money received against share warrants		-	-
(d) Minority Interest (in subsidiaries)		780	728
(2) Share application money pending allotment		-	-
(3) Deferred Revenue		4,316	3,525
(4) Non Current Liabilities			
(a) Long-term borrowings		189,221	140,668
(b) Deferred tax liabilities		2,198	-
(c) Other Long-term liabilities		223	1,090
(d) Long-term provisions		5,206	3,657
(5) Current Liabilities			
(a) Short-term borrowings		435	2
(b) Trade payables		7,848	2,735
(c) Other current liabilities		21,564	9,028
(d) Short-term provisions		4,776	2,277
TOTAL		295,493	217,479
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets		128,047	95,809
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		99,252	52,194
(iv) Intangible assets under development		-	-
		227,299	148,003
(b) Non-current investments		19,859	19,859
(c) Deferred tax assets		-	-
(d) Long-term loans and advances		21,486	26,683
(e) Other non-current assets		785	1,138
(2) Current assets			
(a) Current investments		-	-
(b) Inventories		727	433
(c) Trade receivables		6,103	4,061
(d) Cash and cash equivalents		12,172	15,685
(e) Short-term loans and advances		6,897	1,428
(f) Other current assets		165	189
		26,064	21,796
TOTAL		295,493	217,479

CONSOLIDATED PROFIT AND LOSS ACCOUNT AS AT SEPTEMBER 30, 2012 AND 2011

(Rupees in millions)

Particulars		Figures for the six months ended September 30, 2012	Figures for the six months ended September 30, 2011
I.	Revenue from operations	15,554	9,250
II.	Other Income	164	298
III.	Total Revenue (I+II)	15,718	9,548
IV.	Expenses :		
	Cost of operation and maintenance	932	234
	Purchase of Stock-in-trade	-	-
	Changes in inventories of finished goods work-in-progress and stock-in-trade	-	-
	Employee benefits expense	261	198
	Finance costs	5,743	3,658
	Depreciation and amortization expense	1,707	944
	Other expenses	208	141
	Total expenses	8,851	5,175
V.	Profit before exceptional and extraordinary items and tax (III -IV)	6,867	4,373
VI.	Minority Interest	78	1
VII.	Profit before exceptional and extraordinary items and tax (V -VI)	6,789	4,372
VIII.	Exceptional items	-	-
IX.	Profit before extraordinary items and tax (V -VI)	6,789	4,372
X.	Extraordinary items	-	-
XI.	Profit before tax (VII-VIII)	6,789	4,372
XII.	Tax Expense :		
	(i) Current tax (MAT)	1,374	876
	Less : MAT credit entitlement	1,192	0
	Net Current Tax	182	876
	(ii) Earlier periods	-	-
	(iii) Previous period - Written Off	-	-
	(iv) Provision of tax for earlier periods reversed	-	-
	(v) Fringe benefit tax of earlier period written off	-	-
	(vi) Deferred tax	956	-
		1,138	876
XIII.	Profit/(loss) from continuing operations (VII-VIII)	5,651	3,496
XIV.	Profit/(loss) from discontinuing operations	-	-
XV.	Tax expense of discontinuing operations	-	-
XVI.	Profit/(loss) from discontinuing operations (after tax) (XII-XIII)	-	-
XVII.	Profit/(loss) for the period (XI + XIV)	5,651	3,496
XVIII.	Earnings per equity share :		
	Before Extraordinary items		
	(i) Basic	2.15	1.33
	(ii) Diluted	2.07	1.28
	After Extraordinary items		
	(i) Basic	2.15	1.33
	(ii) Diluted	2.07	1.28

RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Preliminary Placement Document, including the risks and uncertainties described below, before making an investment in our Equity Shares. Any potential investor in, and purchaser of, the Equity Shares should pay particular attention to the fact that we are an Indian company and are subject to a legal and regulatory environment which in some respects may be different from that which prevails in other countries. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment. These risks and uncertainties are not the only issues that we face; additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have a material adverse effect on our business, results of operations and financial condition. The financial data in this chapter is as per our Financial Statements contained in this Preliminary Placement Document. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks mentioned herein. Numbering of the risk factors is for convenience only and may not reflect the relative importance of any of the following risk factors.

Any reference to “we”, “us”, “our” or “our Company” refers to Jaiprakash Power Ventures Limited or the project companies incorporated or proposed to be incorporated for the development and implementation of the projects described below, either on a standalone basis or on a consolidated basis, as the context may require.

Risks Relating to our Business in General

1. Certain of the Company’s financing documents require the Company to obtain consents from its lenders for the issuance of the Equity Shares pursuant to the Issue; in some cases, such consents have not been obtained or sought.

Under the terms of certain of its financing documents, the Company requires the consent of its lenders to undertake the Issue. The aggregate principal amount outstanding under loan facilities in respect of borrowings of the Company for which lender consent has been received or is not required is Rs. 151,763 million, which represents 92.86% of the aggregate principal amount of the Company’s borrowings as of December 31, 2012. With respect to each of the Company’s loans, unless and until a consent is obtained, there is a risk that the relevant lenders may declare a default or seek to accelerate repayment of their loans. Furthermore, certain of the Company’s financing documents for which consent has been obtained or is not required contain cross-default or cross-acceleration provisions, which may be triggered as a result of the Company undertaking the Issue without obtaining consents under other financing documents for which any required consent has not been obtained. Defaults under, or the acceleration of, the Company’s loans arising from failing to obtain the relevant lenders’ consent to undertake the Issue, or as a consequence of the operation of cross-default or cross-acceleration clauses, may, individually or in the aggregate, have a material adverse effect on the Company’s operations, financial position and results of operations.

2. The Interim Standalone Financial Statements and the Interim Standalone Quarterly Financial Statements do not reflect our consolidated subsidiaries.

The Interim Standalone Financial Statements and the Interim Standalone Quarterly Financial Statements are prepared on a standalone basis for the Issuer and do not reflect our consolidated subsidiaries. For this reason the Interim Consolidated Financial Statements are not comparable to our Audited Consolidated Financial Statements for the years ended March 31, 2012, 2011 and 2010, our Interim Consolidated Financial Statements for the six month periods ended September 30, 2012 and 2011 and any other consolidated financial information that has been prepared, or will in the future be prepared, by the Company.

The Interim Standalone Financial Statements and the Interim Standalone Quarterly Financial Statements do not reflect the financial results of certain subsidiaries, the results of which are reflected in our consolidated financial statements. These subsidiaries include Jaypee Powergrid Limited, which developed and operates the Jaypee Powergrid transmission line, and certain other subsidiaries (namely PPGCL., SPGCL., JAPL and JMPL.) which are developing projects that have not yet commenced operations. The financial statements of these subsidiaries as of March 31, 2012, 2011 and 2010 and September 30, 2012 reflected total assets of Rs. 50,058 million, Rs. 29,586 million, Rs. 29,066 million and Rs. 60,923 million, respectively, accounting for 19.60%, 15.70%, 27.80% and 20.60%, respectively, of our total consolidated assets as of such dates; and total loans of Rs. 26,049

million, Rs. 12,777 million, Rs. 14,369 million and Rs. 37,164 million, respectively, accounting for 15%, 9.60%, 21% and 17.90%, respectively, of our total consolidated loans as of such dates. The financial statements of the subsidiaries under operation for the six months ended September 30, 2012 reflect a total revenue of Rs. 1,042 million, accounting for 6.6%, of our total consolidated revenue for such period; and profit of Rs. 239 million, accounting for 4.2%, of our total consolidated profit for such period. The subsidiaries which are developing projects and have not yet commenced operations, did not earned any revenue or profit as of March 31, 2012, 2011 and 2010 and the three months ended Decmebr 31, 2012.

3. **As of December 31, 2012, the ratio of the Issuer's debt to net worth, on a standalone basis without giving effect to the Issue, was 3.07:1. We are presently not in compliance with certain loan agreements and, if the ratio of the Issuer's debt to net worth, on a standalone basis, exceeds 3:1 as of March 31, 2013, we will not be in compliance with certain other loan agreements. As a result, our lenders may accelerate our debt and we may be at risk of triggering cross-default and cross-acceleration provisions in our other loan agreements.**

We have entered into various loan agreements which require the Company to maintain certain financial ratios, including that the ratio of debt to net worth shall not exceed a specified ratio. Pursuant to our rupee term loan facilities with ICICI Bank, and our common loan agreements with respect to the BASPA II and Vishnuprayag hydroelectric power plants, the ratio of the Issuer's total debt to net worth, on a standalone basis, must not exceed 3:1. Pursuant to our common loan agreements with respect to the BASPA II and Vishnuprayag hydroelectric power plants, the financial covenants are tested annually as of March 31 of each year. However, pursuant to our rupee term loan facilities with ICICI Bank, we would be in breach of the financial covenant if, at any time, the ratio of the Issuer's debt to net worth, on a standalone basis, exceeds 3:1. As of March 31, 2012, 2011 and 2010, the ratio of the Company's total debt to net worth was 2.71, 2.60 and 2.23, however, as of December 31, 2012, the ratio of the Company's debt to net worth was 3.07:1. Thus, the Company is not presently in compliance with the applicable covenant in the ICICI rupee term loan facilities and, if the ratio of the Issuer's debt to net worth, on a standalone basis, were to exceed 3:1 as of March 31, 2013, we would not be in compliance with our obligations under the common loan agreements with respect to the BASPA II and Vishnuprayag hydroelectric power plants. As of the date of this Preliminary Placement Document, ICICI Bank has not taken any action in relation to our non-compliance under the rupee term loan facilities, however, it has also not taken action to validly waive our non-compliance. There is a risk that our lenders may take action to declare us in default of our agreements and accelerate our debt. Any such action by our lenders to declare us in default may trigger cross-default and cross-acceleration clauses under other loan agreements, and would have a material adverse effect on our business, prospects, financial condition and results of operations. See "Indebtedness".

Jaypee Karcham Hydro Corporation Limited, which developed the Karcham-Wangtoo hydroelectric power plant, and Bina Power Supply Company Limited, which developed the Bina thermal power project, entered into loan agreements pursuant to which the ratio of each such company's debt to equity must not exceed 2.33:1. Jaypee Karcham Hydro Corporation Limited and Bina Power Supply Company Limited amalgamated into the Issuer with effect from July 26, 2011. At the project level, the debt to equity ratios of each of the Karcham-Wangtoo hydroelectric power plant and the Bina thermal power plant does not exceed 2.33:1. However, pursuant to the amalgamation, our lenders may seek to impose the applicable financial covenants on the Issuer, such that we would not be in compliance with these loan agreements to the extent the ratio of the Issuer's debt to equity exceeds 2.33:1. As of the date of this Preliminary Placement Document, none of our lenders under these loan agreements has informed us that it intends to impose the applicable financial covenants on the Issuer rather than at the project level. However, there is a risk that our lenders may take action to declare us in default of our agreements and accelerate our debt on the basis that the Issuer's debt to equity ratio exceeds 2.33:1. Any such action by our lenders to declare us in default may trigger cross-default and cross-acceleration clauses under other loan agreements, and would have a material adverse effect on our business, prospects, financial condition and results of operations

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

Due to the nature of our business, our projects typically require a long gestation period and substantial capital outlay before completion and may take months or even years before positive cash flows can be generated, if at all. The time and costs required to complete a project may be subject to substantial increases due to factors including shortages of materials, equipment, skilled personnel and labor, adverse weather conditions, natural disasters, labor disputes, disputes with contractors, accidents, changes in government priorities and policies, changes in market conditions, delays in obtaining the requisite licenses, permits and approvals from the relevant

authorities and other unforeseeable problems and circumstances. In particular, the 700 MW second phase of the Bina thermal power project, the 1,320 MW second phase of the Bara thermal power project, the 2,700 MW Lower Siang hydroelectric power project, the 500 MW Hirong hydroelectric power project, the 450 MW Kynshi II hydroelectric power project and the 270 MW Umngot hydroelectric power project, which represent aggregate planned capacity of 5,940 MW, are at very early stages and have not achieved financial closure. We cannot assure you that these projects will be completed in the time expected, or at all, or that their gestation period will not be affected by any or all of these factors.

Furthermore, although the 1,980 MW Karchana thermal power project has achieved financial closure, the project is not under implementation due to a court order that effectively restricts us from using the land acquired for the project. See “- We have not yet taken possession of any of the land required for our Karchana thermal power project” and “Legal Proceedings And Disputes.”

As part of our growth strategy, we may seek to acquire businesses, technologies and products, but we may fail to complete such acquisitions or realize the anticipated benefits of such acquisitions and may incur costs that could negatively affect our business. In addition, failure to complete a project according to its original specifications or schedule, or at all, may give rise to potential liabilities and, as a result, our returns on investments may be lower than originally expected. Any of these factors may lead to delays in, or prevent, the completion of our projects and result in costs substantially exceeding those originally budgeted for, which would have a material adverse effect on our business, financial condition and results of operations. In addition, it is likely that the benefits of our utilization of the proceeds of the issue will not be immediately available and that returns on our investment of these proceeds will not be generated until the project in which each investment is made is commissioned.

5. Our thermal power projects will have significant coal requirements and we may not be able to ensure the availability of coal at competitive prices.

The Bina, Nigrie, Bara and Karchana thermal power projects under implementation are coal-fired power projects. The success of these projects will depend upon, among other things, our ability to source coal at competitive prices. With respect to the 500 MW first phase of the Bina thermal power project (of which the first 250 MW unit commenced operations in August 2012), we have entered into a fuel supply agreement with Central Coalfields Limited for 0.6482 MTPA of coal and we have received a letter of assurance from South Eastern Coalfields Limited (SECL) for 0.7588 MTPA of coal for which we earlier received a letter of assurance, however, we have not entered into a binding agreement with SECL. The Nigrie thermal power project is expected to have the benefit of coal supplies from two coal blocks in Madhya Pradesh, namely Amelia (North) and Dongri Tal II, which are located in the vicinity of the Nigrie thermal power project and from which coal supplies of 2.5 MTPA and 2.7 MTPA, respectively, have been allocated exclusively to the project. In relation to the coal blocks, we expect to receive our coal supplies from long-term coal allocations pursuant to coal supply agreement that we have entered into with joint ventures of JAL and MPSMCL. With respect to the 1,980 MW first phase of the Bara thermal power project, which has a total coal requirement of 8.04 MTPA, we have received a letter of assurance from Northern Coalfields Limited for a coal linkage for 7.02 MTPA but have not yet entered into a binding agreement. With respect to the 1,320 MW first phase of the Karchana thermal power project, which has a total coal requirement of 5.36 MTPA, we have received a letter of assurance from Northern Coalfields Limited for a coal linkage for 4.68 MTPA but have not yet entered into a binding agreement.

A letter of assurance is not a guarantee of fuel supply, and is subject to certain conditions precedent and force majeure clauses, including the availability of coal and the development of coal fields. In certain circumstances, including force majeure events and non-achievement by the relevant companies of pre-specified conditions precedent, the assurers have the authority to unilaterally terminate their commitments under their letters of assurance without any liability as to damages or otherwise. Further, under the terms of the letters of assurance, certain commitment guarantees furnished by the assured companies thereunder may be invoked or further commitment guarantees may be sought. Additionally, the letters of assurance do not guarantee the price at which coal may be purchased pursuant to any binding agreement that we may enter into with respect to such coal. There is no assurance that our letters of assurance for coal supply will remain valid, will not be terminated and will not have their terms varied, including due to circumstances outside our control. In any such case we may not succeed in securing adequate coal supplies for the applicable projects. With respect to our coal supply agreements, the price that we are required to pay for coal will vary with a variety of factors, including general economic conditions, and may exceed the cost at which we might otherwise be able to procure coal in the open market or may exceed the price at which we can profitably operate our projects. In either case, our business, financial condition and results of operations could be adversely affected.

Furthermore, we have not conducted an independent analysis to assess the coal reserves at any of the coal blocks from which we expect to source coal to fuel our thermal power projects. To the extent any other party may have conducted an analysis, the actual reserves and production levels may differ significantly from estimates. In addition, the initial phase of development before production may take longer than we anticipate. The economic feasibility of exploiting a coal block may change as a result of changes in the market price of coal during the development period. Further, the quality of coal in at any of the coal blocks from which we expect to source coal to fuel our thermal power projects may be inferior and/or unsuitable for our purposes. If the quantity or quality of coal reserves at any of these sources has been overestimated, such reserves could be depleted more quickly than anticipated and we may have to source coal in the open market for our power generation. There can be no assurance that we would succeed in sourcing coal in the open market on acceptable terms or at all. Any of the foregoing could adversely affect our business, financial condition and results of operations.

6. To the extent we have been allotted coal, we will not have exclusive control over the development of the relevant mines and there could be significant delays associated with their development.

The Bina, Nigrie, Bara and Karchana thermal power projects under implementation are coal-fired power projects. With respect to the 500 MW first phase of the Bina thermal power project (of which the first 250 MW unit commenced operations in August 2012), we have entered into a fuel supply agreement with Central Coalfields Limited for 0.6482 MTPA of coal and we are in discussions with South Eastern Coalfields Limited (SECL) for 0.7588 MTPA for which we earlier received a letter of assurance, however, we have not yet entered into a fuel supply agreement with SECL. The Nigrie thermal power project is expected to have the benefit of coal supplies from two coal blocks in Madhya Pradesh, namely Amelia (North) and Dongri Tal II, which are located in the vicinity of the Nigrie thermal power project and from which coal supplies of 2.5 MTPA and 2.7 MTPA, respectively, have been allocated exclusively to the project. In relation to the coal blocks, we expect to receive our coal supplies from long-term coal allocations pursuant to coal supply agreement that we have entered into with joint ventures of JAL and MPSMCL. Mining at the Amelia (North) coal block and the Dongri Tal II coal block has yet to commence. With respect to the 1,980 MW first phase of the Bara thermal power project, which has a total coal requirement of 8.04 MTPA, we have received a letter of assurance from Northern Coalfields Limited for a coal linkage for 7.02 MTPA but have not yet entered into a binding agreement. With respect to the 1,320 MW first phase of the Karchana thermal power project, which has a total coal requirement of 5.36 MTPA, we have received a letter of assurance from Northern Coalfields Limited for a coal linkage for 4.68 MTPA but have not yet entered into a binding agreement. In each of these cases, we do not have, and do not expect to have, control over the development of the mines and there could be significant delays associated with their development. Furthermore, in the event of a termination of any of the contractual obligations to supply coal to us under the relevant coal supply agreements on account of force majeure, alleged default or otherwise, alternative coal supplies may not be available or may be available only at a substantially higher cost and/or at adverse terms and conditions. Any adverse developments as to timing, availability, supply or the price of coal to be supplied to any of our thermal power plants may result in an increase in the cost of power, consequently causing profitability and viability of the plants to decrease and thereby adversely affecting our results of operations and financial condition.

7. Our cash flows from the BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power plants and Bina thermal power project are retained in trust and retention accounts and utilization of cash flows is governed by an agreed waterfall mechanism.

All of the cash inflows from the BASPA II hydroelectric power plant and the Vishnuprayag hydroelectric power plant are deposited in a trust and retention account maintained with State Bank of India, as the trust and retention agent. All of the cash flows from the Karcham-Wangtoo hydroelectric power plant, the Nigrie thermal power project and the Bina thermal power project are deposited in trust and retention accounts currently maintained with ICICI Bank Ltd and IDBI Bank Ltd, respectively, as the trust and retention agents. Each trust and retention account is required to be maintained as long as any project loans remain outstanding with respect to the relevant plant. The trust and retention account agreements establish a cash waterfall, such that our flexibility to utilize such funds and receivables is restricted and we may not be able to utilize funds from these plants as may be necessary from time to time. Pursuant to the agreements, all disbursements or withdrawals from a trust and retention account require the prior consent of the relevant trust and retention agent. There can be no assurance that we will be able to obtain the approval of the trust and retention agents for our desired uses of such funds and receivables in a timely manner, or at all, which may adversely affect our business, prospects, financial condition and results of operations.

8. Due to ongoing litigation, there may be a reduction in the tariff payable to us by HPSEB under the BASPA II PPA.

HPSEB has filed appeals with the Supreme Court of India against certain order passed by Indian Appellate Tribunal for Electricity (APTEL):

- a) At the time of execution of the power purchase agreement between the Company and HPSEB for the BASPA II HEP (the “**Baspa II PPA**”), we were exempt from paying any taxes for a period of 10 years pursuant to section 80IA of Income Tax Act. Subsequently, due to an amendment to the Income Tax Act, we are now required to pay minimum alternate tax on the profit of the BASPA II HEP during this period.

In relation to the above, HPSEB has filed an appeal against an order dated October 21, 2011 (the “**APTEL Order**”) of APTEL with the Supreme Court of India. The APTEL Order was passed by APTEL in favour of the Company allowing the Company to take the entitlement of minimum alternate tax under the provisions of the the Baspa II PPA as per actuals during tax holiday period available to the Company under section 80 IA of the Income Tax Act. The APTEL Order further stated that after the expiry of the tax holiday period, the Company would be entitled to pay income tax as per the provisions of the Baspa II PPA. An application was filed with the HPERC by the Company for correction of the tariff in accordance with the APTEL Order. HPSEB has filed the current appeal against the APTEL Order and asked HPERC to stay the proceedings with respect to the application pending before it. The HPERC has by its order dated April 23, 2012 decided to proceed with the application subject to the decision of the Supreme Court of India. The HPERC vide its Order dated September 6, 2012 has determined the amount of minimum alternate tax up to financial year 2011 as per the APTEL Order at Rs. 336.3 million and directed HPSEB to pay the amount in two installments on September 30, 2012 and December 31, 2012. HPSEB’s appeal has been admitted by the Supreme Court of India although no stay was granted.

The Company believes that, as of September 30, 2012, it was entitled to receive a total of Rs. 336.3 million plus interest from HPSEB in respect of the foregoing matters. HPSEB has paid Rs 336.30 million plus interest of Rs 76.13 million. Depending on the outcome of the proceedings, the Company may be required to repay all or a portion of the amount that it has received from HPSEB. Furthermore, if the foregoing matters are not decided in favor of the Company, the amount of tax reimbursement that the Company is entitled to under the BASPA II PPA until the expiry of the tax holiday in 2013 would be reduced accordingly.

- b) HPSEB has filed an appeal with the Supreme Court of India against an order of APTEL wherein APTEL had dismissed HPSEB’s appeal against another order passed by the HPERC wherein, amongst others it approved, for purposes of determining the tariff, additional capital expenditure of Rs. 958.8 million incurred by the Company on the BASPA II hydroelectric power plant, on account of a major rock fall from the adjoining hill, and consequential non-functioning of the project from January 19, 2006 through May 2, 2006. HPSEB’s appeal has been admitted by the Supreme Court of India although no stay was granted. HPERC has subsequently paid the Company the tariff for the period through March 31, 2011, including the tariff on additional capital expenditure of Rs. 958.8 million..

The Company believes that, as of September 30, 2012, it was entitled to receive a total of Rs. 952.1 million from HPSEB in respect of the foregoing matters. HPSEB has paid Rs. 952.1 million plus interest of Rs 119.2 million in respect of the tariff determined by HPERC on the additional expenditure of Rs. 958.8 million. Depending on the outcome of the proceedings, the Company may be required to repay all or a portion of the amount that it has received from HPSEB. Furthermore, if the foregoing matters are not decided in favor of the Company, the tariffs that the Company is entitled to under the BASPA II PPA in future periods would be reduced accordingly.

- c) HPSEB has filed an appeal with the Supreme Court of India against an order of APTEL (the APTEL Interest Order). The APTEL Interest Order was passed in an appeal filed by the Company against an order passed by the HPERC wherein, while approving the tariff and arrears of the BASPA II hydroelectric power plant, HPERC allowed interest on arrears at the rate of 8% per annum through October 31, 2009 and 11.75% per annum thereafter. The APTEL Interest Order allowed interest on arrears at the State Bank of India’s prime lending rate (SBI PLR) through financial year 2007 and at the rate of SBI PLR plus 3% thereafter, in accordance with the provisions of the BASPA II PPA. The appeal has been admitted and a stay has been granted in the matter by the Supreme Court of India. The

Company has filed an application with the HPERC to revise interest on arrears in accordance with the APTEL Interest Order, which application is in process.

The Company believes that, as of September 30, 2012, it was entitled to receive an additional Rs. 576.1 million from HPSEB in respect of interest on arrears, which it had not received. Depending on the outcome of the proceedings, the Company may not be able to recover all or any portion of this amount. Furthermore, if the foregoing matters are not decided in favor of the Company, the Company will not be entitled to the interest on arrears that it is entitled to under the BASPA II PPA.

For further details regarding our outstanding litigation, please see “Legal Proceedings and Disputes”.

9. The projected capacity data in this Preliminary Placement Document are subject to numerous assumptions and uncertainties. We could encounter problems that substantially delay the commissioning of our projects under implementation or development.

The projected capacity data in this Preliminary Placement Document are based on a number of assumptions which are inherently uncertain and are subject to significant business, economic, regulatory and competitive risks, uncertainties and contingencies, many of which are outside the Company’s control. The Company’s projected capacity will depend on a number of factors, including the ability of the Company and its contractors to build, procure, install and make operational necessary equipment and infrastructure as currently scheduled and, to the extent not already contracted for, the willingness and ability of the Company’s contractors to provide the necessary services and equipment for the production and transmission of power.

The development, implementation, conversion, relocation and operation of infrastructure projects involve various risks, including, among others, land acquisition risk, regulatory risk, construction risk, financing risk, commodities price risk and the risk that these projects may ultimately prove to be unprofitable. We may need to undergo certain changes to our operations as a result of entering into, or further developing, these projects, which may pose significant challenges to our management, administrative, financial and operational resources. We cannot assure you that any project will be completed in a timely manner and within, or that we will recover our investments. We may be adversely affected if the completion or commencement of operation of our projects under development or implementation is delayed due to any of the following, or for any other reason:

- the contractors hired may not be able to complete the construction of projects on time, within budget or to the specifications and standards set out in contracts with them;
- engineering problems, including defective plans and specifications;
- shortages of, and price increases in, energy, raw materials and skilled and unskilled labor, and inflation in key supply markets;
- changes in laws and regulations, or in the interpretation and enforcement of laws and regulations, applicable to projects under development;
- weather interferences or delays;
- fire, typhoons and other natural disasters;
- geological, construction, excavation, regulatory and equipment problems with respect to operating projects and projects under development;
- drawings for the sites on which projects are expected to be developed may not be accurate;
- we may not be able to obtain adequate working capital or other financing to complete construction of and to commence operations of our or their projects;
- we may not be able to recover the amounts invested in our or their projects if the assumptions contained in the feasibility studies for these projects do not materialize;
- fuel suppliers for power projects may not supply fuel in the expected quantities or at all;

- our power customers may not off-take our power in the expected quantities or at all or may not pay in full or at all;
- our customers may have made credit histories and may not always be able to pay us in a timely manner;
- governmental approvals and other approvals that are required for completion, expansion or operation of our projects may be delayed or denied;
- other unanticipated circumstances or cost increases; and
- our protection from force majeure risks is limited to certain amounts under our insurance policies and our PPAs may not offer us protection against such risks.

There can be no assurance that any cost overruns or additional liabilities in connection with the development and implementation of our projects would be fully offset by amounts due to us pursuant to the guarantees and indemnities, if any, provided by our contractors or insurance policies that we maintain. There can be no assurance that our current or future projects will be completed, or, if completed, on time or within budget. Delays in completion and commercial operation of our projects under development or implementation could increase the financing costs associated with construction and cause our forecasted budgets to be exceeded. We cannot guarantee that our construction costs or total project costs for our projects will not increase.

Any failure in the development, financing, implementation or operation of any project is likely to materially and adversely affect our business, prospects, financial condition and results of operations.

10. We have not yet taken possession of any of the land required for our Karchana thermal power project.

We have not yet taken possession of the estimated 547.48 hectare land requirement for implementing the Karchana thermal power project. Conveyance deeds for the required land have been executed with the government of Uttar Pradesh, which is responsible for acquiring the land pursuant to the Case II bidding process. However this land has not been transferred to us by the government of Uttar Pradesh because several land owners have filed writ petitions before the Allahabad High Court against the government of Uttar Pradesh and Uttar Pradesh Power Corporation Limited. The Allahabad High Court, pursuant to its order dated April 13, 2012, has quashed the notifications issued by the government of Uttar Pradesh for acquisition of the land. For these reasons there is uncertainty as to when work can begin on the project. As of September 30, 2012 we had invested Rs. 5,388.50 million in this project, including Rs. 1,066.9 million to acquire the project company (a portion of which relates to the cost of land for which we do not yet have physical possession) and Rs. 3,320.7 million as an advance to the supplier of equipment for the project (which equipment has not been delivered). There can be no assurance that the project will proceed in a timely manner or at all nor that we will be able to recover all or any portion of our investments in the project. To the extent the project is delayed or does not proceed or we are unable to recover any portion of our investments in the project, our financial condition and results of operations would be adversely affected.

11. We will continue to be controlled by our Promoter and Promoter Group following the Placement, and its other shareholders will be unable to affect the outcome of shareholder voting.

Our Promoter and Promoter Group currently has effective ownership of 72.72% of our Equity Shares and will, after completion of the Placement, continue to own [•]% of our paid-up capital. Consequently, our Promoter and Promoter Group, including JAL, will continue to control our Company and will have the power to elect and remove our directors and, therefore, to determine the outcome of most proposals for corporate action requiring the approval of our Board of Directors or shareholders, such as proposed annual plans, revenue budgets, capital expenditure, dividend policy, transactions with other JAL-controlled companies, or the assertion of claims against such companies and/or other companies. Under article 90 of our Articles of Association, as long as JAL holds 51% or more of the paid-up equity capital of our Company, our managing director(s) or our whole-time directors shall be JAL nominees. Under the Companies Act, shareholders may appoint a director to our Board by way of an ordinary resolution (a resolution passed by a majority of the votes of present and voting shareholders). Shareholders may also remove a director from our Board by an ordinary resolution passed after giving special notice to the shareholders. As our majority shareholder, JAL may exercise these rights or impose other restrictions on us. The interests of JAL may be different from our interests or the interests of our shareholders. JAL could, by exercising its powers of control, delay or defer a change of control of our

Company or a change in our capital structure, delay or defer a merger, consolidation, takeover or other business combination involving us or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company, even if such a transaction may be beneficial to us and our other shareholders.

Pursuant to the power purchase agreements entered into by our Company, prior approval of the respective parties to the agreements is required for any change in the shareholding of JAL in our Company. JAL is also required, at all times, to hold at least 51% of the shareholding of our Company.

12. The interests of our controlling shareholder and our affiliates could cause significant conflicts of interest in the ordinary course of our business.

All of the Jaypee Group's power businesses are currently consolidated under JPVL. However, our Promoter, JAL, has the ability to promote other companies in the power business. There is no non-compete agreement in place between JAL, other Jaypee Group companies and us. As such, other Jaypee Group companies may develop power generation projects in the future that may compete with us. There may be conflicts of interest between Jaypee Group companies, including JAL and us as regards bidding for new projects and selling power from projects that are operated by us and by other members of the Jaypee Group.

Conflicts may arise in the ordinary course of our decision making. Among other situations, conflicts may arise in connection with our negotiations and dealings with Jaypee Group companies with respect to services that they are expected to provide to us and the arrangements that we may enter into with them. Conflicts may also arise in the allocation of resources, including key personnel, contractors and intellectual property, among other Jaypee Group companies, including JAL and us. In addition, key management personnel and employees may also encounter conflicts of interest in the above situations, among others. We have had, and also expect to have, a substantial number of ongoing transactions with members of the Jaypee Group. For example, JAL served as the EPC contractor for the BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power plants and is the civil contractor for the Bara, Bina and Nigrie thermal power projects. JAL is also expected to execute the civil component of works for the Karchana thermal power project and have a substantial role in the development and implementation of the Arunachal Pradesh and the Meghalaya hydroelectric power projects. We also expect to fuel the Nigrie thermal power project with coal from two mines that are under development by MP Jaypee Coal Limited, a joint venture company in which JAL has a 49% interest. In addition, we have entered into a PPA with JAL pursuant to which JAL has agreed to purchase 12.5% of the power produced by the Nigrie thermal power project. Such transactions may increase the likelihood of the conflicts arising between our Company and the Jaypee Group and there is no assurance that we will be able to resolve any of these conflicts in a manner that would be favorable to our interests and, consequently, our business, prospects, financial condition and results of operations may be affected.

Furthermore, pursuant to a resolution passed by shareholders of JAL, JAL may invest up to Rs. 6,000 million to increase its current 7.47% equity interest in PPGCL, the project company that is implementing the Bara thermal power project, to up to 26% and may invest up to Rs. 5,000 million to acquire up to a 26% equity interest in SPGCL, the project company that is implementing the Karchana thermal power project. There can be no assurance that such subscriptions, if they are undertaken by JAL, will be undertaken at arm's length and will not adversely affect our business, prospects, financial condition and results of operations.

13. We are dependent on the continued involvement and support of our Promoter for the development and operation of our projects and we have entered into certain transactions with related parties.

We believe that our ability to develop and operate our projects in a technically proficient and cost-effective manner depends upon the continued expertise, resources, project sourcing and in-house capabilities of the senior management team and certain key senior personnel of our Promoter, JAL. If JAL were to hold less than 51% of our paid-up equity capital through a sale of its shareholding, JAL would no longer control the Company. The loss of any of the key individuals or employees of JAL could have an adverse effect on our business, financial condition and results of operations. There is also no assurance that the management team and senior employees of the new controlling shareholder of our Company would be able to offer a comparable level of skills, expertise and capabilities. JAL is executing the civil works for the Bina and Nigrie thermal power projects. JAL is also expected to execute the civil component of works for the Bara and the Karchana thermal power projects, and have a substantial role in the development and implementation of the Arunachal Pradesh and the Meghalaya hydroelectric power projects. We also expect to fuel the Nigrie thermal power project with coal from two mines that are under development by a joint venture in which JAL has a 49% interest. Any reduced involvement by JAL in our business could adversely affect our business, prospects, financial condition and results of operations.

14. We have entered into certain transactions with related parties.

We have entered into transactions with related parties, including the following:

- In 2012, the Company entered into an agreement with JPL, a joint venture which is 26%-owned by PGCIL and 74%-owned by the Company, for interstate transmission of services including sharing of transmission charges and losses amongst designated ISTS licensees. JKHCL (which has since amalgamated into the Company) entered into an agreement with JAL in 2011 pursuant to which JKHCL agreed to provide power to JAL on the power exchange platform of Indian Energy Exchange Limited. The agreement provides for charges of ½ paisa per kWh of energy transacted, exclusive of any taxes, cess, or levies as applicable under law on actual basis. The initial term of the agreement was for one year and the agreement has been extended through June 3, 2013. Under the agreement, JAL provided services to the Company valued at Rs. 2,056 million, Rs. 1,529 million and Rs. 693.31 million during the year ended March 31, 2012, the six months ended September 30, 2012 and the three months ended December 31, 2012, respectively.
- In 2011, the Company entered into an agreement with MPJCL, which is 49%-owned by JAL, for the supply of coal from Dongri Tal II coal block to the Nigrie thermal power project. MPJCL agreed to supply 2.7 MTPA of coal to the Company. This agreement is valid for the duration of Dongri Tal-II coal block's mining life. As the Nigrie thermal power project has not yet commenced operations, no coal has been provided and payments have been made under the contracts.
- The Company entered into an agreement with JAL in 2010, on a rate contract basis, for execution of the civil, structural and architectural work of the plant and township in connection with the Nigrie thermal power project. The work is required to be completed by December 31, 2013, unless the term is extended by the Company. The estimated contract value is Rs. 3,617.94 million. Under the agreement, JAL provided services valued at Rs. 1,141.5 million, Rs. 2,120.7 million, Rs. 1,451.6 million and Rs. 809.80 million in the years ended March 31, 2011 and 2012, the six months ended September 30, 2012 and the three months ended December 31, 2012, respectively.
- BPSCL (which has since amalgamated into the Company) entered into an agreement with JAL, on a rate contract basis, dated in 2009 for execution of the civil, structural and architectural work of the plant and township in connection with the first phase of the Bina thermal power project. The work is required to be completed by December 31, 2012, unless extended. The contract has been extended for a further period of one year vide letter dated December 11, 2012. The estimated contract value is Rs. 2,855.99 million, which has been revised to Rs. 5,384.7 million. Under the agreement, JAL provided services to us valued at Rs. 700.8 million, Rs. 1,693.11 million, Rs. 1712.32 million, Rs. 520.81 million and Rs. 223.05 million in the years ended March 31, 2010, 2011 and 2012, the six months ended September 30, 2012 and the three months ended December 31, 2012, respectively.
- In 2007, the Company entered into an agreement with MPJML, which is 49%-owned by JAL, for the supply of coal from Amelia (North) coal block to the Nigrie thermal power project. MPJML agreed to supply 2.5 MTPA of coal to the Company. This agreement is valid for the duration of Amelia (North) coal block's mining life. As the Nigrie thermal power project has not yet commenced operations, no coal has been provided and payments have been made under the contracts.
- In 2003, JKHCL (which has since amalgamated into the Company) entered into an EPC contract with JAL for an amount of \$117.44 million and Rs. 3,6159 million. Under the agreement JAL is responsible for the design, engineering, procurement and construction of the Karcham-Wangtoo hydroelectric power project. Under the agreement, JAL provided services to us valued at Rs. 19,084.96 million, Rs. 12,294.03 million, Rs. 4,270.69 million, nil and Rs. 37.17 million during the three years ended March 31, 2010, 2011 and 2012, as of September 30, 2012 and the three months ended December 31, 2012, respectively.

There can be no assurance that our related party transactions have been, and will in the future be, entered into on an arm's length basis. To the extent we may have benefitted from favorable terms in our related party transactions in the past there can be no assurance that we will continue to have the benefit of such terms in the future. Furthermore, related party transactions may result in conflict of interest for us or our related parties. Any of the foregoing could adversely affect our business, financial condition and results of operations.

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

We have a 74% equity interest in JPL, with the remaining 26% owned by PGCIL. Furthermore, pursuant to a resolution passed by shareholders of JAL, JAL may invest up to Rs. 6,000 million in equity interest in PPGCL, the project company that is implementing the Bara thermal power project, to up to 26% and may invest up to Rs. 5,000 million to acquire up to a 26% equity interest in SPGCL, the project company that is implementing the Karchana thermal power project. As of the date of this Preliminary Placement Document, JAL had invested Rs. 1,000 million to acquire 7.47% equity interest in PPGCL. Additionally, pursuant to the memoranda of agreement with respect to the Arunachal Pradesh and the Meghalaya hydroelectric power projects, we are required to allocate 11% of the equity shares of JAPL, which is developing the Arunachal Pradesh hydroelectric power projects, to the Government of Arunachal Pradesh and we are required to allocate 26% of the equity shares of JMPL, which is developing the Meghalaya hydroelectric power projects, to the Government of Meghalaya, although as of the date of this Preliminary Placement Document Governments of Arunachal Pradesh and Meghalaya have neither invested any funds nor have they been allotted any shares. Additionally, though we expect to own significant interests in, and to be able to appoint certain of the directors of the boards of, such companies, unanimity of the boards may be required for major decisions relating to the business operations of these companies. To the extent there are disagreements among the directors appointed by us and the other directors regarding the business and operations of these companies and the projects undertaken by them, we cannot assure that we will be able to resolve such disagreements in a manner that will be in our, and your, best interests. To the extent there is a minority interest in any of our subsidiaries, our net profit will exclude the share of profits corresponding to the minority interest.

- Disputes may arise between us and our partners with respect to these companies and projects. In addition, other shareholders and interested parties in such companies and projects may:
- be unable or unwilling to fulfill their obligations, whether financially or otherwise;
- have economic or business interests or goals that are inconsistent with ours;
- take actions contrary to our instructions or requests or contrary to our policies and objectives;
- take actions that are not acceptable to regulatory authorities;
- have financial difficulties; or
- have disputes with us.

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

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

We intend to finance most of the cost of each of our prospective projects with third-party debt and therefore expect to incur substantial borrowings in the future. Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flow generated by our business. We cannot assure you that we will generate sufficient cash to enable us to service existing or proposed borrowings, comply with covenants or fund other liquidity needs. If we fail to meet our debt service obligations or financial or other covenants provided for by the financing documents, the relevant lenders could declare us in default under the terms of our borrowings, accelerate the maturity of our obligations or take over the financed project. We cannot assure you that, in the event of any such acceleration, we will have sufficient resources to repay these borrowings. Failure to meet our obligations under the debt financing arrangements could have a material adverse effect on our business, prospects, financial condition and results of operations. As of September 30, 2012, our total borrowings were Rs. 207,192 million. For further details regarding our indebtedness, please see “Capitalization”.

17. We may, in the future, enter into strategic investments and acquisitions. These may harm our business, dilute our shareholdings and cause us to incur debt.

As part of our growth strategy, we may make strategic investments and/or acquisitions, including relating to components, complementary businesses, technologies, services or products. If we acquire another company or form a new joint venture or other strategic partnership, we could have difficulty integrating and assimilating that company's business, including products, components, personnel, operations, technology and culture, with its existing business. Further, we may not be able to realize the expected strategic benefits of future investments or acquisitions. In addition, the key personnel of an acquired company may decide not to work for us.

Furthermore, any potential acquisition or joint venture could involve a number of specific risks, including the diversion of our management's attention, higher costs, unanticipated events or circumstances, legal liabilities, failure of the business of the acquired company or a fall in the value of investments and amortization of acquired intangible assets, some or all of which could have a material adverse impact on our business, financial condition and results of operations. In the event that we propose to acquire or invest in an overseas company, we may be required to obtain the prior approval of the RBI, other regulators and/or the Government of India, and there is no assurance that such approvals will be obtained in a timely manner or at all.

We may finance our future investments or acquisitions with cash from operations, existing cash balances, debt financing, the issuance of additional Equity Shares or a combination of these or any other forms of financing. There is no assurance that we will be able to arrange financing on acceptable terms, or at all, to complete any such transaction. Investments or acquisitions financed by the issuance of new Equity Shares would dilute the ownership interest of our shareholders and debt financing would increase our leverage and bring with it attendant financial risks.

18. We are entitled to certain tax benefits, the withdrawal or discontinuation of which may adversely affect our liquidity.

In accordance with and subject to the condition specified in Section 80 IA of the Income Tax Act, our projects are currently entitled to a deduction of 100% of the profits derived from the generation, distribution or transmission of power for any 10 consecutive tax assessment years out of 15 years beginning from the year in which the undertaking generates, or commences transmission or distribution of power, as long as this is no later than March 31, 2013. However, we are required to pay MAT on book profits from these plants. The BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power plants and the Jaypee Powergrid transmission line are operational and availing this entitlement. Our projects under implementation and development are not yet operational and will not be eligible to receive such tax benefits unless the period of eligibility for such tax benefits is extended by the Government. We cannot assure you that the Government of India will extend the period of availability for such tax benefits or will not terminate such benefits early. If such tax benefits become unavailable or are prematurely terminated, our business, financial condition and results of operations could be materially and adversely affected.

19. Certain tax laws and changes in tax laws, or their interpretation, may adversely affect our results of operations and financial condition

Any change in tax laws, including the proposed migration from the Income Tax Act, 1961 to a direct tax code, or in the interpretation of the tax laws, may result in discontinuation or withdrawal of tax benefits or exemptions which we believe may be currently available to us, and may lead to an increase in income tax liability. Tax regulations have historically been subject to varying interpretations and applications by tax authorities, courts and tribunals. The Government of India has also recently proposed comprehensive indirect tax reforms including a shift to a unified goods and services tax system. We cannot currently ascertain the impact that such changes may have on us, and any change in tax laws or the interpretation and application of such laws could have an adverse effect on our business, financial condition and results of operations.

We expect to receive a portion of our income by way of dividends from JPL and may in the future receive income from other subsidiaries or joint ventures. Such income is subject to dividend distribution tax. Any increase in the rate of the dividend distribution tax would have an adverse effect on our results of operation and financial condition.

20. Lease terms of part of the land on which the BASPA II hydroelectric power plant and its associated facilities are located have expired and are pending renewal.

The lease terms in respect of certain plots of land that we leased in connection with the BASPA II hydroelectric power plant (but on which none of the BASPA II HEP facilities are located) have expired. We have applied to the GoHP for renewal of these leases. Until our renewal applications are granted, we continue to occupy these lands without a valid lease agreement in force between us and the GoHP. Non-renewal of the aforementioned lease terms or an increase in the rent payable by us in connection with such leases or other additional or adverse conditions that may be imposed on the renewal of such leases may adversely affect our operations.

21. Approval by the Himachal Pradesh State Pollution Control Board to operate the BASPA II hydroelectric power plant is pending renewal.

The consent, pursuant to letter no. EPPCB/JP-BASPA II, HEP, Kinnaur/2003-/10174-76 dated August 24, 2004, issued by the Himachal Pradesh State Pollution Control Board (HPPCB), Shimla under the Water (Prevention and Control of Pollution) Act, 1974 (the "Water Act") and Air (Prevention and Control of Pollution) Act, 1981 (the "Air Act") to operate the BASPA II hydroelectric power plant was valid until March 31, 2005 and was renewed until March 31, 2010 through letter no. HSPSPCB (7)/BASPA II, HEP, Kinnaur/11-14583-86 dated September 19, 2011. The Company has made an application through letter no. JPVL/BASPA/CONSENT-OPT/12-7549 dated March 15, 2012, for a renewal of the consent for the period from April 1, 2012 and March 31, 2014. However, the HPPCB has not confirmed the renewal. In the event that the applications for renewal of consent are refused by the HPPCB for any reason, the Company may have to face the penalties provided under the Water Act and the Air Act and may also have to suspend operations of the BASPA II hydroelectric power plant. The consent to operate is also subject to the final outcome of the orders of the High Court in CWP no. 843 of 2011 or any litigation pending against the unit.

22. Our PPA with HPSEB may require us to obtain the prior approval of HPSEB if we propose to undertake any new projects.

The terms of our PPA with HPSEB for our BASPA II hydroelectric power plant provide that we are required to obtain the prior written approval of HPSEB if we propose to undertake further projects. If we were to undertake any new projects, there is no assurance that we would receive HPSEB's approval for undertaking such projects in time, or at all, or that HPSEB would provide its consent without imposing any onerous or costly conditions on us. If we fail to obtain HPSEB's approval and proceed to undertake any new projects, this could be considered a breach under the PPA, and could result in a material adverse effect on our business, prospects, financial condition and results of operations. Prior approval is also required for any change in the shareholding of JAL in our Company. JAL is also required to hold at least 51% of the shareholding of our Company. See "— Our PPAs may be terminated by either side upon the triggering of "events of default" stipulated in the PPAs".

23. We have not placed orders or entered into definitive agreements for the supply of major machinery and equipment for phase two of the Bina thermal power project, phase two of the Bara thermal power project, nor for any phase of any of the Arunachal Pradesh and the Meghalaya hydroelectric power projects.

We have not yet placed orders, entered into an EPC contract or entered into any definitive arrangements for the supply of major machinery and equipment required in relation to phase two of the Bina thermal power project, phase two of the Bara thermal power project nor for any phase of any of the Arunachal Pradesh and the Meghalaya hydroelectric power projects, as these projects have yet to finalize their financing arrangements. Furthermore, due to delays associated with the Karchana thermal power project, we may be required to terminate our existing agreements for equipment and enter into new agreements. See "We have not yet acquired any of the land required for our Karchana thermal power project." It is possible that, when we place such orders for these projects, limited supply of machinery or equipment, currency fluctuations or other factors may result in a future increase in the cost of such machinery and equipment. In turn, this could cause the total cost of the respective projects to exceed the current estimates (where such estimates have been made), thereby increasing the project cost and financing required, and this may have a material adverse effect on our business, prospects, financial condition and results of operations.

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

We are required to undertake various activities and have various obligations, including financing-related obligations and other agreements, associated with our projects. If we fail to undertake such activities and fulfill such obligations within the time prescribed, or at all, this could lead to us being held liable to a regulatory or governmental authority or may result in the cancellation of our respective projects. Any such liability or cancellation could adversely affect our business, prospects, financial condition and results of operations.

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

The construction and operation of certain power projects in India have previously faced opposition from local communities where these projects are located and from special interest groups. For example, certain land owners have objected to us taking possession of land required for the Karchana thermal power project. In particular, the public may oppose power plants due to the perceived negative impact they may have on the environment. There can be no assurance that we will not encounter such opposition. The resettlement and rehabilitation program is developed on a project-by-project basis and is included in our budget for each project. However, the government of the state in which the project is located is ultimately responsible for disbursing compensation funded by us to those individuals that are displaced due to our projects. Significant opposition by local communities, NGOs and other parties to the construction of our power projects could delay our projects, increase the cost of our projects, attract negative publicity and adversely affect our results of operations and financial condition.

For details of the litigation, please refer to “Legal Proceedings and Disputes”.

26. We have yet to acquire portion of land in relation to our planned projects and may not acquire sufficient land for project development and implementation.

We have yet to acquire portions of land in relation to our planned projects and may not acquire sufficient land for project development and implementation. In connection with the Nigrie thermal power project we have acquired a total of 473.33 hectares, which represents the entire main plant land and railway siding. In addition, we are in the process of acquiring 173.527 hectares of the estimated land requirement to construct the barrage. We have also acquired a total of 777.39 hectares of the estimated land requirement for implementing the Bara thermal power project.

We have not yet acquired the estimated 512.21 hectare land requirement for implementing the Karchana thermal power project. While conveyance deeds for the required land have been executed, several land owners have filed writ petitions before the Allahabad High Court against the government of Uttar Pradesh and Uttar Pradesh Power Corporation Limited. The Allahabad High Court, pursuant to its order dated April 13, 2012 has quashed the notifications issued by the state government for the acquisition of land. For these reasons there is uncertainty as to when work can begin on the project.

We have not yet identified the land requirements in respect of the Hirong, Kynshi II and Umngot hydroelectric power projects, and land acquisition for the Lower Siang hydroelectric power project is still in its preliminary stages. Our expected land requirement for these projects involves land held by private individuals (acquired or expected to be acquired pursuant to the Land Acquisition Act, 1894), forest land (expected to be diverted for use in the relevant project to the state government by the MoEF and leased out by the state government for the relevant project) and government land (held by the state government or its various departments, which is expected to be leased out by the state government to the relevant project after receiving consent from the relevant department of the state government). There can be no assurance that our land acquisition in connection with our projects will be completed in a timely manner, on terms that are commercially acceptable to us, or at all.

There is no assurance that we will be able to acquire the land best suited for our projects, in which case we may need to settle for alternative land, which may impair our operations. Furthermore, legal proceedings or objections have been initiated with respect to some of these land acquisitions by the affected persons, primarily with respect to claims for enhanced compensation for the land acquired, and are pending before various forums and courts in India. Unfavorable decisions of judicial authorities could prejudicially affect the land acquisition process, thus impairing the development and operations of the relevant project. For further information, please refer to “Legal Proceedings and Disputes”.

Any inability to acquire all of the land required for each of our projects in a timely manner and on commercially acceptable terms could adversely affect our business, prospects, financial condition and results of operations.

27. We may not implement our power projects which are in the preliminary stages of development.

Several of our projects are in the preliminary stages of development, including the second phases of the Bina and Bara thermal power projects, the Karchana thermal power project and the Arunachal Pradesh and Meghalaya hydroelectric power projects. With the exception of the Karchana thermal power project, we have secured financing for any of these projects. The Karchana thermal power project is not under implementation due to a court order that effectively restricts us from using the land acquired for the project. See “- We have not yet taken possession of any of the land required for our Karchana thermal power project” and “Legal Proceedings And Disputes.” Although we currently intend to develop each of these projects, we may or may not develop these in a timely manner, within budget or at all, which may adversely affect our business prospects and results of operations.

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

Our funding requirements for new projects are substantial, and our ability to finance these plans is subject to a number of risks, contingencies and other factors, some of which are beyond our control, including general economic and capital markets conditions and our ability to obtain financing on acceptable terms. Adverse developments in the Indian credit markets or a reduced perception in the credit markets of our creditworthiness could increase our debt service costs and the overall cost of our funds. We cannot assure you that debt or equity financing or our internal accruals will be available or sufficient to meet our capital expenditure requirements. Any inability to raise sufficient capital to fund our projects could have a material adverse effect on our business and results of operations.

We have financing arrangements for the Nigrie thermal power project and the first phases of the Bina and Bara thermal power projects. We have not yet secured financing for the Arunachal Pradesh and the Meghalaya hydroelectric power projects. We entered into a project financing facility for the Karchana thermal power project with ICICI Bank in 2010, however we will likely be required to amend the agreement or secure alternate financing due to delays associated with this project. See “- We have not yet acquired any of the land required for our Karchana thermal power project.”

We cannot assure you that the net proceeds of our financing will be adequate to finance the development of our projects, in which case we may need to raise additional funds. There can be no assurance that we would succeed in arranging such additional financing on acceptable terms, or at all or that we will be able to fund the development of the power projects. Our ability to obtain required capital on acceptable terms in a timely manner is subject to a variety of uncertainties, including:

- limitations on our ability to incur additional debt, including as a result of prospective lenders’ evaluations of our creditworthiness and pursuant to restrictions on incurrence of debt in our existing and anticipated credit facilities;
- investors’ and lenders’ perception of, and demand for, debt and equity securities of power generation and transmission companies, as well as the Placements of competing financing and investment opportunities in India by our competitors;
- whether it is necessary to provide credit support or other assurances from our Promoter on terms and conditions and in amounts that are commercially acceptable to them;
- limitations on our ability to raise capital in the capital markets and conditions of the Indian, U.S. and other capital markets in which we may seek to raise funds; and
- our future results of operations, financial condition and cash flows.

Any inability to obtain all required capital on acceptable terms in a timely manner could adversely affect our business, prospects, financial condition and results of operations.

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

We require statutory and regulatory permits, consents, licenses and approvals in order to implement and operate our respective businesses. We have not yet applied for a majority of the permits, licenses and approvals for our Arunachal Pradesh hydroelectric power projects, and any permits, licenses and approvals for our Meghalaya hydroelectric power projects, as these projects are still at very early stages, and we propose to obtain the required permits, licenses and approvals at appropriate stages in the future. A majority of the licenses and approvals obtained in respect of our existing plants and proposed projects are subject to expiry after specified periods of time and are issued subject to compliance with specified conditions and restrictions.

We cannot assure you that we will be able to apply for any licenses, or renew our expiring licenses, in a timely manner, or at all, or obtain such permits or approvals at such times as may be required. There can also be no assurance that the relevant authorities will issue or transfer any of such permits or approvals in the time frames anticipated by us and that we will not be affected by changes in the governing regulations or methods of implementation. Further, we cannot assure you that the licenses issued to us would not be subject to suspension or revocation for noncompliance or alleged noncompliance with any terms or conditions thereof, or pursuant to any regulatory action. Any failure to apply for and obtain the required permits or approvals, or any suspension or revocation of any of the licenses and approvals that have been or may be issued to us, may result in the interruption of the functioning of our operating power plants or impede the execution of our proposed projects. For details on the status of certain approvals with respect to our plants and projects, see “Our Business”.

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

30. The operation of our hydroelectric power plants and projects under development is dependent upon the discharge of water from certain rivers, which is seasonal in nature, such that steady revenue streams throughout the year cannot be assured. Extreme variations in hydrological conditions and geological uncertainties may materially and adversely affect our results of operations.

Other than our Bina thermal power project, of which only the first 250 MW unit of the first phase has commenced operations, each of our operating plants, namely the BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power plants, is a hydroelectric power plant. Our Arunachal Pradesh and our Meghalaya hydroelectric power projects under development are also hydroelectric power plants. The respective capacities of our BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power plants and the Lower Siang projects have been designed based on historical hydrological data assuming a 90% Dependable Year. We expect the capacities of the Hirong, Kynshi II and Umngot HEP to be designed on the same basis.

Hydroelectric generation at our operating plants is dependent on the amount and location of rainfall, snow melt and river flows in those regions, which vary considerably from quarter to quarter and from year to year. The levels of hydroelectric production can, therefore, vary from period to period. In years of less favorable hydrological conditions, such as periods of drought, hydroelectric power plants generate less electricity, which reduces the amount of electricity that they are able to generate and sell. Further, the advent of climate change can cause conditions that may result in unusual hydrological variations and extremities.

Inadequate supply of water may result in reduced generation of power from our BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power plants and our hydroelectric power projects under development, which may affect our operations and could render us unable to meet the requirements of our PPAs. The water flow from the rivers on which our BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power plants and our hydroelectric power projects under development are located, increases during the months of May through September of each year due to melting snow and monsoons. As a result, approximately 70% of the BASPA II hydroelectric power plant’s annual generation, 65% of the Vishnuprayag hydroelectric power plant’s annual generation and 73% of the Karcham-Wangtoo hydroelectric power plant’s annual generation occurs during this period. This trend is likely to continue in the future. As our business is seasonal in nature, its profitability and revenue will vary from quarter to quarter in each financial year. If hydrological conditions are such that too much rainfall occurs at any one time, such as during monsoon season, water may flow too quickly and at

volumes in excess of a particular hydroelectric power plant's designated flood levels, which may result in plant shutdowns. Any of these events could reduce our revenues from the sale of electricity, which could have a material adverse effect on our business, financial condition and results of operations. In the recent past, large parts of India, have experienced heavy flooding during India's monsoon season.

Notwithstanding past geological investigation carried out, or to be carried out, by independent engineers before civil works were undertaken for our hydroelectric power plants in operation and under implementation and development, the occurrences of such adverse geological conditions in the future cannot be ruled out. Further, the conclusions of independent geological investigation are subject to uncertainty. In the past, there have been instances of earthquakes in Northern India where our Vishnuprayag hydroelectric power plant and Karcham-Wangtoo hydroelectric power plant are located, and there can be no assurance that any future earthquakes in the region will not affect our operations there. Adverse geological features could have a negative effect on our business, prospects, financial condition and results of operations.

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

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

Any significant interruption to our operations resulting from the occurrence of such hazards or from severe weather and natural disasters, such as earthquakes, floods and cyclones, could materially and adversely affect our business, financial condition and results of operations. Additionally, our operating assets could be targets of terrorist attacks. While no such major events have occurred to date, there can be no assurance that such accidents, events or natural disasters will not occur in the future, nor, that if they do occur, that our power generation, transmission and distribution facilities would not be materially and adversely impacted.

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

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

For more information on the insurance coverage for our facilities, see the paragraph titled "Insurance" in "Our Business".

32. We may face difficulties enforcing the state government guarantees provided under our PPAs with UPPCL and HPSEB

The payment obligation of HPSEB and UPPCL under the BASPA II and Vishnuprayag PPAs is secured by a multi-tier payment security mechanism under which HPSEB and UPPCL are required to maintain irrevocable letters of credit in our favor, and the Governments of Himachal Pradesh and Uttar Pradesh have unconditionally guaranteed payment by HPSEB and UPPCL, respectively. We also have a first lien on all revenues of UPPCL in designated distribution circles, including those from bulk consumers, which are required to be deposited in an escrow account. The PPA for the Bina thermal power project provides for standby letter of credit, which are not

yet in place but are expected to be put in place in the near future. The Bina PPA does not provide for any escrow mechanism and/or government guarantee.

Although we have not experienced difficulties collecting payment from these entities in the past, we may face difficulties in enforcing the guarantees against government entities. Certain state governments have in the past refused to perform their obligations under such guarantees until disputes or counterclaims among transmission companies, electricity boards and generation companies have been fully resolved, which may take a substantial period of time. Furthermore, some states where our customers are located have high levels of accumulated losses and may be in poor financial condition. Any failure by a government entity to fulfill its obligations to us could have a material adverse effect on its cash flows, income, business, prospects and results of operations.

33. We believe that the PPA entered into between JKHCL and PTCIL in 2006 for the sale of power from the Karcham-Wangtoo hydroelectric power plant is void.

In 2006, JKHCL, which was amalgamated into the Company as of April 1, 2011, entered into a PPA with PTCIL (Karcham-Wangtoo PPA), pursuant to which PTCIL agreed to purchase 80% of the Saleable Energy generated by the Karcham-Wangtoo hydroelectric power plant for a period of 35 years thereafter, extendable by mutual agreement. Under the terms of the Karcham-Wangtoo PPA, the tariff for sale and purchase of power was to be based on the capital cost to be approved by the CEA/CERC. In July 2009, JKHCL filed a petition with the CERC for approval of the revised estimated capital cost of the project and sought confirmation that the CERC will consider and approve the final capital cost and the tariff for the sale of power in due course. The CERC, in its order dated October 26, 2009, observed that JKHCL's petition was not maintainable in view of the provisions of the Electricity Act, 2003 and the rules and regulations framed thereunder by CERC. JKHCL thereafter sought and has received legal advice that the procedure contemplated under the Karcham-Wangtoo PPA for the determination of tariff could not be enforced and hence, the Karcham-Wangtoo PPA is to be treated as void such that no agreement survives between JKHCL and PTCIL with respect to sale of power from the Karcham-Wangtoo hydroelectric power plant.

In February 2010, PTCIL sought an order from the High Court of Delhi to restrain JPVL from selling power to a third party and the High Court dismissed PTCIL's claim. In September 2010 PTCIL filed a special leave petition with the Supreme Court against the order of the High Court of Delhi, which is still pending. PTCIL simultaneously invoked the arbitration clause of the Karcham-Wangtoo PPA and a three member arbitral tribunal was formed in April 2011 wherein PTC claimed that the PPA was valid or in the alternative damages in the amount of Rs. 9,004 million. The arbitral tribunal, by a majority award, dismissed PTCIL's plea and declared the Karcham-Wangtoo PPA void. However, in May 2012, the Delhi High Court set aside the majority tribunal award and directed JPVL to CERC for tariff determination. We then appealed to the Delhi High Court, which granted a stay of proceedings, and further hearings are scheduled to take place in January 2013. See "Legal Proceedings And Disputes".

We currently have no other long-term agreements, take-or-pay or otherwise, for the sale of power from the Karcham-Wangtoo hydroelectric power plant. Rather, we have sold power produced by the project on the open market pursuant to short-term and medium-term PPAs. Although we believe that we can sell the power generated in the Karcham-Wangtoo hydroelectric power plant in the open market, there can be no assurance that we will be able to continue doing so. Further, PTCIL may not agree that the Karcham-Wangtoo PPA is void and this may lead to future disputes between us and PTCIL, which may adversely affect our ability to enter into a PPA with any other party for the sale of power from the Karcham-Wangtoo hydroelectric power plant or to sell such power in the open market, which may adversely affect our business, prospects, results of operations and financial condition.

34. Our profitability is largely a function of how effectively we are able to manage our costs during the terms of our contracts and our ability to operate our plants at optimal levels.

Our profitability is largely a function of how effectively we are able to manage our costs during the terms of our contracts and our ability to operate our plants at optimal levels. If we are unable to manage our costs effectively or operate our plants at optimal levels, our business prospects, financial condition and results of operations may be materially and adversely affected. Our long-term PPAs generally require a power supplier to guarantee certain minimum performance standards, such as plant availability and generation capacity. The tariffs we charge are also typically arrived at assuming a certain heat rate and other technical norms. If our facilities do not meet the required performance standards, our customers will not reimburse us for any increased costs arising as a result of our plants' failure to operate within the agreed norms, which in turn may affect the results of our operations. In addition to the performance requirements specified in our long-term PPAs and other agreements,

national and state regulatory bodies and other statutory and government mandated authorities may from time to time impose minimum performance standards upon us. Failure to meet these requirements could expose us to the risk of penalties. In addition, we may not receive certain agreed-upon incentives that may adversely affect our revenues. Any of the foregoing could have an adverse effect on our business, financial condition and results of operations.

35. There can be no assurance that we will be successful in selling power in the open market.

Our PPA with HPSEB with respect to the BASPA II hydroelectric power plant is for a term of 40 years expiring in 2043, subject to extension for 20 more years. Our PPA with UPPCL with respect to the Vishnuprayag hydroelectric power plant is for a period of 30 years expiring in 2036, subject to extension for 20 more years. There can be no assurance that we will be able to enter into new take-or-pay arrangements upon the expiry or termination of our PPAs, in which case we would be exposed to competition. As a result, we could be forced to compete in the open market with other power plant operators for sale of the power that is currently covered by such arrangement. We are presently selling all Saleable Power of the Karcham-Wangtoo hydroelectric power plant in the open market pursuant to short-term and medium term PPAs and we expect to continue doing so.

With respect to the 500 MW first phase of the Bina thermal power project, we have entered into PPAs with Madhya Pradesh Power Management Company Limited (MPPMCL) with respect to 65% of the installed capacity of the first phase of the project on a regulated tariff basis for 25-years following the commencement of operations of the project, and 5% of the total power produced by the first phase of project on a variable charge basis for the life of the project. We expect to retain the remaining power for sale in the open market.

With respect to the 1,320 MW Nigrie thermal power project, we have entered into long-term PPAs with MP Power Trading Company Limited (MPPTCL) with respect to 30% of the installed capacity of the project on a regulated tariff basis for 20 years following the commencement of operations of the project and 5% of the power produced by the project on a variable charge basis for the life of the project. We have also entered into a PPA with JAL with respect to 12.5% of the installed capacity of the project for 12 years following the commencement of operations of the project. We expect to retain the remaining power produced by the project for sale in the open market.

With respect to the Bara and Karchana thermal power projects, respectively, PPGCL and SPGCL have entered into PPAs with five power distribution companies in the state of Uttar Pradesh with respect to 90% of the total power produced by the 1,980 first phase of the Bara thermal power project and the 1,320 MW first phase of the Karchana thermal power project. PPGCL and SPGCL, respectively, have also entered into PPAs with these five power distribution companies with respect to 80% of the total power produced by the 1,320 second phase of the Bara thermal power project and the 660 MW second phase of the Karchana thermal power project. The tariffs under these PPAs will be determined by the regulatory commission according to the prevailing UPERC Tariff Guidelines and Regulations. We expect that PPGCL and SPGCL will retain the remaining power for sale in the open market.

With respect to the Arunachal Pradesh and the Meghalaya hydroelectric power projects, we have not entered into any PPAs and do not expect to enter into long-term PPAs with respect to all power produced. Rather, we expect to retain approximately half of the power for sale in the open market.

Our strategy of retaining a portion of the power produced by our projects for sale in the open market requires us to compete with other power plant operators. In order to sell power that is not sold pursuant to long-term PPAs, we are likely to compete with other power generation companies with respect to customers and price. Further, we may also be responsible for securing transmission capability to transmit power to our customers. Any failure by us to compete effectively with respect to open market sales or to identify and secure the use of transmission infrastructure capable of transmitting the power that we sell could have an adverse effect on our business, prospects, financial condition and results of operations.

36. Merchant power prices may be volatile.

Merchant power prices may be volatile. With the completion of our projects under implementation and development, we expect to retain an increasing proportion of the power produced by our plants for sale on the open market. To the extent we are unable to realize prices on the open market that exceed the prices we have secured, or could have secured, by entering into long-term PPAs, our business, financial conditions and results of operations would be adversely affected.

37. The finalisation of the tariff payable under the PPAs is subject to the approval of the total project cost by the CEA or the CERC/SERC and subsequent approval of tariff by CERC/SERC. The approved total project cost and finalised tariffs may adversely affect our profitability and liquidity.

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

With respect to the 500 MW first phase of the Bina thermal power project, of which the first 250 MW unit has been commissioned and the second 250 MW unit is expected to be commissioned in 2013, we have filed a petition with MPERC for approval of the project cost and tariff. The hearing was held in November 2012 and the order for interim tariff is expected shortly.

The approved capital cost and finalized tariffs may not be sufficient to realize the anticipated return on a project and may adversely affect our profitability and liquidity. For a discussion of the tariff structures contained in our power purchaser agreements, please refer to “Our Business - Operating Plants” and “Our Business - Projects Under Implementation”.

38. Political or financial pressures could force us to renegotiate our PPAs.

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

39. Certain of our PPAs may be terminated by either side upon the triggering of “events of default” stipulated in the PPAs.

According to the terms of our PPAs the occurrence of certain events of default could result in the termination of such PPAs if such events of default are not remedied within the specified cure periods.

If any of our PPAs are terminated by the relevant customer pursuant to a default by us, we may be required to sell the relevant plant at a price which is determined based on a formula specified in the PPA. There can be no assurance that such price will be adequate to cover the then prevailing economic value of the relevant plant. If either of our PPAs with UPPCL for power generated by the Bara and Karchana thermal power projects is terminated due to a default by us, we will be required to pay to UPPCL compensation as specified in the PPAs.

40. Any termination of our PPAs could have a material adverse effect on our business and results of operations. Our long-term PPAs expose us to certain risks and restrictions, including limitations on the opportunity to benefit from upward movements in the market price of the power that we sell.

We derive a significant portion of our revenues from the 40-year BASPA II PPA with HPSEB, which expires in 2043 (and may be extended for a further 20 years) and the 30-year Vishnuprayag PPA with UPPCL, which expires in 2036 (and can be extended for a further 20 years). Upon the commencement of operations of the 500 MW phase one of the Bina thermal power project (of which the first 250 MW unit was commissioned in August 2012 and the second 250 MW unit is expected to be commissioned in 2013), we expect to derive a substantial portion of our revenues from our PPAs with Madhya Pradesh Power Trading Company Limited (MPPTCL) with respect to approximately 70% of the power from the first phase of the project. Further, we expect to derive a substantial portion of our revenues from our other projects under implementation and development from long-term PPAs.

Long-term PPAs restrict our operational and financial flexibility in certain important aspects and restrict our ability to grow its revenues from these projects. For example, business circumstances may materially change

over the life of these contracts and we may not have the ability to modify the contracts to reflect these changes. Further, being committed under these contracts may restrict our ability to implement changes in our business plan or to enter into agreements with other parties at higher prices should the market price for electricity rise. This limits our business flexibility, exposes us to an increased risk of unforeseen business and industry changes and could have a material adverse effect on our business prospects, financial condition and results of operations.

In the event the BASPA II PPA and/or the Vishnuprayag PPA is extended after its initial term, HPSEB and/or UPPCL, as the case may be, would have the first right to purchase power from us on the same terms and conditions in accordance with the applicable PPA. As provided in the BASPA II and Vishnuprayag PPAs, if the GoHP or the state government of Uttarakhand, as the case may be, exercises its option to purchase the BASPA II or Vishnuprayag hydroelectric power plant following the initial term of the applicable PPA or if the project is transferred to the GoHP or the the state government of Uttarakhand following a 20-year extension to the term of the such PPA, we would be entitled to receive value for the applicable plant only to the extent determined by a valuation process provided in the applicable PPA. Such purchase price may be lower than the then prevailing economic value of the applicable plant. Under such circumstances, we would no longer operate or derive any revenue from the plant. Under the Bina PPA, any extension of the initial 25-year term would be subject to mutual agreement between us and MPPMCL.

Under our PPA with HPSEB, return on equity is fixed at 16% per annum for tariff purposes, in addition to incentives for Plant Availability, which are capped at 2% per annum, and incentives for secondary energy, which are capped at 10% per annum return on equity. Under our PPA with UPPCL, the return on equity for the Vishnuprayag hydroelectric power plant is fixed at 16% per annum, of the equity component of the approved capitalized cost (as approved or as may be approved by the appropriate electricity regulatory commission) for each of them, and the incentives for Plant Availability and Secondary Energy are subject to a formula-based cap. Accordingly, any variation in our profitability due to these PPAs would be subject to limitations under the terms of the agreements. Under the Bina PPA, the tariff payable to us will be subject to regulations of MPERC and/or the CEA.

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

41. Inflation at a rate higher than provided for in the PPAs may affect our profitability.

The rate of inflation in India has been volatile in recent years, and such volatility may continue in the future. Increasing inflation in India could cause a rise in the price of transportation, wages, raw materials and other expenses. In such an event we may be unable to reduce our costs or pass our increased costs on to our customers and our results of operations and financial conditions may be materially and adversely affected. Our PPAs provide for reimbursement of increases in operation and maintenance costs, based on certain predefined parameters. Any increase in our operation and maintenance costs over and above the reimbursable amount may adversely impact our profitability. For instance, our PPA for the BASPA II hydroelectric power plant provides for a reimbursement of any increase in operation and maintenance costs at the rate of 6% for the first 10 years from the commercial operation date and, thereafter, such reimbursement is linked to WPI and CPI escalation. Our PPA for the Vishnuprayag hydroelectric power plant provides for a reimbursement of any increase in operation and maintenance costs at the rate of 1.5% of the capital cost of the project, which is subject to escalation based on WPI and CPI. Any increase of our operation and maintenance costs over and above the reimbursable amount may adversely affect our business, prospects, financial condition and results of operations.

42. Power projects entail bidding, selection, implementation and regulatory risks.

We are developing, may in the future develop, power projects pursuant to bidding processes sponsored by power off-take customers. There could be delays in the bid selection process. In addition, our bids may not be selected or, if selected, may not be finalized within the expected time frame or on expected terms or at all owing to a variety of reasons beyond our control, including an exercise of discretion by the relevant government or off-take customer and the ability of competitors with greater resources to make more competitive bids. In selecting power producers for major projects, off-take customers limit the tender to contractors they have pre-qualified based on criteria such as experience, technological capacity and performance, safety record and financial strength, although the price competitiveness of the bid is the most important selection criterion. Pre-qualification is key to our winning these projects. To bid for larger projects, we may need to enter into memoranda of understanding and joint venture agreements with partner companies to meet capital adequacy, technical and

other requirements that may be required to qualify for a bid, but there is no assurance that we will be successful in doing so. Power projects also involve substantial implementation and regulatory risks. Delays in applying for the amendment of licenses or in notification may result in the imposition of fines or penalties as well as institution of legal proceedings. Any of the foregoing could impede our ability to expand our business, which could adversely affect our business, financial condition and result of operations.

43. We were awarded the Bara and Karchana thermal power projects through the Case-2 bidding process, which entails certain risks.

The Bara and Karchana thermal power projects were awarded to PPGCL and SPGCL, respectively, pursuant to the Case-2 bidding process under the Electricity Act. Pursuant to the Case-2 bidding process, the procurer of power, which, in the case of the Bara and Karchana thermal power projects, is UPPCL, conducts certain preliminary aspects of project development, including selecting the project site and facilitating land acquisition, selecting the fuel source and entering into the relevant fuel supply agreement(s), facilitating certain approvals and clearances (including with respect to MoEF) and procuring any required hydrological, geological, meteorological and seismological data necessary to prepare the detailed project report. Following their acquisition by the procurer of power, the land, approvals and clearances are to be transferred to us. The Case-2 bidding process can potentially increase the likelihood that a project will succeed and may reduce the manpower and executive attention that we would otherwise be required to invest in these preliminary aspects of project development. However, the procurer of power does not bear liability for any failure to provide the specified preliminary aspects of project development and the project developers, which are PPGCL and SPGCL, respectively, with respect to the Bara and Karchana thermal power projects, bear all associated costs. For this reason, any unexpected cost increases may adversely affect our business, financial condition and results of operations.

44. The concession and lease period for the BASPA II and the Vishnuprayag hydroelectric power plants and the Arunachal Pradesh and the Meghalaya hydroelectric power projects is fixed and we will benefit from these projects only for such fixed terms and any applicable extension.

Our concessions for the BASPA II and Vishnuprayag hydroelectric power plants are for initial terms of 40 years expiring in 2043 and 30 years expiring in 2036, respectively, subject to extension by the relevant concession granting body for 20 additional years. Our leases for the Arunachal Pradesh and the Meghalaya hydroelectric power projects will be for 40-year terms. There can be no assurance that the concession period for any project will be extended beyond its initial term. If there is no extension, our business, prospects, financial condition and results of operations may be adversely affected.

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

Our hydroelectric power plants and projects can be affected by a buildup of silt and sediment. Excess levels of silt can also occur in waterways due to changes in environmental conditions. High concentrations of silt in water can cause erosion problems in a station's hydroelectric turbines, leading to equipment damage. While we have not been forced to do shut down our operations for this reason in the past and we have developed an in-house coating facility for runners used in our hydroelectric power projects, any such damage may require us to shut down the plant, in which case we would be unable to generate power, leading to a reduction in our revenues, and potentially adversely affecting our business, prospects, financial condition and results of operations.

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

Plant Availability is a measure of our capability to make available our plants to generate power. The BASPA II hydroelectric power plant achieved Plant Availability of 99.82%, 98.92%, 99.97%, 99.73% and 99.80%, respectively, in fiscal 2010, 2011 and 2012, the six months ended September 30, 2012 and the three months ended December 31, 2012. The Vishnuprayag hydroelectric power plant achieved Plant Availability of 98.96%, 98.84%, 98.58%, 99.81% and 99.34%, respectively, in fiscal 2010, 2011 and 2012, the six months ended September 30, 2012 and the three months ended December 31, 2012. The Karcham-Wangtoo HEP achieved Plant Availability of 99.70%, 99.32% and 88.42% in fiscal year 2012, the six months ended September 30, 2012 and the three months ended December 31, 2012. Under the terms of our PPAs any decline in Plant Availability that results from our operation and maintenance, or otherwise, may adversely affect our revenues and could adversely affect our business, prospects, financial condition and results of operations.

47. We may face claims for any damage or loss incurred on account of the BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power plants or any of our projects under implementation or development.

The power generation and transmission business requires working under difficult terrain and circumstances. If improperly handled or subjected to unsuitable conditions, high-voltage electricity can cause damage to our properties and the properties of others. This could subject us to disruptions in our business, legal and regulatory difficulties and costs and liabilities, which could adversely affect our results of operations and reputation. Pursuant to indemnity clauses in our agreements we are liable for any damage or loss arising out of the operation or maintenance of our operating plants and projects under implementation and development.

We also have responsibilities to other parties, including the general public, and in certain circumstances we may be liable for loss or damage caused by themselves, our operating plants or any projects in which we have an interest. Under these circumstances, we have against us and we may face claims for loss or damages. Any claims for damages may depend on several factors, including the type and extent of damages alleged to have been caused by or as a result of our plants or projects. There is no monetary limit for such claims and they may even be brought by third parties or the general public. In the event of such claims, we may be required to temporarily or permanently halt our existing operations or projects under implementation, or continue these subject to compliance with onerous or costly conditions. Such an occurrence would adversely affect our business, prospects, financial condition and results of operations.

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

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

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

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

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

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

As at January 1, 2013, we had 1,704 full-time employees. None of our employees at the workman level are affiliated with any labor unions. However, there can be no assurance that our employees will not form a union, join any existing union or otherwise organize themselves.

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

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

51. Our income from the sale of power may not fully offset out debt service expenses.

Under our long-term PPAs, during the term of the PPA our debt service expense is passed through to the power purchaser in proportion to the quantity of power purchased. The BASPA II PPA is for an initial term of 40 years expiring in 2043 and the Vishnuprayag PPA is for an initial term of 30 years expiring in 2036. With respect to the first phase of the Bina thermal power project, our PPA with MPPTCL for 65% of installed capacity is for a term of 25 years, and our PPA with the Government of Madhya Pradesh for 5% of power produced is for the life of the project. With respect to the Nigrie thermal power project, our PPA with JAL for 12.5% of installed capacity is for a term of 12 years and our PPA with MPPMCL for 30% of installed capacity is for a term of 20 years, and our PPA with the Government of Madhya Pradesh for 7.5% of power produced is for the life of the project. With respect to the second phase of the Bina thermal power project, our PPA with MPPTCL for 37% of installed capacity is for a term of 25 years, and our PPA with the Government of Madhya Pradesh for 5% of power produced is for the life of the project. Our PPAs with the UP distribution companies with respect to the Bara and Karchana thermal power projects are each for a term of 25 years. With respect to power that is not sold pursuant to a long-term PPA, it is possible that we will not be able to sell power in the open market at a price that allows us to meet our debt service obligations. Furthermore, in the event any of our long-term PPAs is terminated, we may not have sufficient revenues to meet our debt service obligations and we may not be able to arrange sufficient borrowings to refinance those obligations on commercially acceptable terms, or at all, which could have a material adverse impact on our business, financial condition and results of operations.

52. Our management will have significant flexibility in applying the proceeds received from the Placement.

We intend to use the net proceeds of the Placement in the manner as described in "Use of Proceeds". Our management may determine that it is appropriate to revise our estimated costs (either *suo moto* or based on advice from our lenders), fund requirements and deployment schedule owing to factors such as geological assessments, exchange or interest rate fluctuations and changes in design or configuration of a project, incremental rehabilitation and other preoperative expenses and other external factors that may not be within the control of our management.

Pending utilization for the purposes described above, we intend to temporarily invest the proceeds of this Placement in high-quality liquid instruments including deposits with banks and investments in mutual funds (or money market mutual funds) as may be approved by our Board or a duly authorized committee thereof. Although the utilization of the net proceeds from the Placement and other financings will be monitored by the Board of Directors, there are no limitations on interim investments that we can make using such net proceeds.

53. Lenders' rights under our financing arrangements may adversely impact our business. Our financing agreements include restrictive covenants.

Our lenders have certain rights under their financing arrangements, including (i) the right to obtain a non-disposal undertaking from our Promoter so as to maintain their equity shareholding in us to the satisfaction of

the respective lenders; (ii) the right to appoint one or more nominee(s) to our Board of Directors during the currency of our loans; (iii) the right to require our Promoter to pledge shares of our equity capital and (iv) the right of certain lenders to convert their outstanding amounts into Equity Shares of our Company, in the event of a default under their financing arrangements.

The lenders also have certain rights that restrict the operation and growth of our business, including (i) restricting us from undertaking any new projects or leasing any assets without obtaining prior approval of the lenders during the currency of the loan; (ii) restricting us from undertaking expansion, diversification or modernization plans without obtaining the prior approval of the lenders and without having necessary financing in place, as well as investments in associates, allied or group concerns without the prior approval of the lenders; (iii) restricting us from paying dividends without written approval of the lenders; (iv) restricting us from entering into any scheme of merger, consolidation or reorganization or compromise with our shareholders or creditors without obtaining the prior approval of the lenders; (v) restricting us from effecting any material change in the management of our business without obtaining the prior approval of the lenders; and (vi) restricting us from issuing new shares, incurring further debt, creating further encumbrances on our assets and undertaking guarantee obligations.

In addition, some of our and our subsidiaries' loan agreements contain financial covenants, which are typically tested annually based on our and their financial statements as of and for the year ended March 31. See "Indebtedness" for certain details of these covenants.

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

Any of the foregoing could adversely affect our business, prospects, financial condition and results of operations.

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

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

55. JAL has guaranteed certain of the Company's loans and a portion of the Equity Shares owned by JAL are pledged in favor of lenders who may exercise their rights under the pledge agreements upon the occurrence of events of default.

JAL has guaranteed certain of the Company's loans and a portion of the Equity Shares held by JAL have been pledged in favor of the lenders as security for the loans provided to us. If we default on our obligations under the relevant financing documents, the lenders may exercise their rights under the share pledges, have the shares transferred to their names and exercise management control over us. If this happens, we may not be able to conduct its business as planned, or at all.

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

Under each of our long-term PPAs, indirect interest rate risk and currency risk are passed on to the power purchaser. However, there can be no assurance that we will be able to continue to pass these risks on in the future. In particular, because we intend to retain a substantial portion of our existing and planned capacity for sale on the open market rather than entering into long-term PPAs, we are likely to be exposed to interest rate risk and currency risk. We may enter into interest, currency or other hedging contracts or financial arrangements in the future to minimize our exposure to interest rate fluctuations, currency fluctuations or other risks. There is no assurance, however, that we will be able to do so on commercially reasonable terms or that any such agreements we enter into will protect us fully against these risks. Any increase in interest expense or the real value in Rupees of our foreign currency loan servicing obligations may have a material adverse effect on our business, prospects, financial condition and results of operations.

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

The majority of our indebtedness is subject to floating rate interest payments, provided that we are generally permitted to prepay our loans without a prepayment premium as of any reset date with respect to which the reset rate of interest is not acceptable to us. Under our floating rate loan agreements we are exposed to interest rate risk. We may enter into interest, currency or other hedging contracts or financial arrangements in the future to minimize our exposure to interest rate fluctuations, currency fluctuations or other risks. However, we cannot assure you that we will be able to do so on commercially reasonable terms, or at all, or that any such agreements we enter into will protect us fully against these risks. Any increase in interest expense may have a material adverse effect on our business, prospects, financial condition and results of operations.

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

We undertake some of our projects with third parties, which entails certain risks. For example, we hold 74% of equity capital in JPL for the construction and development of the Jaypee Powergrid transmission line. PGCIL holds the remaining 26% of JPL's shares. Further, the Government of Arunachal Pradesh is entitled to an 11% ownership stake in JAPL, which is developing our Arunachal Pradesh hydroelectric power projects, and the Government of Meghalaya is entitled to a 26% stake in JMPL, which is developing our Meghalaya hydroelectric power projects. We have also entered into a coal supply agreement with MPJML, in which JAL has a 49% interest, in relation to the Amelia (North) coal block and a coal supply agreement with MPJCL, in which JAL has a 49% interest, in relation to the Dongrie Tal - II coal block. Investments through third-party arrangements may involve risks. Third parties may fail to meet their technical, financial and other obligations in respect of the joint venture. Additionally, third parties may have business interests or goals that may differ from our business interests or goals, or those of our shareholders. Any disputes that may arise between us and third parties may cause delays in completion or the suspension or abandonment of the project. Hence, if we determine that we have sought to pursue participation in a particular project with the wrong partners, we may be unable to change partners or continue to participate in the project as we had planned. Any of the foregoing could have a material adverse effect on our business, prospects, financial condition and results of operations.

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

Our future success will depend in part on our ability to respond to technological advances and emerging power generation industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails technical and business risks. We cannot assure you that we will successfully implement new technologies effectively or adapt our processing systems to customer requirements or emerging industry standards. If we are unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business, prospects, financial condition and results of operations could be adversely affected.

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

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

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

61. We depreciate our assets in our hydroelectric power projects at a rate that is different from the rates applicable under the Companies Act.

Our accounting policy for charging depreciation on the assets in our hydroelectric power projects is on a straight line basis at the rate of 2.71% per annum for the BASPA II and Vishnuprayag hydroelectric power plants and

2.57% per annum for the Karcham-Wangtoo HEP, as approved by the Ministry of Corporate Affairs, Government of India. As a result, we use a lower rate of depreciation than the rates applicable under the Companies Act. As such, our results of operations may be generally higher than the results would have recorded had we been applying the depreciation rates prescribed in the Companies Act.

62. Neither we nor any company in the Jaypee Group has applied for registration of our trademark and tradename, and therefore our trademarks and tradenames have limited protection.

Other than the registration of the “Jaypee Group” logo as a trademark by JIV in 2008, neither we nor any company in the Jaypee Group has applied for the registration of our logo as it appears on the cover of Preliminary Placement Document and our logo “Switching on India”. Our trademark and trade name will have limited legal protection. We may therefore incur significant legal costs to protect our trademark and trade name from any unauthorized use, or to defend any proceedings brought by third parties who allege that our trademark or trade name or our use of them is in infringement of their intellectual property rights. We may not be able to use our trademark or trade name in connection with our business, which could require us to incur additional costs and therefore adversely affect our brand name and trade name recognition and, in turn, our business, prospects, financial condition and results of operations.

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

We do not own the premises on which our registered office and other offices are located. We operate from rented and leased premises. In addition, we lease various premises in connection with our plants and projects under implementation and development. If any of the owners of these premises do not renew the agreements under which we occupy the premises or renew such agreements on terms and conditions unfavorable to us, we may suffer a disruption in our operations and incur costs related to moving offices, which could adversely affect our business, prospects, financial condition and results of operations.

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

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

Further, any breakdown or failure of a transmission system can disrupt the transmission of electricity by our power plants to the applicable point of evacuation. In certain specified circumstances, our PPAs provide for the payment of tariff on the basis of Deemed Generation for the period when a breakdown or failure of the transmission system disrupts electricity transmission. However, this payment is limited to the Design Energy for that period, and we will not be compensated for the Secondary Energy that could be generated during such period.

Power generation facilities are also subject to mechanical failure and equipment shutdowns. In such situations, undamaged units may be dependent on or interact with damaged sections or units and, accordingly, are also subject to being shut down. If such events occur, the ability of our operating power plant to supply electricity to its off-taker may be materially and adversely impacted. In the event any power generation facility is significantly damaged or forced to shut down for a significant period of time, this would have a material adverse effect on our business, prospects, financial conditions and results of operation.

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

As of the date of this Preliminary Placement Document, India’s electric transmission infrastructure continues to experience constraints on the electricity that can be transmitted or “wheeled” from power plants to off-takers. If these transmission constraints continue, the electricity that off-takers, distribution utilities and other large purchasers receive from independent power producers could be adversely affected. These transmission constraints could have an impact on our operating power plants. Therefore, any transmission constraints could have an adverse impact on the level of revenue that we generate from our power generation business. Further, if the power generated by us is not evacuated by our customers, our profitability will be adversely affected as we will not be able to claim incentives under the PPAs.

Additionally, we are required to deliver power generated by the BASPA II and Vishnuprayag hydroelectric power plants and the Bina thermal power project at the plant's bus-bar. The evacuation of power beyond delivery points in respect of the Vishnuprayag hydroelectric power plants and the Bina thermal power project is the responsibility of the procurer. While power from the BASPA II hydroelectric power plant is metered at the bus-bar, the transmission line up to the interconnection point at Jhakri is maintained by us. We sell a portion of the power from our Karcham-Wangtoo hydroelectric power plant at the bus-bar and a portion of the periphery of the utility (with respect to which we incur open access expenses to use transmission lines not owned by us). The PPAs which we will enter into in the future may place the responsibility for evacuation of power beyond the bus-bar on our customers. In the event that our customers are unable to evacuate power or one or more of our customers instructs us not to generate power partially or completely, such customers would be required to make payments to us under certain provisions of their respective PPAs. In such a situation, we will not be able to claim incentives under the relevant PPA and our business, prospects, financial condition and results of operations may be adversely impacted.

66. We may not be able to monetize the CERs and VERs that we are entitled to with respect to our operating power plants at favorable prices or at all.

Our operating projects are each accredited for VERs and we intend to pursue VER/CER accreditation for our projects under implementation and development. The BASPA II and Vishnuprayag hydroelectric power plants are eligible for 1.00 million and 1.32 million annual VERs, respectively, based on their Design Energy. The Karcham-Wangtoo hydroelectric power plant has been registered by UNFCCC as a CDM project for a period of ten years commencing from April 2012 and has been credited with 3.54 million CERs per annum. The sale of VERs from projects provided revenues of Rs. 398.7 million in fiscal 2012, Rs. 106.3 million in the six months ended September 30, 2012 and Rs. 278.4 million in the three months ended December 31, 2012. Certain of our thermal power projects under implementation, including the Nigrie, Bara and Karchana thermal power projects may also become eligible to obtain credits for tradable certificates such as CERs/VERs as they propose to use supercritical technology to reduce emissions. In the years ended March 31, 2010, 2011 and 2012, the six months ended September 30, 2012 and the three months ended December 31, 2012, we derived Rs. 411 million, Rs. 382 million, Rs. 398 million, Rs. 106 million and Rs. 278.4 million from the sale of VERs. As of the date of this Preliminary Placement Document we had not sold any CERs from the Karcham-Wangtoo hydroelectric power plant and there can be no assurance that we will be able to do so. Our ability to sell CERs and continue to sell VERs, and the prices that we are able to realize, are dependent on the market for CERs and VERs and any failure to sell our CERs and VERs at favorable prices could adversely affect our business, financial condition and results of operations.

67. Continued compliance with, and any changes in, safety, health and environmental laws and regulations may adversely affect our results of operations and financial condition.

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

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

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

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

68. There are outstanding litigations against us and our subsidiaries, which, if determined adversely, could affect our operations

We are defendants in legal proceedings incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals in India. 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. In one of these proceedings, the petitioner has prayed for a CBI enquiry into the fixing of the applicable tariff for the Bara and Karchana thermal power projects. Additionally, a special leave petition has been filed before the Supreme Court of India against the dismissal of writ petitions challenging acquisition of land for the Bara thermal power project.

Should any new developments arise, such as a change in Indian law or rulings against our Company by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current liabilities.

For details of outstanding legal proceedings and litigations against us, our subsidiaries and our Directors, please refer to “Legal Proceedings and Disputes”.

II. Risks relating to India

69. The growth of our Company is dependent on the Indian economy.

Our performance and the quality of our business is dependent on the performance of the Indian economy. India's economy has been adversely affected by the global economic crisis which began in 2008, the effects of which are still continuing, volatility in interest rates, currency exchange rates, commodity and electricity prices, adverse weather conditions affecting agriculture and various other factors. Risk management techniques by banks and lenders in such circumstances could affect the availability of funds in the future or the withdrawal of our existing credit facilities. A slowdown in the Indian economy could adversely affect our business, including our ability to implement our strategy and consider future expansion plans. The Indian economy is currently in a state of transition and it is difficult to predict the impact of certain fundamental economic changes upon our business. Conditions outside India, such as a slowdown or recession in the economic growth of other major countries, especially the United States, would have an impact on the growth of the Indian economy, and the economic policies of the Government of India may change in response to such conditions. While recent Indian governments have been keen on encouraging private participation in the industrial sector, any adverse change in policy could result in a further slowdown of the Indian economy. Additionally, these policies will need continued support from stable regulatory regimes that stimulate and encourage the investment of private capital into industrial development. Any downturn in the macroeconomic environment in India could materially and adversely affect the price of the Equity Shares and our business, financial condition and results of operations.

70. Political instability or changes in the Government of India could delay the further liberalization of the Indian economy and adversely affect economic conditions in India generally and our business.

Since our Company's inception, all of our entire sales revenue has been derived from the Indian market. Our business may be affected by changes in Government of India policy, taxation, social and civil unrest and other political, economic and other developments in or affecting India. Since 1991, successive Indian governments have pursued policies of economic liberalizations, including significantly relaxing restrictions on the private

sector. Nevertheless, the roles of the Government of India and State Governments in the Indian economy as producers, consumers and regulators have remained significant. A significant change in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally, and our business in particular, if new restrictions on the private sector are introduced or if existing restrictions are increased.

71. Each of our businesses faces certain risks from actual or perceived terrorism in India and elsewhere.

Our business is vulnerable to project delays, infrastructure damage and reduced fuel supplies due to terrorism, as there has recently been an increase in the frequency and scale of terrorism in India and globally. Our projects under development could be impeded or delayed by security measures, such as international or domestic travel restrictions. Terrorism within India or abroad could reduce our access to fuel supplies or increase fuel price volatility, which could impede our operations or increase our expenditures. Any damage to our operating power plants and projects under development, delays to our projects under development, reduced access to fuel supplies, increased fuel prices or reduced demand for power in India could adversely affect our power business.

Terrorism is inherently unpredictable and difficult to protect against. There can be no assurance that a terrorist attack on a scale equal to or greater than that of the 2008 attacks in Mumbai will not take place in Mumbai or elsewhere in India. Many of our insurance policies specifically exclude recovery for damage that results from terrorism. Moreover, even the threat or perception of terrorism can have serious economic consequences. Any damage to any of our businesses as a result of actual or perceived terrorist activities could reduce our revenues or increase our costs, which would adversely affect our business, results of operations and financial condition.

72. If communal disturbances or riots erupt in India, or if regional hostilities increase, this would adversely affect the Indian economy and our business.

Some parts of India have experienced communal disturbances, terrorist attacks and riots during recent years. If such events recur, our operational and marketing activities may be adversely affected, resulting in a decline in our income.

The South Asian region has, from time to time, experienced instances of civil unrest and hostilities among neighboring countries, including those between India and Pakistan. Since May 1999, military confrontations between these countries have occurred in Kashmir. The hostilities between India and Pakistan are particularly threatening because both India and Pakistan possess nuclear weapons. Hostilities and tensions may occur in the future and on a wider scale. Also, since 2003, there have been military hostilities and continuing civil unrest and instability in Iraq, Afghanistan and other countries in the Indian subcontinent. In July 2008, terrorist attacks in Mumbai killed 174 people. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares.

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

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

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

We operate in an increasingly competitive environment due, in particular, to the deregulation of the Indian power sector and increased private sector investment. 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. As a result, we may have to compete with other Indian and foreign power companies. We may also have to compete with

central and state power utilities. A large number of power projects are awarded by the Government of India and the state governments following competitive bidding processes and satisfaction of other prescribed prequalification criteria. Once the prospective bidders meet the technical requirements of the tender, the contract is usually awarded to the lowest bidder. We face intense competition in the bidding process from domestic as well as international companies. In recent years, with the opening of these sectors to foreign companies, large international corporations with greater resources and assets than us have entered the market and they may be able to achieve better economies of scale allowing them to bid profitably at more competitive rates. In addition, new entrants to this sector may reduce their margin in order to gain market share. The nature of the bidding process may cause us and our competitors to lower prices to win contracts so as to maintain our respective market share. As a result of this competition, we face substantial margin pressure, which could have a material adverse effect on our business, prospects, financial condition, and results of operations.

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

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

75. Our business and activities are regulated by the Competition Act, 2002 (“Competition Act”) and any application of the Competition Act to us could have a material adverse effect on our business, financial condition and results of operations.

The Competition Act is designed to prevent business practices that have an appreciable adverse effect on competition in India. Under the Competition Act, any arrangement, understanding or action in concert between enterprises, whether 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, market or number of customers in the market is presumed to have an appreciable adverse effect on competition. Further, if it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person will be guilty of the contravention and liable to be punished.

The provisions of the Competition Act relating to combinations were notified recently on March 4, 2011 and came into effect on June 1, 2011. The Competition Commission of India (the CCI) may enquire into all combinations, even if taking place outside India, or between parties outside India, if such combination is likely to have an appreciable adverse effect on competition in India. Effective June 1, 2011, all combinations above a certain threshold have to be notified to the CCI within 30 days of the execution of any agreement or other document for any acquisition of assets, shares, voting rights or control of an enterprise under the Competition Act. If we are affected, directly or indirectly, by any provision of the Competition Act, or its application or interpretation, including any enforcement proceedings initiated by the CCI and any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, there may be a material adverse effect on our business, financial condition and results of operations.

76. Natural disasters and poor rainfall could have a negative impact on the Indian economy and cause our business to suffer.

India has experienced significant natural disasters such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determine their impact on the Indian economy and infrastructure. Further, prolonged spells of below-normal rainfall levels or other natural calamities could have a negative impact on the Indian economy, adversely affecting our business and the price of the Equity Shares. The volume of rainfall during the monsoon seasons this year has been lower than normal. If such volume remains below normal for a prolonged period, it will adversely affect river flows, which will affect the generation of electricity from our hydroelectric power plants and the water availability for our thermal power plants.

77. Financial instability in countries other than India could disrupt Indian markets and our business, and cause the trading price of the Equity Shares to decrease.

The Indian financial markets and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Further, the global financial crisis which began in 2008 has had a significant impact on the Indian economy as well as the stability of the Indian financial markets. 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 of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. This, in turn, could have a negative impact on the movement of exchange rates and interest rates in India. Therefore, any significant financial disruption could have an adverse effect on our business, financial condition, results of operations, future financial performance and the trading price of the Equity Shares.

78. The Indian securities markets are more volatile than certain other securities markets.

The Indian securities markets are more volatile than the securities markets in certain countries that are members of the Organization for Economic Co-operation and Development. Indian stock exchanges have, in the recent past, experienced substantial fluctuations in the prices of listed securities.

Indian stock exchanges have experienced problems that, if such or similar problems were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. A closure of, or trading stoppage on, either the BSE or the NSE could adversely affect the trading price of the Equity Shares. Historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies, stock exchanges and other regulatory bodies, which in some cases have had a negative effect on market sentiment.

79. There may be less company information available in the Indian securities markets than securities markets in more developed countries.

The Equity Shares are not listed on any stock exchange outside India. There is a difference between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants of markets in other more developed economies. SEBI is responsible for monitoring disclosure and other regulatory standards for the Indian securities market. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in more developed countries. As a result, investors may have access to less information about our business, financial condition and results of operation, on an ongoing basis, than they may have in the case of companies subject to the reporting requirements of other countries.

80. Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business and the trading price of the Equity Shares.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms on which such additional financing is available. This could have an adverse effect on our business, financial condition, results of operations and future financial performance and our ability to obtain financing to fund our growth, as well as the trading price of the Equity Shares.

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

While a substantial portion of our revenues will be denominated in Rupees, we expect to incur indebtedness denominated in foreign currencies to finance the development of power projects. We may also enter into certain contracts for our project development, the price of which could be denominated in foreign currencies. Accordingly, any fluctuation in the value of the Rupee against these currencies will affect the Rupee cost to us of servicing and repaying our foreign currency borrowings. Our PPAs allow us to pass through foreign

exchange fluctuations. While appreciation of the Rupee against foreign currencies may improve our results of operations and financial condition, if we are unable to recover the costs of foreign exchange variations through our tariffs, the depreciation of the Rupee against foreign currencies may adversely impact our results of operations and financial condition.

82. Significant differences exist between Indian GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with Indian GAAP contained in this Preliminary Placement Document.

Our Financial Statements included in this Preliminary Placement Document are prepared and presented in conformity with Indian GAAP, and no attempt has been made to reconcile any of the information relating to our Company given in this Preliminary Placement Document to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, such as IFRS. Significant differences exist between Indian GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with Indian GAAP contained in this Preliminary Placement Document. In making an investment decision, potential investors must rely upon their own examination of our Company. See “Summary of Significant Differences between Indian GAAP and IFRS”.

83. Companies operating in India are subject to a variety of central and State Government taxes and surcharges.

Tax and other levies imposed by the Government of India and State Governments that affect our tax liability include income tax, excise duty, value added tax, turnover tax, service tax and other special taxes and surcharges, which are introduced on a temporary or permanent basis from time to time.

The Government of India and State Government tax scheme in India is extensive and subject to change from time to time. The statutory corporate income tax in India currently includes a 5% surcharge and a 3% education cess, resulting in an effective tax rate of 32.45%. The provisions of the Income Tax Act are amended on an annual basis by the Finance Act.

The Government of India or State Governments may, in the future, increase corporate income tax or other taxes or cesses that they currently impose. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could have a material adverse effect on our business, financial condition and results of operations.

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

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies, although in the power generation and other infrastructure related sectors (other than real estate development) exchange controls are less prevalent. Such regulatory restrictions limit financing sources for the power projects under development and hence could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, it cannot be assured that the required approvals will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

III Risks relating to the Equity Shares

85. After this Placement, the price of our Equity Shares may be highly volatile.

The price of our Equity Shares on the Stock Exchanges may fluctuate after this Placement as a result of several factors, including:

- volatility in the Indian and global securities market or in the Rupee’s value relative to the U.S. dollar, the Euro and other foreign currencies;
- volatility in prices of power;
- our profitability and performance;

- perceptions about our future performance or the performance of Indian companies in general;
- performance of our competitors and the perception in the market about the power sector in India;
- adverse media reports on us or the Indian power industry;
- changes in the estimates of our performance or recommendations by financial analysts;
- significant developments in India's economic liberalization and deregulation policies; and
- significant developments in India's fiscal and environmental regulations.

86. Our corporate loans, and our common loan agreements with respect to the Vishnuprayag and BASPA II hydroelectric power plants, may prevent, or reduce the amounts available for, the distribution of dividends on the Equity Shares.

The long-term loans granted to us, relating to our projects and plants, are granted on a nonrecourse basis, the repayments of which are secured by certain assets of the projects and plants. Being nonrecourse loans, lenders require us to establish a trust and retention account into which all cash inflows generated from the projects and plants are deposited and all disbursements and withdrawals therefrom are subject to the approval of the lenders. Accordingly, our profits, as derived from the various projects and plants available for distribution as payment of dividends to our shareholders, are conditional upon the respective lenders approving the disbursements and withdrawals from the trust and retention account agreements. We cannot assure you that such consents, when requested from the respective lenders, will be given in a timely manner or at all. Further, we have entered into securitization arrangements for the receivables from the Vishnuprayag and BASPA II hydroelectric power plants, which subject the receivables from these plants to certain restrictions.

87. Future issuances or sales of the Equity Shares could significantly affect the trading price of the equity shares and dilute your shareholding.

Any future issue of equity shares by us may lead to dilution of your shareholding. In addition, the disposal of Equity Shares by any of our major shareholders or the perception that such issuance or sales may occur may significantly affect the trading price of the equity shares. There can be no assurance that we will not issue further equity shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares.

88. Fluctuations in the exchange rate between the Rupee and U.S. dollar may have a material adverse effect on the value of the Equity Shares, independent of our operating results.

The Equity Shares are quoted in Rupees on the BSE and the NSE. Any dividends in respect of the Equity Shares will be paid in Rupees and subsequently converted into U.S. dollars for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates prior to the repatriation of the proceeds from a sale of equity shares may reduce the net proceeds received by shareholders.

The exchange rate between the Rupee and the U.S. dollar has changed substantially in the last two decades and may fluctuate substantially in the future. As per the noon buying rate in the City of New York from Reserve Bank of India website, the Rupee lost approximately 7.1% of its value relative to the U.S. dollar from March 31, 2011 to December 31, 2012.

89. The ability to sell Equity Shares to a resident of India is subject to certain pricing restrictions.

A person resident outside India (including a Non-Resident Indian) is generally permitted to transfer by way of sale the shares held by him to any other person resident in India without the prior approval of the RBI or the Foreign Investment Promotion Board. However, the price at which the transfer takes place must comply with the pricing guidelines prescribed by the RBI in its circular dated October 4, 2004. The guidelines stipulate that where the shares of an Indian company are traded on a stock exchange:

- the sale may be at the prevailing market price on the stock exchange if the sale is effected through a merchant banker registered with SEBI or through a stock broker registered with the stock exchange; or

- if the transfer is other than that referred to above, the price shall be arrived at by taking the average quotations (average of daily high and low) for one week preceding the date of application with a 5% variation.
 - Investors will be subject to the above pricing restrictions on a sale of such Equity Shares to residents of India.
- 90. There may be restrictions imposed on daily movements in the price of our Equity Shares, which may adversely affect a holder's ability to sell, or the price at which it can sell, shares at a particular point in time.**

As of the date of this Preliminary Placement Document, there is no circuit breaker specified by Stock Exchanges on the equity shares of the Company. However, Equity Shares may in the future be subject to a daily circuit breaker imposed by all stock exchanges in India, which does not allow transactions that would cause volatility in the price of our Equity Shares to exceed a prespecified level. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by the SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by stock exchanges based on the historical volatility in the price and trading volume of our Equity Shares. The stock exchanges do not inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker effectively limits the upward and downward movements in the price of our Equity Shares on a day-to-day basis and therefore affects price movements in our Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of Shareholders to sell shares or the price at which Shareholders may be able to sell their shares at a particular point in time.

- 91. You may be restricted in your ability to exercise preemptive rights under Indian law and may be adversely affected by future dilution of your ownership position.**

Under the Companies Act, a company incorporated in India must offer its holders of equity shares preemptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the preemptive rights have been waived by adoption of a special resolution by holders of three-fourths of the equity shares that are voted on the resolution unless we have obtained Government approval to issue without such rights. However, if the law of the jurisdiction you are in does not permit you to exercise your preemptive rights without us filing a Placement document or registration statement with the applicable authority in the jurisdiction you are in, you will be unable to exercise your preemptive rights unless we make such a filing. If we elect not to make such a filing, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian would receive upon the sale of such securities, if any, and the related transaction costs cannot be predicted. To the extent that you are unable to exercise preemptive rights granted in respect of the Equity Shares held by you, your proportional interest in us would be reduced.

- 92. A third party could be prevented from acquiring control of us because of antitakeover provisions under Indian law.**

There are provisions in Indian law that may discourage a third party from attempting to take control of us, even if a change in control would result in the purchase of the equity shares at a premium to the market price or would otherwise be beneficial to investors. Substantial acquisitions of shares and takeovers are governed under Indian law by the Takeover Code, which can impose disclosure and mandatory bid obligations for listed Indian companies, including the Company. For more information, see "The Securities Market of India".

- 93. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.**

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax (STT) has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realized on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long-term capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising

from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. See "Taxation".

94. Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Our articles of association, regulations of our Board of Directors and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, Directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as one of our shareholders than as a shareholder of a corporation in another jurisdiction.

USE OF PROCEEDS

The net proceeds from the Issue after deduction of Issue expenses, are estimated to be approximately Rs. [●] million, Subject to compliance with applicable laws and regulations, our company intends to use the net proceeds of the Issue primarily as under:

Subject to compliance with applicable laws and regulations, the Company intends to use the net proceeds of the Issue towards (i) funding of its business of power projects; (ii) investment in subsidiaries by way of equity investments; (iii) repaying outstanding indebtedness; (iv) general corporate purposes; and (v) any other use as may be permitted under applicable laws. The subsidiaries may apply the proceeds towards their business including for funding their business of power projects and general corporate purposes. As of the date of Preliminary Placement Document, we have not entered into any definitive commitment or binding agreement for any purpose.

In accordance with the policies set up by our Board and as permissible under applicable laws and government policies, the management will have flexibility in deploying the proceeds received by us from the Issue. Pending utilization for the purposes described above, we intend to temporarily invest the funds in creditworthy instruments (other than shares), including money market Mutual Funds and deposits with banks and corporates. Such investments would be in accordance with the investment policies approved by our Board from time to time and will also be in accordance with all applicable laws and regulations

CAPITALISATION

The following table sets forth our Company's capitalisation and total debt as on September 30, 2012, and as adjusted to give effect to the Issue. This table should be read with the section "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and other financial information contained in the section "*Financial Statements*".

(Rs. in millions)

	As of September 30, 2012	As adjusted for this Issue
Short-term borrowings[#]		
Secured	17,920.92	[●]
Unsecured	50.00	[●]
Total short-term borrowings	17,970.92	[●]
Long-term borrowings		[●]
Secured	178,599.21	[●]
Unsecured	10,622.00	[●]
Total long-term borrowings	189,221.21	[●]
Total Debt	207,192.13	[●]
Shareholders' funds		[●]
Share capital		[●]
Authorized capital:		[●]
8,300,000,000 equity shares of Rs. 10 each and 300,000,000 preference shares of Rs.100 each.	113,000.00	[●]
Issued capital:		[●]
2,624,757,123 equity shares, face value Rs. 10 each, all paid up	26,247.57	[●]
Other reserves (excluding revaluation reserves)	32,676.74	[●]
Minority Interest	780.00	
Total shareholders' funds (excluding revaluation reserve)	59,704.31	[●]
Consolidated Capitalisation*	266,896.44	[●]

Notes:

* Consolidated Capitalisation equals Shareholder's Funds plus Total debt.

Short term borrowings includes current maturities of long term debts (i.e. loans payable within one year) and working capital limits)

MARKET PRICE INFORMATION AND OTHER INFORMATION CONCERNING THE EQUITY SHARES

The equity shares of the Company have been listed on the NSE and the BSE since April 18, 2005. The tables below set forth, for the periods indicated, the high and low prices and the average daily trading volume on the BSE and the NSE for the Company's equity shares.

As of the date of the Preliminary Placement Document 2,624,757,123 equity shares of Rs. 10 each were issued and outstanding. [●] equity shares of Rs. 10 each would be issued and outstanding immediately after the Issue.

The high and low prices recorded on the NSE and the BSE and the number of our equity shares traded on the days such high and low prices were recorded, for Financial Years ending March 31, 2010, 2011 and 2012 are stated below:

NSE

Year ending March 31	High ⁽¹⁾ (Rs.)	Date of High	No. of equity shares traded on date of High	Total Value of equity shares traded on date of high (Rs. in millions)	Low ⁽²⁾ (Rs.)	Date of Low	No. of equity shares traded on date of Low	Total Volume of equity shares traded on date of low (Rs. in millions)	*Average price for the year (Rs.)
2010	103.70	June 5, 2009	82,023,513	7,971.92	28.55	April 1, 2009	1,182,144	34.92	72.00
2011	76.00	April 26, 2010	1,269,451	94.36	35.15	February 10, 2011	1,081,765	39.72	59.93
2012	54.10	June 1, 2011	3,587,491	189.20	31.20	September 26, 2011	255,335	8.16	41.14

* Average of the daily closing prices

Source: NSE Website

(1) High of Intraday Highs. In case the price is the same on two dates then the date on which the volume is higher has been considered.

(2) Low of Intraday Lows. In case the price is the same on two dates then the date on which the volume is higher has been considered.

BSE

Year ending March 31	High ⁽¹⁾ (Rs.)	Date of High	No. of equity shares traded on date of High	Total Value of equity shares traded on date of high (Rs. in millions)	Low ⁽²⁾ (Rs.)	Date of Low	No. of equity shares traded on date of Low	Total Volume of equity shares traded on date of low (Rs. in millions)	*Average price for the year (Rs.)
2010	103.70	June 5, 2009	32,053,078	3,121.44	28.65	April 1, 2009	531,679	15.71	71.98
2011	76.00	April 26, 2010	423,962	31.54	35.35	February 10, 2011	428,860	15.71	59.89
2012	54.00	June 1, 2011	1,318,700	69.54	31.25	September 26, 2011	72,459	2.32	41.14

* Average of the daily closing prices

Source: BSE Website

(1) High of Intraday Highs. In case the price is the same on two dates then the date on which the volume is higher has been considered.

(2) Low of Intraday Lows. In case the price is the same on two dates then the date on which the volume is higher has been considered.

The high and low prices recorded on the BSE and the NSE and the number of equity shares traded on the days such high and low prices were recorded, during the last six months, are stated below:

NSE

Month, Year	High ⁽¹⁾ (Rs.)	Date of High	Total number of equity shares traded as on date of High	Total value traded on date of High (Rs. in millions)	Low ⁽²⁾ (Rs.)	Date of Low	Total number of equity shares traded as on date of Low	Total value traded on date of Low (Rs. in millions)	Average price for the month (Rs.) *	Total volume of Securities traded in the month (no. of equity shares)	Total volume of securities traded in the month (Rs. in millions)
August 2012	33.10	August 6, 2012	472,057	15.51	24.55	August 31, 2012	1,434,189	36.35	30.62	17,122,015	510.06
September 2012	36.70	September 25, 2012	1,921,829	67.08	25.50	September 3, 2012	818,676	21.32	30.91	30,858,807	981.95
October 2012	40.90	October 23, 2012	2,036,810	80.99	32.80	October 11, 2012	1,937,811	68.32	37.07	39,929,427	1520.65
November 2012	40.05	November 5, 2012	1,314,053	51.14	33.60	November 21, 2012	1,126,623	38.92	37.24	21,431,727	806.67
December 2012	47.00	December 7, 2012	3,518,244	162.17	35.95	December 24, 2012	1,801,589	65.32	40.70	83,183,131	3,357.81
January 2013	40.90	January 9, 2013	3,237,003	130.62	34.50	January 31, 2013	3,763,270	131.48	37.42	64,834,605	2,653.94

* Average of the daily closing prices

Source: NSE Website

(1) High of Intraday Highs. In case the price is the same on two dates then the date on which the volume is higher has been considered.

(2) Low of Intraday Lows. In case the price is the same on two dates then the date on which the volume is higher has been considered.

BSE

Month, Year	High ⁽¹⁾ (Rs.)	Date of High	Total number of equity shares traded as on date of High	Total value traded on date of High (Rs. in millions)	Low ⁽²⁾ (Rs.)	Date of Low	Total number of equity shares traded as on date of Low	Total value traded on date of Low (Rs. in millions)	Average price for the month (Rs.) *	Total volume of Securities traded in the month (no. of equity shares)	Total volume of securities traded in the month (Rs. in millions)
August 2012	33.10	August 6, 2012	60,635	1.99	24.55	August 31, 2012	346,440	8.78	30.61	2,762,037	79.42
September 2012	36.65	September 25, 2012	374,322	13.13	25.50	September 4, 2012	100,364	2.60	30.91	6,017,929	188.20
October 2012	40.85	October 23, 2012	387,985	15.40	32.50	October 11, 2012	596,846	21.15	37.06	8,525,486	322.94
November 2012	39.95	November 2, 2012	412,463	16.16	33.50	November 21, 2012	230,785	7.98	37.26	4,206,571	157.87
December 2012	46.90	December 7, 2012	851,645	39.24	35.05	December 26, 2012	447,158	16.55	40.71	81,223,180	3,196.78
January 2013	40.95	January 9, 2013	814,715	32.86	34.55	January 17, 2013	1,520,993	54.55	37.41	12,947,786	485.57

* Average of the daily closing prices

Source: BSE Website

(1) High of Intraday Highs. In case the price is the same on two dates then the date on which the volume is higher has been considered.

(2) Low of Intraday Lows. In case the price is the same on two dates then the date on which the volume is higher has been considered.

The following table sets forth the market price and the volume of the equity shares transacted on the BSE on March 15, 2012, the first working day following the Board meeting approving the Issue:

Date	BSE				Volume (Rs. in millions)
	Open	High	Low	Close	
March 15, 2012	43.65	43.70	41.60	42.60	18.13

The following table sets forth the market price and the volume of the equity shares transacted on the NSE on March 15, 2012, the first working day following the Board meeting approving the Issue:

Date	NSE				Volume (Rs. in millions)
	Open	High	Low	Close	
March 15, 2012	44.00	44.00	41.55	42.40	64.87

Share Capital

As on the date of this Preliminary Placement Document, the Company's authorized share capital is Rs. 113,000 million divided into 8,300,000,000 equity shares of Rs. 10 each and 300,000,000 preference shares of Rs.100 each. The issued and subscribed equity share capital of the Company is divided into 2,624,757,123 equity shares of Rs. 10 each. The entire issued shares of the Company have been fully paid up. Hence the paid up equity share capital is Rs. 2,624.76 million.

Material Events

The following are the details of equity shares allotted by the Company during various material events:

(1) Amalgamation of erstwhile Jaiprakash Power Ventures Limited into Jaiprakash Hydro-Power Limited (now known as Jaiprakash Power Ventures Limited).

Appointed Date	April 1, 2009
Date of High Court Order	November 20, 2009
Effective Date	December 14, 2009
Exchange Ratio	Three equity shares of the face value of Rs. 10 each of the Company for every one equity share of the face value of Rs. 10 each in erstwhile Jaiprakash Power Ventures Limited.
No. of shares allotted	1,604,679,600 equity shares of Rs.10 each
Record Date	January 4, 2010
Date of Allotment	January 5, 2010

(2) Amalgamation of erstwhile Jaypee Karcham Hydro Corporation Limited (JKHCL) and erstwhile Bina Power Supply Company Limited (BPSCL) into JPVL.

Appointed Date	April 1, 2010
Date of Decision	June 14, 2011
Date of Court Order	July 25, 2011
Effective Date	July 26, 2011
Exchange Ratio	<p>a) One equity share of the face value of Rs. 10 each of the Company for every five equity shares of the face value of Rs.10 each of erstwhile JKHCL.</p> <p>b) Two equity shares of the face value of Rs. 10 each of the Company for every 13 equity shares of the face value of Rs.10 each of erstwhile BPSCL.</p>
No. of shares allotted	529,076,923 equity shares of the face value of Rs. 10 each.
Record Date	August 5, 2011
Date of Allotment	August 6, 2011

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and the U.S. Dollar will affect the U.S. Dollar equivalent of the Rupee price of the equity shares on the Stock Exchanges. These fluctuations will also affect the conversion into U.S. Dollars of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information concerning exchange rates between the Rupee and the U.S. dollar for the periods indicated. Exchange rates are based on the reference rates released by the Reserve Bank of India. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

	Period End	Average*	High	Low
Financial Year	(Rs. per US \$1.00)			
2010	45.14	47.42	50.53	44.94
2011	44.65	45.58	47.57	44.03
2012	51.16	47.95	54.24	43.95
Quarter Ended				
December 31, 2012	54.77	54.14	55.70	51.62
September 30, 2012	52.70	55.24	56.38	52.70
June 30, 2012	56.31	54.22	57.22	50.56
March 31, 2012	51.16	50.31	53.30	48.68
December 31, 2011	53.27	51.01	54.24	48.82
Month ended:				
January 31, 2013	53.29	54.32	55.33	53.29
December 31, 2012	54.77	54.65	55.09	54.20
November 30, 2012	54.53	54.78	55.70	53.66
October 31, 2012	54.12	53.02	54.17	51.62
September 30, 2012	52.70	54.61	55.97	52.70
August 31, 2012	55.72	55.56	56.08	55.15

* Average of the official rate for each working day of the relevant period

Source: www.rbi.org.in

DIVIDEND POLICY

The declaration and payment of dividend by our Company is governed by the applicable provisions of the Companies Act and our Articles of Association. For further information see *“Description of Shares”*. Under the Companies Act, the board of directors of a company recommends the payment of a dividend and the shareholders approve of the same at a general meeting. The shareholders at a general meeting may declare a lower, but not a higher dividend than that recommended by the board of directors. In India, dividends are generally declared as a percentage of the face value of the equity shares. The dividend recommended by the board of directors and approved by the shareholders at a general meeting is distributed and paid to shareholders in proportion to the paid-up value of their shares as on the record date for which such dividend is payable. Under the Companies Act, dividends can only be paid in cash to shareholders listed on the register of shareholders or those persons whose names are entered as beneficial owner in the record of the depository on the date specified as the ‘record date’ or ‘book closure date’. Under the Companies Act, a company may pay dividends only out of its profits in the year in which the dividend is declared or out of the undistributed profits or reserves of prior fiscal years or out of both.

The declaration and payment of dividends will be recommended by the Board and approved by the Company’s shareholders, at their discretion, and will depend on a number of factors, including but not limited to the Company’s profits, capital requirements and overall financial condition.

The Equity Shares to be issued in connection with the Issue shall qualify for any dividend or interim dividend that is declared in respect of the financial year in which such shares have been allotted.

Due to the capital intensive nature of the business of the Company, the Board has tried to conserve resources, by not paying any dividends, in any form, whether interim or final, for meeting the Company's expansion plans / investments in subsidiaries executing thermal and hydroelectric power plants, for the period preceding three years.

Future dividends will depend on our Company’s revenues, cash flows, financial condition (including capital position) and other factors. The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future. There is no guarantee that any future dividends will be declared or paid or that the amount thereof will not be decreased.

The Equity Shares to be issued in connection with the Issue shall qualify for any dividend that is declared in respect of the financial year in which such shares have been allotted.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the GoI that are applicable to us. The regulations set out below are not exhaustive, and are only intended to provide general information to investors and are neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

POWER GENERATION

The Electricity Act, 2003

The Electricity Act, 2003 (“EA 2003”) 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 EA 2003 was the move towards a multi buyer, multi seller system as opposed to the existing structure which permitted only a single buyer to purchase power from power generators.

In addition, EA 2003 provides for a greater flexibility and grants the respective electricity regulatory commission’s greater freedom in determining tariffs, without being constrained by rate-of-return regulations. The said 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, EA 2003 provided that transmission, distribution and trade of electricity are regulated activities which require licenses from the appropriate electricity regulatory commission, unless exempted by the appropriate government in accordance with the provisions of EA 2003. It was amended in 2007 to exempt captive power generation plants from licensing requirements for supply to any licensee or consumer. Government has also announced National Electricity Policy in 2005 pursuant to the provisions of the EA 2003.

Licensing

The EA 2003 stipulates that no person can transmit; or distribute or undertake trading in electricity, unless he is authorised to do so by a licence issued or exemption granted under its provisions.

Generation

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

In addition, no restriction is placed on setting up of captive power plant by any consumer or group of consumers for their own consumption. Under EA 2003, no surcharge is required to be paid on wheeling of power from the captive plant to the destination of the use by the consumer. This provides financial incentive to large consumers to set up their own captive plants. Through an amendment in 2007, Section 9 was amended to state that no separate license is required for supply of electricity generated from the captive power plant to any licensee or the consumer.

The respective regulatory commissions determine the tariff for supply of electricity from a generating company to any distribution licensee, transmission of electricity, wheeling of electricity and retail sale of electricity. The CERC has the jurisdiction over generating companies owned or controlled by Central Government and those generating companies who have entered into or otherwise have a composite scheme for generation and sale in more than one state. The SERCs have jurisdiction over generating stations within the state boundaries, except those under the CERC’s jurisdiction.

Transmission

The Central Government is responsible for facilitating transmission and supply, particularly, inter-state, regional and inter-regional transmission. EA 2003 vests the responsibility of efficient, economical and integrated

transmission and supply of electricity with the Government of India and empowers it to make region-wise demarcations of the country for the same. In addition, Central Government will facilitate voluntary inter-connections and coordination of facilities for the inter-state, regional and inter-regional generation and transmission of electricity.

CEA is required to prescribe certain grid standards under the Electricity Act and every Transmission licensee must comply with such technical standards of operation and maintenance of transmission lines. In addition, every Transmission licensee is required to obtain a license from the CERC and the respective SERCs, as the case may be. EA 2003 requires the Central Government to designate one government company as the central transmission utility (“CTU”), which would be deemed as a transmission licensee. Similarly, each state government is required to designate one government company as state transmission utility (“STU”), which would also be deemed as a transmission licensee. The CTU and STUs are responsible for transmission of electricity, planning and co-ordination of transmission system, providing non-discriminatory open-access to any users and developing a co-ordinated, efficient and integrated inter-state and intra-state transmission system respectively. EA 2003 prohibits CTU and STU from engaging in the business of generation or trading in electricity.

Under the EA 2003, the Government of India was empowered to establish the 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 Act allows IPPs open access to transmission lines. The provision of open access is subject to the availability of adequate transmission capacity as determined by the Central / State Transmission Utility. The 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 EA 2003 specifies trading in electricity as a licensed activity. Trading has been defined as purchase of electricity for resale. This may involve wholesale supply (i.e. purchasing power from generators and selling to the distribution licensees) or retail supply (i.e. purchasing from generators or distribution licensees for sale to end consumers). The license to engage in electricity trading is required to be obtained from the relevant electricity regulatory commission.

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

Distribution and Retail Supply

The EA 2003 does not make any distinction between distribution and retail supply of electricity. Distribution is a licensed activity and distribution licensees are allowed to undertake trading without any separate license. Under EA 2003, no license is required for the purposes of supply of electricity. Thus, a distribution licensee can undertake three activities: trading, distribution and supply through one license. The distribution licensee with prior permission of the appropriate commission (the CERC, the state electricity regulatory commission (SERC) or a joint commission as the case maybe), 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. EA 2003 mandates formulation of national policies governing rural electrification and local distribution and rural off-grid supply including those based on renewable and other non-conventional energy sources. This policy initiative is expected to give impetus to rural electrification and also conceptualize rural power as a business opportunity.

Tariff Principles

Under EA 2003, the appropriate electricity regulatory commissions are empowered to determine the tariff for:

- supply of electricity by a generating company to a distribution licensee including fixing of minimum and maximum ceiling of tariff in certain cases;
- transmission of electricity;
- wheeling of electricity;
- retail sale of electricity.

The appropriate electricity regulatory commission is required to be guided by the following while determining tariff:

- the principles and methodologies specified by the CERC for determination of the tariff applicable to generating companies and licensees;
- generation, transmission, distribution and supply of electricity are conducted on commercial principles;
- the factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments;
- safeguarding consumers interest and also ensure recovery of the cost of electricity in a reasonable manner;
- incorporate principles which reward efficiency in performance;
- multi year tariff principles;
- tariff progressively reflects the cost of supply of electricity, at an adequate and improving level of efficiency;
- that the tariff progressively reduces and eliminates cross subsidies 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.

The EA 2003 provides that the electricity regulatory commission shall have to adopt such tariff that has been determined through a transparent process of bidding in accordance with the guidelines issued by the Central Government. The Ministry of Power has issued detailed guidelines for competitive bidding as well as draft documentation (PPAs) for competitively bid projects.

The 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 (costplus 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.

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 State Electricity Board (“**SEB**”) and a single developer (“**MoU route**”).

MoU Route

The cost determination under the MoU route usually involves:

- determination of receivables of capital cost. The capital costs are required to be approved by a CEA, Government of India;
- approval of interest rates and local and foreign debt;
- finalizing the term of loans and/or or other debt;
- finalizing the extent of foreign exchange protection;
- fixing operating parameters within the prescribed ceilings;
- identifying Deemed Generation provisions;
- evaluating the extent of despatchability;
- evaluating the level of incentive payments;
- identifying change in law in terms of tax or any other matter;
- identifying the extent of working capital permissible;
- evaluating the premium on fuel prices for assured supply;
- identifying fuel supply and transportation risk and issues;
- evaluating escalations in operation and maintenance and insurance expenses permissible;
- evaluating the extent of maintenance of spares permissible; and
- rebates in respect of prompt payment.

The MoU route with a cost plus approach was initially adapted to attract investment. However, there were several complexities in calculating the above costs despite the capital cost of the project being frozen by the CEA. Under EA 2003, the CEA does not have the power to determine capital cost for the projects anymore and the requisite filings for approval of capital cost and tariff are with the regulatory commissions.

This cost plus tariff mechanism is not ideally suited for competitive bidding as this would require bidding on every element of cost of generation which becomes difficult to verify and monitor over the life of the PPA. Further, the nature of costs for IPPs is very different from public sector power project costs and in the absence of complete knowledge of cost profile, it would be impossible to design a competitive bidding process based on cost plus approach that is fair to both sides thereby eliciting good investor response. In light of the same, the competitive bid route was envisaged.

Bid Route

Bidding essentially is based on bulk power tariff structure. As noted, under EA 2003, the regulatory commission is required to adopt a bid- based tariff, although the Bidding Guidelines permit the bidding authority to reject all price bids received. The Bidding Guidelines recommend bid evaluation on the basis of levelised tariff. The Bidding Guidelines envisages two types of bids: Case I bids, where the location, technology and fuel is not specified by the procurers, i.e. the generating company has the freedom to choose the site and the technology for the power plant; and Case II bids, where the projects are location specific and fuel specific.

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

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

For long-term procurement under tariff bidding guidelines, a two-stage process featuring separate RFQ and 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.

Policy for setting up of Mega Power Projects

The Mega Power Policy was introduced by Ministry of Power 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:

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

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

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 EA 2003 reserves a significant involvement of the central government in the functioning of the power sector. It has been assigned a number of duties, including planning and policy formulation, rule making, appointing, establishing, designating authority, prescribing duties and other tasks, funding, and issuing directions.

The central government designates a CTU and establishes the NLDC, RLDC, the appellate tribunal, the Coordination Forum, and the Regulators’ Forum. It has the power to vest the property of a CTU in a company or companies and decide on the jurisdiction of benches of the Appellate Tribunal. It also prescribes the duties and functions of the CEA, NLDC and RLDC.

The Central Government is also responsible for the following: a) specifying additional requirements for granting more than one distribution licensee; b) providing no-objection certificates for granting license if the service area includes central government installations such as cantonment, aerodrome, defence area, etc; c) demarcating the country into transmission regions for the purpose of inter-state transmission; d) issuing guidelines for transparent bidding process; e) approving the salary and benefits of the employees of the CEA, CERC and appellate tribunal; f) referring cases to the Appellate Tribunal for removal of members of the CERC on the ground of misbehaviour; and g) prescribing the procedures for inquiry into misbehaviour by members.

The state government exercises appointing, designating powers, provides funds and makes rules notifications, etc. It has the powers to appoint or remove members of the SERC including the chairman, to approve the terms and conditions of appointment of the secretary to the SERC and other staff. It is also responsible for constituting the selection committee for appointing members of SERC. It establishes the 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 EA 2003 requires it to compensate the licensee in advance by the amount of loss expected to be suffered by the licensee in implementing the subsidy. The state government notifies rural areas where exemption of license conditions would apply and issues directions to the SERC on public interest issues.

Central Electricity Authority

The CEA was created under the Supply Act and EA 2003 retains the agency by relegating it mostly to a consultative role. There was some overlap of duties and power between the CERC and the CEA earlier, which EA 2003 has now removed. The technical clearance required for power projects under the provisions of the Supply Act has been eliminated, except in cases of hydroelectric projects above a certain capital investment.

Electricity Regulatory Commissions

EA 2003 retains the two-level regulatory system for the power sector. At the central level, the CERC is responsible for regulating tariff of generating stations owned by the central government, or those involved in generating or supplying in more than one states, and regulating inter-state transmission of electricity. The SERCs on the other hand regulate intra-state transmission and supply of electricity within the jurisdiction of

each state. CERC and the SERCs are guided by the National Electricity Policy, Tariff Policy and the National Electricity Plan while discharging their functions under EA 2003. The Electricity Regulatory Commissions are also guided by any direction given by the central government for CERC or the state government for the SERC pertaining to any policy involving public interest. The decision of the government is final and non-challengeable with respect to the question that whether directions pertain to policy involving public interest or not. The commissions have been entrusted with a variety of functions including determining tariff, granting licensees, settling disputes between the generating companies and the licensees. The Electricity Regulatory Commissions are a quasi-judicial authority with powers of a civil court and an appeal against the orders of the Commissions lie to the Appellate Tribunal.

Appellate Tribunal

Under the earlier electricity legislations, the High Court was the appellate authority against orders that are passed by the SERC. Under EA 2003, the Appellate Tribunal has been set up as an appellate body against orders of the relevant electricity regulatory commissions or adjudicating officers in settling disputes. The Appellate Tribunal has the power to summon, enforce attendance, require discovery and production of documents, receive evidence and review decisions. The orders of the Appellate Tribunal are executable as decrees of a civil court. The orders of the Appellate Tribunal can be challenged in the Supreme Court by the aggrieved party.

Enforcement Agencies

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

Investigating Authority

The Electricity Regulatory Commissions have the powers to direct any person to investigate the affairs of and undertake inspection of the generating company if there is any failure by the generating company/licensee to comply with the provisions of the EA 2003. The Electricity Regulatory Commissions may direct the generating company/licensee to take such action as may be necessary upon receipt of report from such Investigation Authority.

Electrical Inspector

If the relevant government receives a complaint that there has been an accident in connection with the generation, transmission, distribution or supply of electricity or that in case of use of electrical lines or electrical plant, there is a likelihood of injury to human being or animal, it may require an electrical inspector to inquire and report as to the cause of the accident and the manner and extent to which the provisions of EA 2003 have been complied with.

The electrical inspector is vested with the powers of a civil court under the CPC for enforcing the attendance of witnesses and compelling the production of documents and material objects.

ENVIRONMENTAL REGULATIONS

The Company has to comply with the provisions of the Environmental Protection Act, 1986, relevant Forest Conservation Acts, Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Hazardous Waste (Management and Handling) Rules, 1989. The Company is required to obtain and maintain statutory clearances relating to pollution control and environment in relation to its power projects.

The Environment Impact Assessment Notification S.O. 1533, issued on September 14, 2006 (the “EIA Notification”) under the provisions of Environment (Protection) Act 1986, prescribes that new construction projects require prior environmental clearance of the Ministry of Environment and Forests, GoI. The environmental clearance must be obtained from the Ministry of Environment and Forests, GoI according to the procedure specified in the EIA Notification. No construction work, preliminary or other, relating to the setting up of a project can be undertaken until such clearance is obtained.

LABOUR AND EMPLOYEES RELATED STATUTES

The Contract Labour (Regulation and Abolition Act), 1970 (the “Labour Act”)

The Labour Act has been enacted to regulate the employment of contract labour in certain establishments and for matters connected therewith. The Labour Act provides for the constitution of central and state advisory Boards to advise the concerned governments on matters arising out of the administration of the Labour Act.

The Employees’ Provident Fund and Miscellaneous Provisions Act, 1952 (the “EPF Act”)

The EPF Act provides for the compulsory institution of contributory provident funds, pension funds and deposit linked insurance funds for employees. The EPF Act aims to ensure a retiral benefit to secure the future of the employee after retirement. Employees covered under the act include contract labour but exclude apprentices, trainees, directors, working partners, domestic servants and contractors. Establishments can seek exemption from any or all the provisions of the EPF Act.

The Employee State Insurance Act, 1948 (the “ESI Act”)

The ESI Act provides for the provision of benefits to employees in case of sickness, maternity and employment injury. Under the act, employees receive medical relief, cash benefits, maternity benefits, pension to dependents of deceased workers and compensation for fatal or other injuries and diseases. Payments are made through a contributory fund. It applies to all factories including Government factories (excluding seasonal factories), which employ 10 or more employees and carry on a manufacturing process with the aid of power (20 employees where manufacturing process is carried out without the aid of power). The ESI Act can also be extended to shops and establishments. Generally, shops and establishments employing more than 20 employees as defined by the ESI Act, are covered by the ESI Act.

The Minimum Wages Act, 1948 (the “Minimum Wages Act”)

The Minimum Wages Act was formulated to provide for fixing minimum rates of wages in certain employments. The Minimum Wages Act also governs certain service conditions such as working hours, weekly rest days and payment of overtime for employees covered under the Minimum Wages Act.

The Payment of Bonus Act, 1965 (the “Bonus Act”)

The object of the Bonus Act is to provide for the payment of bonus (linked with profit or productivity) to persons employed in certain establishments and matters connected therewith. The Bonus Act extends to the whole of India and is applicable to every factory and to every establishment wherein 20 or more workers are employed on any day during an accounting year.

Payment of Gratuity Act, 1972 (the “Gratuity Act”)

The Gratuity Act provides for a scheme for the payment of gratuity to employees engaged in factories, mines, oilfields, plantations, ports, railway companies, shops or other establishments. The Gratuity Act enforces the payment of 'gratuity', a reward for long service, as a statutory retiral benefit. The Gratuity Act does not affect the right of an employee to receive better terms of gratuity under any award or agreement or contract with the employer.

The Payment of Wages Act, 1936 (the “Payment of Wages Act”)

The Payment of Wages Act aims at regulating the payment of wages to certain classes of employed persons. It provides for the imposition of fines and deductions and lays down wage periods and time and mode of payment of wages. Thus, the Payment of Wages Act ensures payment of wages in a particular form at regular intervals without unauthorized deductions.

The Equal Remuneration Act, 1976 (the “Remuneration Act”)

The Remuneration Act provides for payment of equal remuneration to men and women workers, for the same work and prevents discrimination on the grounds of sex against women in the matter of employment, recruitment and for matters connected therewith or incidental thereto. The Remuneration Act was promulgated to give effect to Article 39 of the Constitution which envisages that State shall direct its policy, among other things, towards ensuring that there is equal pay for equal work for both men and women.

Workmen Compensation Act, 1923 (the “Compensation Act”)

The Compensation Act provides for payment of compensation to workmen and their dependents in case of injury and accident (including certain occupational disease) arising out of and in the course of employment and resulting in disablement or death. The Compensation Act applies to railway servants and persons employed in any such capacity as is specified in Schedule II of the Compensation Act. Schedule II includes persons employed in factories, mines, plantations, mechanically propelled vehicles, construction works and certain other hazardous occupations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company was incorporated on December 21, 1994 as Jaiprakash Hydro-Power Limited, a public limited company under the Companies Act, 1956. Pursuant to the Scheme of Amalgamation approved by the Himachal Pradesh High Court through an order dated November 20, 2009, JPVL amalgamated into JHPL effective as of April 1, 2009. Subsequent to the Merger, JHPL was renamed Jaiprakash Power Ventures Limited. Under the terms of the scheme of amalgamation, the entire business, all liabilities, debts, duties and obligations of JPVL were transferred to and vested in or were deemed to have been transferred to or vested in the Company.

Pursuant to a scheme of amalgamation approved by the Himachal Pradesh High Court through an order dated July 25, 2011, JKHCL and BPSC Lamalgamated into the Company effective as of April 1, 2010. Under the terms of the scheme of amalgamation, the entire business, all liabilities, debts, duties and obligations of JKHCL and BPSC were transferred to and vested in or were deemed to have been transferred to or vested in the Company.

The following discussion of our financial condition and results of operations should be read in conjunction with our Interim Consolidated Financial Statements as at and for the six month periods ended September 30, 2011 and 2012, and our Audited Consolidated Financial Statements as at and for the years ended March 31, 2010, 2011 and 2012, in each case prepared as per Indian GAAP, including the schedules, annexure and notes thereto.

Unless stated otherwise, references to our consolidated financial statements as of and for the years ended March 31, 2011 and 2010 are to the financial statements for that year, prepared, presented and audited in accordance with the format prescribed under Schedule VI to the Companies Act before it was replaced with a revised Schedule VI pursuant to a Notification S.O. 447(E) dated February 28, 2011 issued by the Ministry of Corporate Affairs, Government of India. Similarly, references to our consolidated financial statements as of and for the year ended March 31, 2012, and the six month periods ended September 30, 2012 and 2011, are to the audited financial statements presented in accordance with the revised Schedule VI. See "- Changes in Presentation of Financial Statements with Effect from April 1, 2011."

Indian GAAP differs in certain material respects from IFRS and U.S.GAAP. See "Risk Factors - Significant differences exist between Indian GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with Indian GAAP contained in this Preliminary Placement Document."

You should also read "Risk Factors", which discusses a number of factors and contingencies that could affect our financial condition and results of operations.

Any reference to "we", "us", "our", "our Company" or "the Company", refers to Jaiprakash Power Ventures Limited or the project companies incorporated or proposed to be incorporated for the development and implementation of the projects described below, either on a standalone basis or on a consolidated basis, as the context requires.

Overview

We are an Indian power company, which currently owns and operates three hydroelectric power plants, including the largest privately operated hydroelectric power plant to commence operations in India during the 11th Five Year Plan according to the Central Electricity Authority of India (CEA), one transmission line and one thermal power plant. We are at various stages of implementing three thermal power projects, including the remaining phases of our operating thermal power plant. We are also in the preliminary stages of developing four hydroelectric power projects and the second phases of two of our thermal power projects under implementation. Jaiprakash Associates Limited (JAL), our Promoter, is the flagship company of the Jaypee Group, and owns 67.93% of our Equity Shares. Our Promoter and Promoter Group collectively own 72.72% of our Equity Shares.

We currently operate the BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power plants, which have aggregate generation capacity of 1,700 MW, and our 74%-owned subsidiary, JPL, operates the 217-kilometer Jaypee Powergrid transmission line. In addition, the first 250 MW unit of the 500 MW first phase of

the Bina Thermal power project has commenced operations, while the second 250 MW unit of the first phase is expected to commence operations in 2013.

- *BASPA II Hydroelectric Power Plant.* We developed and operate a 300 MW run-of-the-river hydroelectric power plant on the Baspa river, a tributary of the Satluj river in Kinnaur district in the state of Himachal Pradesh, pursuant to a build-own-operate concession granted by the state of Himachal Pradesh. The BASPA II hydroelectric power plant commenced operations in June 2003 and is designed to produce approximately 1,213 MU of power in a 90% Dependable Year.
- *Vishnuprayag Hydroelectric Power Plant.* We developed and operate a 400 MW run-of-the-river hydroelectric power plant on the Alaknanda river in Chamoli district of the state of Uttarakhand pursuant to a build-own-operate concession originally granted by the state of Uttar Pradesh in 1994 and subsequently by the state of Uttarakhand in 2003 pursuant to the reorganization of the state of Uttar Pradesh. The Vishnuprayag hydroelectric power plant commenced operations in October 2006 and is designed to produce approximately 1,744.4 MU of power in a 90% Dependable Year.
- *Karcham-Wangtoo Hydroelectric Power Plant.* We developed and operate a 1,000 MW run-of-the-river hydroelectric power plant on the Sutlej river, in Kinnaur district of the state of Himachal Pradesh, India. The Karcham-Wangtoo hydroelectric power plant commenced operations in September 2011 and is designed to produce 4,261 MU of electrical energy in a 90% Dependable Year. This plant is the largest privately operated hydroelectric power plant to commence operations in India during the 11th Five Year Plan according to the CEA.
- *Jaypee Powergrid Transmission Line.* Our 74%-owned subsidiary, Jaypee Powergrid Limited (JPL), developed and operates a 217-kilometer-long power transmission line, which transmits power from the Karcham-Wangtoo hydroelectric power plant to a 400 k/v DC transmission line at Abdullarpur in the state of Haryana, India for inter-state transmission of electricity. The Jaypee Powergrid transmission line commenced operations in April 2012.

We are implementing the first phase of the Bina thermal power project, the Nigrie thermal power project and the first phase of the Bara thermal power project.

- *Bina Thermal Power Project (Phase 1).* We are implementing the first phase of a 1,200 MW thermal power plant in Sagar district of the state of Madhya Pradesh, India. The first 250 MW unit of the 500 MW (first phase) of this project commenced operations in August 2012 and the second 250 MW unit of the first phase is expected to commence operations in 2013.
- *Nigrie Thermal Power Project.* We are implementing a 1,320 MW coal-fired thermal power plant based on super-critical technology in Singrauli district of the state of Madhya Pradesh, India, which is currently expected to commence operations in 2013.
- *Bara Thermal Power Project (Phase 1).* Our 92.53%-owned subsidiary, PPGCL, is implementing the first phase of a 3,300 MW thermal power plant at Bara in Allahabad district of the state of Uttar Pradesh, India. The first phase of 1,980 MW is currently expected to commence operations in 2014.

We are in the preliminary stages of developing the second phase of the Bina and Bara thermal power projects, the Karchana thermal power project and four hydroelectric power projects, namely the Lower Siang and Hironag projects in the state of Arunachal Pradesh, and the Kynshi II and Umngot HEP in the state of Meghalaya.

- *Bina Thermal Power Project (Phase 2).* We are in the preliminary stages of developing the second phase of a 1,200 MW thermal power plant in Sagar district of the state of Madhya Pradesh, India. We are in the process of arranging for coal supplies and obtaining approvals for the second phase of 700 MW. The first phase of 500 MW is currently under implementation.
- *Bara Thermal Power Project (Phase 2).* Our 92.53%-owned subsidiary, PPGCL, is in the preliminary stages of developing the second phase of a 3,300 MW thermal power plant at Bara in Allahabad district of the state of Uttar Pradesh, India. We are in the process of arranging coal supplies and obtaining approvals for the second phase of 1,320 MW. The first phase of 1,980 MW is currently under implementation.

- *Karchana Thermal Power Project.* Our wholly-owned subsidiary, Sangam Power Generation Company Limited (SPGCL), is implementing developing a 1,980 MW thermal power plant in Allahabad district of the state of Uttar Pradesh, India. The timeframe for implementation of this project is subject to SPGCL's ability to obtain possession of the required land, for which SPGCL has already made payment to the Government of Uttar Pradesh. See "Legal Proceedings And Disputes".
- *Arunachal Pradesh Projects.* Pursuant to memoranda of agreement with the Government of Arunachal Pradesh, we expect to own 89% of Jaypee Arunachal Power Limited (JAPL) and the Government of Arunachal Pradesh is expected to own the remaining portion. JAPL is developing the Lower Siang hydroelectric power project, which is a 2,700 MW hydroelectric power project in the East Siang district of the state of Arunachal Pradesh, India, and the Hirong hydroelectric power project, which is a 500 MW hydroelectric power project in the West Siang district of the state of Arunachal Pradesh, India.
- *Meghalaya Projects.* Pursuant to memoranda of agreement with the Government of Meghalaya, we expect to own 74% of Jaypee Meghalaya Power Limited (JMPL) and the Government of Meghalaya is expected to own the remaining portion. JMPL is developing the Kynshi II hydroelectric power project, which is a 450 MW hydroelectric power project in the West Khasi district of the state of Meghalaya, India, and the Umngot hydroelectric power project, which is a 270 MW hydroelectric power project in the East Khasi district of the state of Meghalaya, India.

For the six months ended September 30, 2012, our total revenues were Rs. 15,718 million and our net profit after tax was Rs. 5,651 million. For fiscal 2012, our total revenues were Rs. 16,864 million and our net profit after tax was Rs. 4,007 million. Our operating results for such periods primarily reflect the operation of our three operating hydroelectric power plants, namely the BASPA II hydroelectric power plant, the Vishnuprayag hydroelectric power plant and the Karcham-Wangtoo hydroelectric power plant. Our average selling price of electricity from the BASPA II hydroelectric power plant was Rs. 2.05 per unit for the six months ended September 30, 2012, was Rs. 4.03 per unit for the three months ended December 31, 2012 and Rs. 2.69 per unit for fiscal 2012. Our average selling price of electricity from the Vishnuprayag hydroelectric power plant was Rs. 3.26 per unit for the three months ended December 31, 2012, was Rs. 1.89 per unit for the six months ended September 30, 2012, and Rs. 2.39 per unit for fiscal 2012. Our average selling price of electricity from the Karcham-Wangtoo hydroelectric power plant was Rs. 4.42 per unit for the three months ended December 31, 2012, Rs. 3.54 per unit for the six months ended September 30, 2012, and Rs. 3.89 per unit for fiscal 2012.

Principal Factors Affecting Our Performance

Our business, results of operations and financial condition are affected by a number of factors, including:

Tariffs pursuant to PPAs. We have entered into long-term PPAs with HPESB for power from our BASPA II hydroelectric powerplant, UPPCL for power from our Vishnuprayag hydroelectric powerplant, MPPTCL for power from our Bina thermal power project, and MPPTCL and JAL for power from our Nigrie thermal power project. We have entered into various short-term and medium-term PPAs with respect to power from our Karcham-Wangtoo hydroelectric powerplant. We expect to enter into long-term PPAs with respect to a portion of the power from our projects under implementation and development. Such long-term PPAs to be entered into are expected to be based on tariff guidelines and a change in those guidelines could affect our performance. The tariffs under our BASPA II and Vishnuprayag PPAs comprise an annual Capacity Charge, an Energy Charge, an incentive for Secondary Energy and Plant Availability. The tariffs under our long-term PPAs for the Bina and Nigrie thermal power projects comprise a capacity charge, an Energy Charge and a payment for fuel costs. Our customers' obligations to us under our long-term PPAs are secured by various security mechanisms, however our performance could be adversely affected if a customer is unwilling or unable to pay us in full in a timely manner. Similarly, our performance would be adversely affected if any of our customers under long-term PPAs that we expect to our other projects with respect to other projects is ever unwilling or unable to pay us in a timely manner. We have not entered into a long-term PPA for power from our Karcham-Wangtoo hydroelectric powerplant. Rather, we have entered into short-term and medium-term PPAs with various customers. Similarly, we intend to retain a portion of the power from each of our projects under implementation and development for the sale of power on the open market pursuant to short-term and medium-term PPAs. The tariffs that we are entitled to under such short-term and medium-term PPAs vary with market conditions and expose us to fluctuations in the market price for power.

The following factors impact the amounts due to us under our PPAs:

- Availability of Water Flow.* For a hydroelectric power project, the energy generated by the power station is dependent on the availability of water flows. Payments for Energy Charges are based on the Design Energy of the power plant, which, in turn, has been calculated based on the quantum of water flow in a 90% Dependable Year (water flow which is 90% probable). This figure is always lower than the water availability figure which has a probability of approximately 50%. As this dependability is determined on a long-term basis, there may be some years or several years in succession, when the planned generation may not be fully realized, while, alternately, there could be certain years, again in succession, where the planned generation estimates are surpassed. The water flow from the rivers on which our operating and planned hydroelectric plants are located, increases during the months of May to September each year due to melting snow and monsoons. As a result, approximately 65% of our generation in a year is during this period. This trend is likely to continue in the future. As water flow is seasonal in nature, the contributions of our hydroelectric power plants to our profitability and revenues will vary quarter to quarter for each financial year. Further, the payment for Secondary Energy under each long-term PPA for our hydroelectric plants is due for energy produced in excess of the Design Energy of the plant based on a 90% Dependable Year for the applicable plant. For power from the Karcham-Wangtoo hydroelectric power plant, and any other hydroelectric power that we retain for sale on the open market, tariffs do not vary with water flow, however, the availability of water flow has a direct impact on the quantity of energy that we are able to sell, which, in turn, affects our results of operations.
- Plant Availability.* The Capacity Charge under our long-term PPAs is recoverable in full by us if the BASPA II hydroelectric powerplant or the Vishnuprayag hydroelectric powerplant achieves Plant Availability above 90%. However, in each case the Capacity Charge is subject to pro-rata reduction for Plant Availability below these threshold amounts. If Plant Availability for either of our operating power plants is below 90% our revenues could be adversely affected. The incentive for Plant Availability for our operating plants (which is calculated as a percentage of the approved equity invested in the plant) is payable if Plant Availability exceeds 90%. Plant Availability in excess of 90% would have a favorable effect on our financial condition and results of operations. For power from the Karcham-Wangtoo hydroelectric powerplant, and any other hydroelectric power that we retain for sale on the open market, tariffs do not vary with Plant Availability, however, Plant Availability has a direct impact on the quantity of energy that we are able to sell, which, in turn, affects our results of operations.
- Operation and maintenance expenses.* We maintain and operate each of our power plants in-house rather than outsourcing these services. The Energy Charge under our long-term PPAs includes annual operation and maintenance expressed as a percentage of the capitalized cost of the applicable plant, subject to indexing for inflation. If the costs for operating and maintaining our operating power plants or our planned projects are below the amounts to which we are entitled for this component of the Energy Charge, our financial condition and results of operations would be positively affected. However, if our costs for operating and maintaining our operating power plants or our planned projects are greater than the amounts to which we are entitled for this component of the Energy Charge, our financial condition and results of operations would be adversely affected. With respect to power that we retain for sale on the open market, we do not receive any direct reimbursement for our operation and maintenance expenses, which therefore have a direct impact on our results of operations.
- Inflation.* The operation and maintenance expenses component of the Energy Charge under our long-term PPAs are indexed to inflation based on changes in India's Wholesale Price Index (WPI) and Consumer Price Index (CPI). Because we operate and maintain the plants in-house, this component of the energy expense accrues to us rather than reimbursing us for payments to contractors. If India's WPI and CPI rise more than expected, our financial condition and results of operations would be positively affected in nominal terms. If India's WPI and CPI rise less than expected or do not rise, our financial condition and results of operations would be adversely affected in nominal terms. With respect to power that we retain for sale on the open market, the amounts we are entitled to receive from our customers are not indexed to inflation, however, inflation in the price of power would position us to benefit from price increases in the open market.
- Interest rates.* The Capacity Charge under our long-term PPAs include reimbursement for interest payments on our project loans, such that we are not exposed to interest rate risk with respect to payments on our project loans. However, the Energy Charge under our long-term PPAs includes interest on our working capital in connection with the relevant power plant. If interest rates rise, our financial condition and results of operations would be positively affected. However, if interest rates fall, our financial condition and results of operations would be adversely affected. With respect to power that we retain for

sale on the open market we are not entitled to any direct reimbursement for our interest payments and any increase or decrease in interest payments for our project loans with respect to this plant will have a direct impact on our financial condition and results of operations.

- Income tax liability.* The tariff payment under our long-term PPAs actual income tax liability from the applicable plant in proportion to the amount of power sold pursuant to the PPA. Under the Indian Income Tax Act, we are entitled to a tax holiday during any 10-year period (at our election) within the first 15 years of operation of the BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power plants and the Jaypee Powergrid transmission line, during which time we are only subject to Indian income tax at the minimum alternative tax rate (currently 20.00775%) rather than the normal income tax rate (currently 32.445%). With respect to the BASPA II and Vishnuprayag hydroelectric power plants, we have elected to utilize this tax holiday for the first 10 years of the plants' operations and the tax holiday will expire in 2014 and 2017, respectively. We have not yet elected to utilize this tax holiday for the Karcham-Wangtoo hydroelectric powerplant or the Jaypee Powergrid transmission line. These tax benefits are currently available only to Indian companies whose infrastructure projects achieve commercial operation prior to the end of fiscal 2013. If these tax benefits are not extended beyond this period, we could face income tax liability in excess of the minimum alternative tax rate with respect to our projects under implementation and development which would adversely affect our financial condition and results of operations. With respect to power that we retain for sale on the open market we are not entitled to any direct reimbursement for our income tax liability, which therefore has a direct impact on our financial condition and results of operations.
- Availability and cost of coal.* The Nigrie thermal power project is currently expected to be fueled with coal from coal blocks managed by joint ventures of JAL and MPSMCL pursuant to long-term coal supply agreements. The Nigrie thermal power project is located in close proximity to these coal mines. The Amelia coal supply agreement and Dongri Tal coal supply agreement provide for the supply of 2.5 MTPA from the Amelia (North) coal block and 2.7 MTPA from the Dongri Tal II coal block, respectively. With respect to the 500 MW first phase of the Bina thermal power project, we have entered into a fuel supply agreement with Central Coalfields Limited for 0.6482 MTPA of coal and we are in discussions with South Eastern Coalfields Limited with respect to 0.7588 MTPA for which we were earlier issued a letter of assurance but we have not yet entered into a fuel supply agreement. With respect to the 1,980 MW first phase of the Bara thermal power project, we have received a letter of assurance from Northern Coalfields Limited for a coal linkage for 7.02 MTPA. With respect to the 1,320 MW first phase of the Karchana thermal power project, we have received a letter of assurance from Northern Coalfields Limited for a coal linkage for 4.68 MTPA. Other than our coal supply agreements for the Nigrie thermal power project and our fuel supply agreement with Central Coalfields Limited for the Bina thermal power project, we have neither entered into fuel supply agreements for these coal blocks nor commenced any mining activities. Our results of operations will be affected by our ability to enter into coal supply agreements as well as the timely and cost-effective availability of coal from our counterparties under such agreements and any other sources. See "Risk Factors - Our proposed thermal power plants will have significant coal requirements and we may not be able to ensure the availability of coal at competitive prices."
- Cost of raw materials, labour, land, construction materials and other inputs.* We enter into agreements with contractors (including related parties, such as JAL) to undertake the majority of the activities associated with the development and implementation of our projects. These agreements are typically entered into on a "cost-plus" basis such that we are directly exposed to the cost of raw materials, including in particular steel and cement, fuel, labour, equipment and other inputs. In addition, we are subject to foreign exchange rate risk on a substantial amount of the equipment purchased overseas or denominated in foreign currencies. Unanticipated increases in the price of raw materials, fuel, labour, equipment or other inputs may materially and adversely affect our financial condition and results of operations.
- Customer mix and sale arrangements.* In fiscal 2010, 2011 and 2012 we generated 100%, 100% and 45% of our income from the sale of electrical energy pursuant to long-term PPAs with state-owned entities. Following the commencement of operations of the Karcham-Wangtoo hydroelectric power plant in September 2011, we have diversified our customer base by selling the power generated by this plant pursuant to medium-term PPAs and retaining a portion of the power that we generate for sale pursuant to short-term arrangements on the open market, which accounted for 55% of our income from the sale of electrical energy in fiscal 2012. We currently expect that our customer base will continue to evolve as we

complete our projects under implementation and development. We also expect to retain an increasing portion of the power produced by our power projects under implementation and development for sale pursuant to short-term arrangements on the open market, which would expose us to short-term fluctuations in market price.

- *Project development, acquisition and management.* We plan to make significant investments over the next several years, including investing portions of the net proceeds of the Issue in our projects under implementation and development. If the development and implementation of our projects cost substantially less than their budgeted cost or if we are able to complete these projects ahead of schedule, our financial condition and results of operations could be positively affected. However, if any of these projects is not completed in accordance with its budgeted cost due to cost inflation or for any other reason, or if any of these projects does not operate profitably following its commissioning date, our financial condition and results of operations would be adversely affected.
- *Growth of the power sector and macroeconomic factors in India.* India's real GDP has grown at an average rate of more than 7% since 1997 (Source: CIA World Factbook accessed on October 24, 2012). Power is a critical sector in India's future economic development. Each of our operating plants and projects under implementation and development is located in India. Particularly with respect to power that we retain for sale on the open market, macroeconomic factors, including the growth of the Indian economy, interest rates, foreign exchange rates and the political, economic and regulatory environments can impact demand for power and, in turn, our revenues from sales of power on the open market. With respect to power that we retain for sale on the open market, if the price of electricity rises, our financial condition and earnings could improve. However, if the price of electricity falls, our financial condition and earnings could be adversely affected.
- *Dependence on government policy and regulation towards infrastructure.* The growth of the power sector in India is dependent on the establishment of stable Government policies and prudent regulation. The development of the power sector in India has historically been constrained by various factors such as shortages of public funding, political considerations and issues of transparency and accountability. Changes in Government policies, beginning in the 1990s, facilitated the entry of private capital into power generation and transmission, and have led to rapid growth in certain sectors. Changes in Government policy and support for the infrastructure sector will affect our growth prospects and results of operations. For example, in connection with our BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power plants and the Bina thermal power project, we have claimed, or are entitled to claim, certain tax benefits under section 80(IA) of the Income Tax Act, 1961. These benefits will not be available with respect to our projects under implementation and development unless the period of eligibility for such tax benefits is extended by the Government. See "Risk Factors - We are entitled to certain tax benefits, the withdrawal or discontinuation of which may adversely affect our liquidity."
- *Competition.* Our results of operations are affected by competition in the power sector in India, including competition for customers, projects, feedstock, experienced managers and skilled labour. For power that we retain for sale in the open market, we compete with other power producers on the basis of price and other terms. We expect competition in the power sector to intensify due to possible new Indian and foreign entrants, existing competitors' potential expansion of operations and the trend toward open markets sales of power rather than selling all power pursuant to long-term PPAs. While JPL has not offered power transmission services to any customer other than the Company, to the extent it may do so in the future, our results of operations would also be affected by competition in the power sector in India. We expect changes in the competitive environment in these sectors to impact our financial condition and results of operations.
- *Availability and cost of funding.* Power projects are typically capital-intensive and may require high levels of debt financing. We have in the past been able to raise debt financing on terms acceptable to us. However, if for any reason we are unable in the future to obtain adequate financing in a timely manner and on acceptable terms, or at all, the cost of our projects, which must be approved by the applicable regulatory authority in order to determine the tariffs under our long-term PPAs. Any actual project cost that exceeds the approved project cost would adversely affect our profitability. Under each of our long-term PPAs, our interest expense is passed through to our customer in proportion to the amount of power sold pursuant to the PPA. However, with respect to power that sell on the open market, our customers do not reimburse our interest expense, such that our financial condition and results of operations could improve if interest rates fell but would be adversely affected if interest rates rose.

Critical Accounting Policies

The Financial Statements have been prepared in accordance with Indian GAAP. The Company's significant accounting policies are set forth in the Notes to its Audited Consolidated Financial Statements and the Interim Consolidated Financial Statements included in this Preliminary Placement Document. Indian GAAP requires the Company to adopt accounting policies and make estimates that its directors believe are most appropriate in the circumstances for the purposes of giving a true and fair view of its results of operations and the understanding of the Company's financial condition and results of operations. The preparation of the Company's financial statements requires difficult, complex and subjective judgments to be made in selecting the appropriate estimates and assumptions that affect the amounts reported in its financial statements. By their nature, these judgments are subject to an inherent degree of uncertainty. These judgments are based on the Company's past experience, terms of existing contracts, an observance of trends in the industry, information provided by customers and information available from other outside sources, as appropriate. However, there can be no assurance that the Company's judgments will prove correct or that actual results reported in future periods will not differ from the Company's expectations reflected in its accounting treatment of certain items.

Summary of significant accounting policies

Revenue Recognition. Revenue from the sale of electrical energy is accounted for on the basis of billing to the respective purchaser, as provided by our PPAs. Advances against depreciation claimed or to be claimed as part of the tariff under a PPA to facilitate loan repayments is treated as deferred revenue and will be included in sales for subsequent periods. Revenue from the sale of VERs is accounted for on a receipt basis. Other income and expenditures are accounted for on an accrual basis. Insurance claims are accounted for on a receipt basis or as acknowledged by the insurance company. Other Income and cost/expenditure are accounted for on an accrual basis as they are earned or incurred.

Fixed Assets. Fixed assets are stated at cost of procurement or construction, inclusive of freight, erection and commissioning charges, duties and taxes, expenditure during the construction period, interest on borrowings, financing cost and foreign exchange loss/gain up to the date of commissioning.

Depreciation. Premium on leasehold land is amortized over the period of the lease. Pursuant to approval of Ministry of Corporate Affairs, Government of India, hydroelectrical works are depreciated on a straight line basis at the rate of 2.71% per annum for the BASPA II and Vishnuprayag hydroelectric power plants, and at the rate of 2.57% per annum for the Karcham-Wangtoo hydroelectric powerplant. Other fixed assets are depreciated on a straight line basis at the rates specified in the Schedule XIV of the Companies Act of 1956. Assets of Rs. 5,000 or less are fully depreciated in the first year following acquisition irrespective of the actual period of use.

Expenditure during construction. Expenditures during the construction and implementation of projects are capitalized and apportioned to projects upon commissioning.

Foreign Currency Transactions. Transactions in foreign currencies are recorded in Indian rupees at the exchange rate prevailing on the date of the transaction. All loans and deferred credits repayable in foreign currency and outstanding at the close of the year are expressed in Indian rupees at the exchange rates prevailing on the date of the balance sheet. Our cost of assets is adjusted to reflect foreign exchange gain/loss.

Investments. Investments are stated at cost and provisions are made where there is permanent diminution in the value of an investment. Dividend will be accounted for as and when the Company has a right to receive the same on or before the balance sheet date.

Inventories. Inventories of stores and spares are valued on the basis of weighted average cost method. Material-in-transit is valued at cost.

Retirement Benefits. Provident fund and pension contribution are recorded as a percentage of salary and wages. Gratuity and leave encashment are defined benefit obligations provided for based on actuarial valuations made at the end of each financial year.

Borrowing Costs. Borrowing costs attributable to the procurement or construction of fixed assets are capitalized as part of the cost of the respective assets up to the date of commissioning. Other borrowing costs are recognized as expenses during the year in which they are incurred.

Taxes on Income. Provision for current tax is made after taking into consideration benefits admissible to the Company under the provisions of the Income Tax Act, 1961. Deferred tax asset and liability, if any, is computed by applying the rates and tax laws that have been enacted up to the balance sheet date in accordance with the applicable accounting standard (AS-22).

Provisions, Contingent Liabilities and Contingent Assets. The Company recognizes a provision when there is a present obligation as a result of a past event that likely requires an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

Earnings per share. Basic earning per Equity Share is computed by dividing net profit after tax by the weighted average number of Equity Shares outstanding during the year. Diluted earnings per Equity Share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of Equity Shares and dilutive potential Equity Shares outstanding during the year.

Impairment of Assets. At each balance sheet date, management reviews the carrying amounts of its assets included in each cash generating unit to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. The recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. Reversal of impairment loss is recognized immediately as income in the profit and loss account.

Intangible Assets. Intangible assets are stated at cost of acquisition less accumulated amortization on a straight line basis from the date the assets are put to commercial use.

Changes in Presentation of Financial Statements with Effect from April 1, 2011

Pursuant to Notification S.O. 447(E) dated February 28, 2011, Schedule VI to the Companies Act (the "Old Schedule VI") was replaced with a revised Schedule VI (the "Revised Schedule VI") pursuant to a Notification S.O. 447(E) dated February 28, 2011 issued by the Ministry of Corporate Affairs, Government of India. The Revised Schedule VI significantly changes the presentation of, and disclosure made in, the financial statements of Indian companies. Accordingly, we have modified the manner in which we present our financial statements as of and for the year ended March 31, 2012 and the six month periods ended September 30, 2012 and 2011, and the Issuer's financial statements as of and for the three month periods ended December 31, 2012 and 2011, so that the presentation of such financial statements is consistent with the Revised Schedule VI, which became applicable to us during the year ended March 31, 2012. In connection with this exercise, we have also reclassified our financial statements as of and for the year ended March 31, 2011, in order to provide comparability with our financial statements as of and for the financial year ended March 31, 2012. Our historical audited financial statements for the years ended March 31, 2011 and 2010, which are discussed under "- Comparison of our results of operation for the year ended March 31, 2011 with the year ended March 31, 2010," have been presented in accordance with the Old Schedule VI.

The adoption of the Revised Schedule VI does not impact the recognition and measurement principles followed for the preparation of our financial statements. However, it does have a significant impact on the presentation of, and disclosure made in, our financial statements, particularly with respect to the presentation of the statement of assets and liabilities. Going forward, we will be presenting our financial statements in accordance with the Revised Schedule VI.

This discussion below in this section compares our financial position and results of operations:

- a) as of and for the six month periods ended September 30, 2012 and 2011, based on the reviewed financial statements for the six month period ended September 30, 2012, prepared and presented in accordance with the Revised Schedule VI;
- b) as of and for the years ended March 31, 2012 and 2011 based on the audited financial statements for the year ended March 31, 2012, prepared and presented in accordance with the Revised Schedule VI; and

- c) as of and for the years ended March 31, 2011 and 2010, based on the audited financial statements that were prepared and presented in accordance with the Old Schedule VI.

Overview of Our Results of Operations

The following table sets forth certain information with respect to our revenues, expenditures and profits for the periods indicated.

	Year Ended March 31,			Six Months Ended September 30,	
	2010	2011	2012	2011	2012
	(Rs. in millions)				
INCOME					
Sale of electrical energy (net of advance against depreciation)	6,594	7,098	15,914	9,239	14,581
Less: Rebate for prompt payments	98	111	157	87	176
Transmission Charges	-	-	-	-	1,043
Sale of Verified Emission Reduction credits (VERs)	411	382	399	98	106
Net sale of Electrical Energy and VERs.....	6,907	7,369	16,156	9,250	15,554
Other income	271	1,039	708	298	164
	7,178	8,408	16,864	9548	15,718
EXPENDITURES					
Operation and maintenance	307	268	493	234	932
Employees' remuneration and benefits	215	245	434	198	261
Administration and other expenses	331	296	411	141	208
Interest and finance charges	2,364	4,484	8,595	3,658	5,743
Miscellaneous expenditure written off	-	29	-	-	-
	3,217	5,322	9,933	4,231	7,144
OPERATING PROFIT	3,961	3,086	6,931	5,317	8,574
Depreciation	1,026	949	2,312	944	1,707
Minority Interest	-	5	3	1	78
Extraordinary items:	-	-	-	-	-
Less: Adjustment of tariff for Fiscal 2004 to Fiscal 2008	-	100	-	-	-
PROFIT BEFORE TAX	2,935	2,032	4,616	4,372	6,789
Provision for income tax – Current year	516	412	609	876	1,138
Provision for income tax – Earlier years	2	2	-	-	-
PROFIT AFTER TAX	2,417	1,618	4,007	3,496	5,651

Net Sale of Electrical Energy and VERs

Our income from operations consists of income from the sale of electricity produced by our BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power plants. Income from the sale of electricity under the BASPA II and Vishnuprayag PPAs consists of a Capacity Charge, an Energy Charge and an incentive for Secondary Energy and Plant Availability. All income from the sale of electricity produced by the Karcham-

Wangtoo hydroelectric power plant is derived from open market sales pursuant to short-term and medium-term PPAs and sales through power exchanges.

As of September 30, 2012, we had not earned any revenue from the Bina thermal power project, with respect to which the first 250 MW unit was commissioned in August 2012 and the second 250 MW unit is expected to be commissioned in 2013, however we expect that our net sale of electrical energy and VERs in future periods will include income from this project. We expect to sell 70% of the power produced by the Bina thermal power project pursuant to a PPA with MPPTCL and the remainder on the open market.

We also derive income from the sale of VERs with respect to the BASPA II and Vishnuprayag hydroelectric power plants. The Karcham-Wangtoo hydroelectric power plant has been registered by UNFCCC as a CDM project for a period of ten years commencing from April 2012 for 3.54 million CERs per annum but had not sold any CERs as of September 30, 2012.

Other Income

Other income primarily comprises interest on fixed deposits with respect to funds held in the trust and retention accounts with respect to our operating plants, interest received or receivable from HPSEB with respect to arrears and fixed deposit receipts. Fixed deposit receipts primarily relate to the temporary investment in fixed deposits, pending utilization for projects under operations or equity contributions to our projects under implementation and development, of the proceeds of certain indebtedness, including (i) a Rs. 10,000 million interest-bearing corporate loan, which we entered into with ICICI Bank in August 2009 (the 2009 Corporate Loan), (ii) zero coupon non-convertible debentures, which we issued in March 2010 for proceeds of Rs. 9,999.8 million, and which mature on March 31, 2013 for an aggregate amount of Rs. 14,049 million (the March 2010 NCDs), and (iii) zero coupon non-convertible debentures, which we issued in June 2010 for proceeds of Rs. 9,825.87 million, and which mature for Rs. 15,950 million in four tranches comprising Rs. 3,660 million on December 31, 2013, Rs. 3,870 million on June 30, 2014, Rs. 4,100 million on December 31, 2014 and Rs. 4,320 on June 30, 2015 (the June 2010 NCDs).

Expenditures

Our expenditures primarily consist of operation and maintenance expenses, employees' remuneration and benefits, administration and other expenses and interest and finance charges.

- *Operation and maintenance expenses.* Operations and maintenance expenses consist of expenses for repairs to property, machinery, barrage, insurance charges, stores consumption and open transmission charges for the transmission of power produced by the Karcham-Wangtoo hydroelectric power plant and sold at the periphery of the utility rather than the bus-bar. We do not incur in respect of the BASPA II hydroelectric power plant, with respect to which we own the transmission line connecting the plant to the utility, or the Vishnuprayag hydroelectric power plant, with respect to which we sell power at the bus-bar.
- *Employees' Remuneration and Benefits.* Employees' remuneration and benefits includes the salaries, wages, bonuses, contributions to the employee provident fund and other funds, retirement benefits, staff welfare expenses and directors' remuneration.
- *Administration and other expenses.* Administration and other expenses include consultancy, legal and professional fees, advertisement expenses, electricity and water charges, travelling and conveyance, vehicle running and maintenance and miscellaneous expenses.
- *Interest and finance charges.* Interest and finance charges consist of interest paid on Indian Rupee term loans, foreign currency loans, working capital loans, financial charges and guarantee commission.
- *Miscellaneous expenditure written off.* Miscellaneous expenditure written off relates to expenses in connection with capital raises, which are not written off in the year of the capital raises.

Operating Profit

Our operating profit is equal to our income from net sale of electrical energy and VERs and other income, minus our total expenditures.

Depreciation

We provide for the depreciation of hydroelectric works at 2.71% per annum with respect to the BASPA II and Vishnuprayag hydroelectric power plants, and 2.57% per annum with respect to the Karcham-Wangtoo hydroelectric power plant, using the straight line method. We provide for the depreciation of all other fixed assets using the straight line method at the rates specified by Schedule XIV of the Companies Act. Depreciation in future periods is expected to include depreciation of the Bina thermal power project calculated using the straight line method at the weighted depreciation rate of 4.87% per annum.

Tax

Under the Indian Income Tax Act, we are entitled to a tax holiday during any 10-year period (at our election) within the first 15 years of operation of the BASPA II, Vishnuprayag, Karcham-Wangtoo hydroelectric power plants and the Jaypee Powergrid transmission line, during which time we are only subject to Indian income tax at the minimum alternative tax rate (currently 20.00775%) rather than the normal income tax rate (currently 32.445%). With respect to the BASPA II and Vishnuprayag hydroelectric powerplants, we have elected to utilize this tax holiday for the first 10 years of the plants' operations and the tax holiday will expire in 2014 and 2017, respectively. We have not yet elected to utilize this tax holiday for the Karcham-Wangtoo hydroelectric power plant or the Jaypee Powergrid transmission line.

Comparison of our consolidated results of operations for the six months ended September 30, 2012 with the six months ended September 30, 2011

Net Sale of Electrical Energy and VERs. Net sale of electrical energy and VERs increased 56.9% to Rs. 14,511 million for the six months ended September 30, 2012 from Rs. 9,250 million for the six months ended September 30, 2011, primarily due to a full period of operations of the Karcham-Wangtoo hydroelectric power plant, which commenced operations in September 2011. Net sale of electrical energy from the BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power plants was Rs. 1,673 million, Rs. 2,188 million and Rs. 10,544 million, respectively, in the six months ended September 30, 2012, compared with Rs. 1,947 million, Rs. 2,292 million and Rs. 4,913 million, respectively, in the six months ended September 30, 2011. Power production at the Karcham-Wangtoo hydroelectric power plant reflects a full period of operations in the six months ended September 30, 2012, compared with a partial period of operations in the six months ended September 30, 2011, when the plant commenced operations in September 2011. This increase was partially offset by less favorable hydrological conditions in the six months ended September 30, 2012 compared with the six months ended September 30, 2011, which also resulted in reduced power production and net sale of electrical energy at the BASPA II and Vishnuprayag hydroelectric power plants. Sale of VERs from the BASPA II and Vishnuprayag was Rs. 8 million and Rs. 98 million, respectively, in the six months ended September 30, 2012, compared with Rs. 8 million and Rs. 90 million, respectively, in the six months ended September 30, 2011.

Transmission Charges. The transmission charges earned by JPL was Rs. 1,043 million for the six months ended September 30, 2012 compared with nil in the six months ended September 30, 2011 as the Jaypee Powergrid transmission line commenced operations in April 2012.

Other Income. Other income decreased 45.0% to Rs. 164 million for the six months ended September 30, 2012 from Rs. 298 million for the six months ended September 30, 2011, primarily due to reduced fixed deposit receipts resulting from our application of funds to make equity contributions to the Karcham-Wangtoo hydroelectric powerplant and the Bina, Nigrie and Bara thermal power projects.

Expenditure. Expenditure increased 69% to Rs. 7,144 million for the six months ended September 30, 2012 from Rs. 4,231 million for the six months ended September 30, 2011, primarily due to a full period of operations of the Karcham-Wangtoo hydroelectric powerplant, which commenced operations in September 2011, and a partial period of operations of the Bina thermal power project, with respect to which the first 250 MW of the 500 MW first phase commenced operations in August 2012, and the Jaypee Powergrid transmission line, which commenced operations in April 2012. Interest and finance charges increased 57% to Rs. 5,743 million in the six months ended September 30, 2012 from Rs. 3,658 million in the six months ended September 30, 2011. Interest and finance charges in respect of the Karcham-Wangtoo hydroelectric power plant, the Bina thermal power project and the Jaypee Powergrid transmission line were Rs. 2,946 million, Rs. 175 million and Rs. 451 million, respectively, in the six months ended September 30, 2012 compared with Rs. 1,542 million, nil and nil, respectively, in the six months ended September 30, 2011. Operation and maintenance expenses increased

298% to Rs. 932 million in the six months ended September 30, 2012 compared with Rs. 234 million in the six months ended September 30, 2011, primarily due to a full period of operations of the Karcham-Wangtoo hydroelectric power plant, a partial period of operations of the Bina thermal power project and the Jaypee Powergrid transmission line.

Operating Profit. Operating profit increased 61% to Rs. 8,574 million for the six months ended September 30, 2012 from Rs. 5,317 million for the six months ended September 30, 2011, primarily due to a full period of operations of the Karcham-Wangtoo hydroelectric power plant, a partial period of operations of the Bina thermal power project and the Jaypee Powergrid transmission line.

Profit Before Tax. Profit before tax increased 55% to Rs. 6,789 million for the six months ended September 30, 2012 from Rs. 4,372 million for the six months ended September 30, 2011, primarily due to a full period of operations of the Karcham-Wangtoo hydroelectric power plant, a partial period of operations of the Bina thermal power project and the Jaypee Powergrid transmission line.

Profit After Tax. Profit after tax increased 62% to Rs. 5,651 million for the six months ended September 30, 2012 from Rs. 3,496 million for the six months ended September 30, 2011, primarily due to a full period of operations of the Karcham-Wangtoo hydroelectric power plant, a partial period of operations of the Bina thermal power project and the Jaypee Powergrid transmission line. Profit after tax increased by a greater proportion than profit before tax mainly due to benefit of MAT credit entitlement permitted by revised schedule VI of the Companies Act.

Comparison of our consolidated results of operations for the year ended March 31, 2012 with the year ended March 31, 2011

Net Sale of Electrical Energy and VERs. Net sale of electrical energy and VERs increased 119% to Rs. 16,156 million for the year ended March 31, 2012 from Rs. 7,369 million for the year ended March 31, 2011, primarily due to the commencement of operations of the Karcham-Wangtoo hydroelectric powerplant in September 2011. Net sale of electrical energy from the BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power plants was Rs. 3,055 million, Rs. 3,960 million and Rs. 8,742 million, respectively, in the year ended March 31, 2012, compared with Rs. 3,167 million, Rs. 3,820 million and nil, respectively, in the year ended March 31, 2011. Less favorable hydrological conditions in the year ended March 31, 2012 compared with the year ended March 31, 2011 resulted in reduced power production and net sale of electrical energy at the BASPA II and Vishnuprayag hydroelectric powerplants. Sale of VERs from the BASPA II and Vishnuprayag hydroelectric powerplants was Rs. 25 million and Rs. 374 million, respectively, in the year ended March 31, 2012, compared with Rs. 82 million, Rs. 300 million and nil, respectively, in the year ended March 31, 2011.

Other Income. Other income decreased 32% to Rs. 708 million for the year ended March 31, 2012 from Rs. 1,039 million for the year ended March 31, 2011, primarily due to reduced income on fixed deposit receipts resulting from our application of funds to make equity contributions to the Karcham-Wangtoo hydroelectric power plant and the Bina, Nigrie and Bara thermal power projects.

Expenditure. Expenditure increased 87% to Rs. 9,933 million for the year ended March 31, 2012 from Rs. 5,322 million for the year ended March 31, 2011, primarily due to the commencement of operations of the Karcham-Wangtoo hydroelectric powerplant in September 2011, which resulted in a 92% increase in interest and finance charges to Rs. 8,595 million in the year ended March 31, 2012 from Rs. 4,484 million in the year ended March 31, 2011. Interest and finance charges in respect of the Karcham-Wangtoo hydroelectric powerplant were Rs. 4,327 million in the year ended March 31, 2012 compared with nil in the year ended March 31, 2011. Our operations and maintenance expenses for the year ended March 31, 2012 include Rs. 176.6 million in respect of transmission charges expenses, compared with nil for the year ended March 31, 2011, due to the commencement of operations of the Karcham-Wangtoo hydroelectric powerplant, with respect we sold a portion of the power at the periphery of the utility and we do not own a transmission line connecting the plant to the utility.

Operating Profit. Operating profit increased 125% to Rs. 6,931 million for the year ended March 31, 2012 from Rs. 3,086 million for the year ended March 31, 2011 primarily due to the commencement of operations of the Karcham-Wangtoo hydroelectric powerplant in September 2011.

Profit Before Tax. Profit before tax increased 127% to Rs. 4,616 million for the year ended March 31, 2012 from Rs. 2,032 million for the year ended March 31, 2011, primarily due to the commencement of operations of

the Karcham-Wangtoo hydroelectric power plant in September 2011 partially offset by a 144% increase in depreciation and amortization to Rs. 2,312 million in the year ended March 31, 2012 from Rs. 978 million in the year ended March 31, 2011, which primarily relates to the commencement of operations of the Karcham-Wangtoo hydroelectric power plant in September 2011.

Profit After Tax. Due to the foregoing, profit after tax increased by 148% to Rs. 4,007 million for the year ended March 31, 2012 from Rs. 1,618 million for the year ended March 31, 2011. Profit after tax increased by a greater proportion than profit before tax due to a reduction in our tax liability for the year ended March 31, 2012 on account of MAT credit entitlement and deferred tax liability in respect of earlier years, which we recognized in the current period, relating to a revision to Schedule VI of the Companies Act and a guidance note issued by the Institute of Chartered accountants of India.

Comparison of our consolidated financial statements for the year ended March 31, 2011 with the year ended March 31, 2010

Net Sale of Electrical Energy and VERs. Net sale of electrical energy and VERs increased by 6.7% to Rs. 7,369 million for the year ended March 31, 2011 from Rs. 6,907 million for the year ended March 31, 2010, primarily due to increased power generation due to more favorable hydrological conditions. Net sale of electrical energy from the BASPA II and Vishnuprayag hydroelectric power plants was Rs. 3,167 million and Rs. 3,820 million, respectively, in the year ended March 31, 2011, compared with Rs. 2,724 million and Rs. 3,772 million, respectively, in the year ended March 31, 2010. Sale of VERs from the BASPA II and Vishnuprayag hydroelectric power plants was Rs. 82 million and Rs. 300 million, respectively, in the year ended March 31, 2011, compared with Rs. 78 million and Rs. 333 million, respectively, in the year ended March 31, 2010.

Other Income. Other income increased by 284% to Rs. 1,039 million for the year ended March 31, 2011 from Rs. 271 million for the year ended March 31, 2010, primarily due to interest earned on fixed deposit receipts. Our fixed deposit receipts for the year ended March 31, 2011 included a full year of interest from our temporary investment of the 2009 Corporate Loan and the March 2010 NCDs and a part-year of interest from our temporary investment of the June 2010 NCDs.

Expenditure. Expenditure increased by 66% to Rs. 5,322 million for the year ended March 31, 2011 from Rs. 3,217 million for the year ended March 31, 2010, primarily due to a 90% increase in interest and finance charges to Rs. 4,484 million in the year ended March 31, 2011 from Rs. 2,364 million in the year ended March 31, 2010, primarily resulting from a full year of interest incurred with respect to the 2009 Corporate Loan and the common loan agreements that we entered into in December 2009 and June 2009 with respect to the BASPA II and Vishnuprayag hydroelectric powerplants, respectively, pursuant to which our borrowings and interest expense exceeded our borrowings and interest expense under the original project loans for each plant.

Operating Profit. Operating profit decreased by 22% to Rs. 3,086 million for the year ended March 31, 2011 from Rs. 3,961 million for the year ended March 31, 2010, primarily due to increased net sale of electrical energy and income from fixed deposits, partially offset by increased expenditures, which primarily resulted from increased interest and finance charges.

Profit Before Tax. Due to the foregoing, profit before tax decreased by 31% to Rs. 2,032 million for the year ended March 31, 2011 from Rs. 2,935 million for the year ended March 31, 2010.

Profit After Tax. Due to the foregoing, profit after tax decreased by 33% to Rs. 1,618 million for the year ended March 31, 2011 from Rs. 2,417 million for the year ended March 31, 2010. Profit after tax decreased by a greater proportion than profit before tax mainly due to a full year of interest incurred with respect to the 2009 Corporate Loan and the common loan agreements that we entered into in December 2009 and June 2010 with respect to the BASPA II and Vishnuprayag hydroelectric powerplants, respectively, pursuant to which our borrowings and interest expense exceeded our borrowings and interest expense under the original project loans for each plant.

Liquidity and Capital Resources

We operate in a highly capital-intensive industry and our expansion plans will require a substantial amount of capital. The implementation of the BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power plants, and the first phase of the Bina and Nigriethermal power projects was financed through a combination of

equity and borrowings at a debt to equity ratio of approximately 70:30. The implementation of the first phase of the Bara thermal power project has been financed based on a debt to equity ratio of 75:25. Our liquidity requirements relate to servicing our debt, funding investments in new projects, funding our working capital requirements and maintaining cash reserves against fluctuations in operating cash flows. Our funding and treasury activities are conducted within corporate policies designed to enhance investment returns while maintaining appropriate liquidity for our requirements. We currently hold our cash and cash equivalents in Indian Rupees and US Dollars.

Our long-term liquidity requirements include partial funding of our investments in new projects and funding equity investments in our subsidiaries and repaying long-term debt under our credit facilities. Sources of funding for our long-term liquidity requirements include revenue from operations, new loans, equity or debt issues.

As of September 30, 2012, we had cash and cash equivalents of Rs. 12,172 million, primarily comprised of the funds held in the trust and retention accounts with respect to our operating plants and the unutilized portions of funds raised for the Bina and Nigrie thermal power projects. We believe that the cash flows we are entitled to receive pursuant to our existing long-term PPAs for the BASPA II and Vishnuprayag hydroelectric powerplants, and the short-term and medium-term PPAs that we have entered into, or expect to enter into, with respect to the Karcham-Wangtoo hydroelectric powerplant and the Binothermal power project, are and will be sufficient to fund our scheduled debt service requirements for the foreseeable future. To date, we have funded our growth principally from equity funding, bank borrowings and internal cash flows. Our principal uses of cash have been, and are expected to continue to be, construction and development costs of our existing and proposed projects under development. The following table presents our cash flow data for the years ended March 31, 2010, 2011 and 2012 and the six months ended September 30, 2012.

Cash Flow Data

	Year Ended March 31,			Six Months Ended September 30,
	2010	2011	2012	2012
	(Rs. in millions)			
Net Cash from Operating Activities	211	5,910	15,078	10,148
Net Cash used in Investing Activities	(22,606)	(42,261)	(60,492)	(34,594)
Net Cash from Financing Activities	45,290	32,152	32,326	27,425
Cash and Cash Equivalent on				
Amalgamations	1,740	609	-	-
Net increase/(Decrease) in Cash and				
Cash Equivalent	24,635	(3,590)	(13,089)	2,979

Net Cash from Operating Activities

Six months ended September 30, 2012. Our net cash from operating activities was Rs. 10,148 million for the six months ended September 30, 2012, which was primarily due to net sale of electricity, including from the Karcham-Wangtoo hydroelectric power plant, which commenced operations in September 2011 and transmission charges from Jaypee Powergrid transmission line, which commenced operations in April 2012, reduced by expenditure, including operations and maintenance expenses reflecting the operations of the Karcham-Wangtoo hydroelectric power plant and the Jaypee Powergrid transmission line.

Year ended March 31, 2012. Our net cash from operating activities was Rs. 15,078 million for the year ended March 31, 2012, which was primarily due to net sale of electricity, including from the Karcham-Wangtoo hydroelectric power plant, which commenced operations in September 2011, reduced by expenditure, including operations and maintenance expenses reflecting the operations of the Karcham-Wangtoo hydroelectric power plant.

Year ended March 31, 2011. Our net cash from operating activities was Rs. 5,910 million for the year ended March 31, 2011, which was primarily due to net sale of electricity, which reflected favorable hydrological conditions, reduced by expenditure, including interest and finance charges relating to the 2009 Corporate Loan and the common loan agreements that we entered into in December 2009 and June 2009 with respect to the BASPA II and Vishnuprayag hydroelectric powerplants, respectively.

Year ended March 31, 2010. Our net cash from operating activities was Rs. 211 million for the year ended March 31, 2010, which was primarily due to net sale of electricity from the Vishnuprayag and BASPA II hydroelectric power plants and other income primarily comprising fixed deposit receipts, reduced by expenditure, including interest and finance charges relating to the 2009 Corporate Loan and the common loan agreements that we entered into in December 2009 and June 2009 with respect to the BASPA II and Vishnuprayag hydroelectric power plants, respectively.

Net Cash from/used in Investing Activities

Six months ended September 30, 2012. Our net cash used in investing activities was Rs. 34,594 million for the six months ended September 30, 2012, which was primarily due to our investment of Rs. 3,510 million in the Bina thermal power project, Rs. 21,278 million in the Nigrie thermal power project and Rs. 9,767 million in the Bara thermal power project.

Year ended March 31, 2012. Our net cash used in investing activities was Rs. 60,492 million for the year ended March 31, 2012, which was primarily due to our investment of Rs. 5,967 million in the Karcham-Wangtoo hydroelectric power plant, Rs. 8,551 million in the Bina thermal power project, Rs. 29,678 million in the Nigrie thermal power project, Rs. 16,045 million in the Bara thermal power project and Rs. 231 million in the Karchana thermal power project.

Year ended March 31, 2011. Our net cash used in investing activities was Rs. 42,261 million for the year ended March 31, 2011, which was primarily due to our investments in the Rs. 16,916 million in the Karcham-Wangtoo hydroelectric power plant, Rs. 12,519 million in the Bina thermal power project, Rs. 3,660 million in the Nigrie thermal power project, Rs. 5,632 million in the Bara thermal power project and Rs. 3,496 million in the Karchana thermal power project.

Year ended March 31, 2010. Our net cash used in investing activities was Rs. 22,606 million for the year ended March 31, 2010, which was primarily due to our investments in the Rs. 1,995 million in the Karcham-Wangtoo hydroelectric power plant, Rs. 4,774 million in the Bina thermal power project, Rs. 7,622 million in the Nigrie thermal project, Rs. 6,306 million in the Bara thermal power project and Rs. 1,864 million in the Karchana thermal power project.

Net Cash Flow from/used in Financing Activities

Six months ended September 30, 2012. Our net cash from financing activities was Rs. 27,425 million for the six months ended September 30, 2012, which was primarily due to our drawdown of Rs. 3,272 million under the term loan for construction of the Bina thermal power project, Rs. 17,592 million under the term loan for construction of the Nigrie thermal power project and Rs. 10,675 million under the term loan for construction of the Bara thermal power project; our payment of scheduled installments under our loans for the BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power plants; and our entry into a Rs. 3,000 million term loan with State Bank of India in September, 2012, which was partly applied to retire our Rs. 1,000 million corporate loan with ICICI bank in November, 2012.

Year ended March 31, 2012. Our net cash from financing activities was Rs. 32,326 million for the year ended March 31, 2012, which was primarily due to our drawdown of Rs. 7,165 million under term loan for construction of the Bina thermal power project, Rs. 18,305 million under the term loan for construction of the Nigrie thermal power project, Rs. 12,249 million under the term loan for construction of the Bara thermal power project; and our payment of scheduled installments under our loans for the BASPA II and Vishnuprayag hydroelectric power plants.

Year ended March 31, 2011. Our net cash from financing activities was Rs. 32,152 million for the year ended March 31, 2011, which was primarily due to our drawdown of Rs. 7,350 million under the term loan for construction of the Bina thermal power project, Rs. 4,012 million under the term loan for construction of the Nigrie thermal power project, Rs. 1,008 million under the term loan for construction of the Bara thermal power project and Rs. 13,129 million under the term loan for construction of the Karcham-Wangtoo hydroelectric power plant; our issuance of the June 2010 NCDs; and our payment of scheduled installments under our loans for the BASPA II, and Vishnuprayag hydroelectric power plants..

Year ended March 31, 2010. Our net cash from financing activities was Rs. 45,290 million for the year ended March 31, 2010, which was primarily due to our drawdown of Rs. 4,317 million under the term loan for

construction of the Bina thermal power project, Rs. 1,500 million under the term loan for construction of the Nigrie thermal power project, Rs. 6,000 million under the term loan for construction of the Bara thermal power project and Rs. 9,665 million under the term loan for construction of the Karcham-Wangtoo hydroelectric power plant; our issuance of the March 2010 NCDs; our entry into the 2009 Corporate Loan; our issuance of \$200 million aggregate principal amount of 5% convertible bonds in February 2010, which are due in 2015; and our payment of scheduled installments under our loans for the BASPA II, and Vishnuprayag hydroelectric power plants.

Historical and Anticipated Capital Commitments

Our principal capital expenditure requirements involve the development and construction of our projects. We plan to invest in technologies that are expected to maximize our operational efficiency and margins, such as investing in supercritical technology for our thermal power projects under implementation and development. These investments require significant capital expenditure. Our capital expenditure for the period from April 1, 2012 through September 30, 2012 totaled approximately Rs. 34,459 million, including capital work in progress of Rs. 3,599 million, consisting primarily of costs related to our Bina and Nigrie thermal power projects.

The following table sets forth certain details with respect to our capital expenditures incurred, and expected to be incurred, with respect to each of our projects under implementation, in each case as of September 30, 2012.

Project	Design Capacity (MW)	Expected Completion Date (calendar year)	Budgeted Project Cost (Rs. in millions)	Total Expenditure (including capital advances) Incurred as of September 30, 2012 (Rs. in millions)	Total Expected Remaining Expenditure as of September 30, 2012 (Rs. in millions)
Nigrie thermal power project .	1320	2014	100,000 ¹	62,800	18,200
Bina thermal power project (phase one).....	500	2012	32,400	31,557	843
Bara thermal power project (phase one).....	1,980	2015	107,800	39,781	68,019

Note:

(1) The current budgeted cost of the Nigrie thermal power project is Rs. 81,000 million, however, the budgeted cost is expected to be increased to approximately Rs. 100,000 million due to cost increases resulting from design changes made during the detailed engineering process and finalization of specifications, including the construction of a barrage rather than a weir based on a revised policy of the Government of Madhya Pradesh, and due to adverse changes in foreign exchange rates, interest rates, taxes and duties.

As of September 30, 2012, we had incurred aggregate capital expenditures of Rs. 141,574 million with respect to the Bina, Nigrie, Bara and Karchana thermal power projects, and the Arunachal Pradesh and Meghalaya hydroelectric power projects, each of which is under implementation or in the preliminary stages of development. Based on the current budgeted project cost of each of our projects under implementation, as set forth in the table above we estimate that our capital expenditures with respect to our projects under implementation, and certain capital expenditures required for our operating projects, will total Rs. 136,325 million over the next five years, of which we anticipate investing Rs. 51,068 million within one year, Rs. 50,644 million in 2-3 years and Rs. 53,613 million in 4-5 years.

The completion targets for our power projects are subject to risks, including, among others, unforeseen engineering problems, delays in obtaining property rights and government approvals, force majeure events, unanticipated cost increases and contractor performance shortfalls, any of which could give rise to delays, cost overruns or the termination of a project's development. Failure to complete development as planned, or in accordance with agreed specifications, could result in higher costs, penalties or liquidated damages, lower returns on capital or reduced future earnings. We may also be required to draw funds from external sources. In addition, if we are unable to complete our power project facilities, we may not be able to recover our investments from these projects.

Anticipated Sources of Funds

As of September 30, 2012, our cash and cash equivalents totaled Rs.12,172 million compared with Rs. 9,192 million as of March 31, 2012, in each case primarily denominated in Indian Rupees.

In the past, we relied principally on equity funding, borrowings from banks and cash flow from operations as our main sources of funds. Going forward, we expect to finance the development of new projects and our working capital requirements with the net proceeds from this and future equity offerings, borrowings from commercial banks and financial institutions and operating cash flows.

We expect to fund our budgeted capital expenditures principally through the net proceeds of this offering and cash from operations, as well as from borrowings. The proceeds of this offering are expected to be used primarily for capital expenditure for our projects under implementation and development and to repay indebtedness.

Indebtedness

We have obtained a variety of bank facilities and other loans. As of September 30, 2012, the aggregate amount of these facilities drawn and outstanding was Rs. 207,192 million (including Rs. 435 million of drawdowns under our working capital facilities), of which Rs.10,672 million was unsecured.

The following table summarizes our long-term loans and short-term loans as of September 30, 2012, and the effect that such loans are expected to have on liquidity and cash flow in future periods:

Payment Due by Period as of September 30, 2012 (including working capital limits)					
	Total	Less than 1 year	2 -3 Years	4 -5 Year	more than 5 years
			(Rs. in millions)		
Long-term loans.....	189,221	-	47,958	31,084	110,179
Short-term loans ⁽¹⁾	17,971	17,971	-	-	-
Total loans	207,192	17,971	47,958	31,084	110,179

Note:

(1) Short term loans includes current maturities of long term debts (i.e. loans payable within one year) and working capital limits

See "Indebtedness" for descriptions of certain of the Company's and its Subsidiaries' loan agreements.

Contingent Liabilities

Our contingent liabilities consist of our outstanding bank guarantees, letters of credit and amounts of contracts remaining to be executed, which are not generally required to be recognized as liabilities in our balance sheet. These obligations may, however, result in future cash outflows. For further details, please refer to "Financial Statements".

Off-balance Sheet Arrangements

There are no other off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

Quantitative and Qualitative Disclosure about Market Risk

Market risk is the risk of loss related to adverse changes in market prices, including interest rate and foreign exchange rates of financial instruments. We are exposed to various types of market risks in the normal course. For instance, we are exposed to market interest rates and exchange rate movements on foreign currency denominated borrowings and operating expenses.

The following discussion and analysis, which constitute “forward-looking statements” that involve risk and uncertainties, summarize our exposure to different market risks.

Credit Risk

We currently generate all of our income from operations from our long-term PPAs with HPSEB (with respect to our BASPA II hydroelectric power plant), UPPCL (with respect to our Vishnuprayag hydroelectric power plant), MPPTCL (with respect to Bina thermal power project) and our short-term and medium-term PPAs with respect to our Karcham-Wangtoo hydroelectric power plant. HPSEB's, UPPCL's and MPPTCL's payments under the PPAs for the BASPA II and the Vishnuprayag hydroelectric powerplants and the Bina TPP, respectively, are secured by payment security mechanisms. HPSEB and UPPCL are required to maintain an irrevocable letter of credit in our favor. Additionally, we have a first lien on all revenues of HPSEB, UPPCL and MPPTCL, including those from bulk consumers, in designated distribution circles, which are required to be deposited in an escrow account. Additionally, in the event of a default by HPSEB or UPPCL, we will have recourse to an unconditional guarantee provided by the Government of Himachal Pradesh (with respect to our BASPA II hydroelectric power plant) or Uttar Pradesh (with respect to our Vishnuprayag hydroelectric power plant). With respect to the short-term and medium-term PPAs for power that we retain for sale on the open market, including with respect to all power from the Karcham-Wangtoo hydroelectric power plant, and we do not benefit from, and do not expect to benefit from, such credit protections.

We currently expect to enter into PPAs with respect to a portion of the power from our projects under implementation and development that may not benefit from credit protections similar to those in the BASPA II and Vishnuprayag PPAs. In addition, because we expect to retain an increasing proportion of our total planned capacity for sale pursuant to short-term arrangements on the open market, we expect that our exposure to credit risk from customers that purchase power from us on the open market will increase.

Interest Rate Risk

We are subject to market risks due to fluctuations in interest rates and refinancing of short-term debt, except with respect to our long-term PPAs, which require our customers to reimburse our interest payments in proportion to the power sold under the PPA. However, because the Energy Charge that our customers are required to pay us under the respective PPAs includes interest on our working capital requirement calculated based on the SBI prime rate, we are exposed to some interest rate risk under each long-term PPA. Because we do not have a long-term PPA for the Karcham-Wangtoo hydroelectric powerplant, we are not reimbursed for any interest payments nor any increase or decrease in interest payments for our project loans with respect to this plant. Similar, to the extent we retain power from our projects under implementation and development for sale on the open market, we will be exposed to interest rate risk.

Our financial condition and results of operations are affected by changes in interest rates, which affect (i) the amounts we are required to pay to service our borrowings in connection with our Karcham-Wangtoo hydroelectric power plant and part for our Bina thermal power project, (ii) the amounts HPSEB and UPPCL are required to pay us under the BASPA II and Vishnuprayag PPAs and (iii) our interest income and interest expense from short-term deposits and other interest-bearing financial assets and liabilities. An increase in interest rates may adversely affect our ability to service long-term debt and to finance the development of new projects, all of which may, in turn, adversely affect our financial condition and results of operations.

Foreign Currency Exchange Rate Risk

We conduct our business primarily in Indian Rupees and have minimal direct exposure to foreign exchange fluctuations. A depreciation of the Indian Rupee would, however, result in an increase in the price of imported goods and professional services that we purchase from our suppliers and foreign companies.

Under our long-term PPAs with respect to the BASPA II hydroelectric power plant and the Nigriothermal power project, HPSEB and MPPMCL are required to reimburse us for foreign exchange fluctuations in connection with our interest payments on our foreign currency loans. Because we expect to retain a portion of our total planned capacity of Nigriothermal power project for sale pursuant to short-term arrangements on the open market, we expect that an increasing proportion of our expected foreign currency loan obligations will not benefit from reimbursement pursuant to long-term PPAs. With respect to such obligations we are, and will be, exposed to foreign currency exchange risk. We do not have any foreign currency loans in connection with the Vishnuprayag and Karcham-Wangtoo hydroelectric power plants nor and Binathermal power project.

Commodities Price Risk

We are presently exposed to only minimal fuel price fluctuations because our BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power plants are run-of-the-river hydroelectric power plants that do not require fuel, and our only operating power plant that requires fuel is the Bina thermal power project, of which only the first 250 MW unit has commenced operations. However, we expect the second 250 MW unit at the Bina thermal power project to commence operations in 2013 and we expect the Nigrie thermal power project to commence operations during 2013, which will significantly increase our coal requirements in the near future. We are also currently implementing the Bara and Karchana thermal power projects, which are expected to commence operations in 2014 or later. Our fuel supply agreements provide for, fuel price payments that fluctuate with the market price of coal, which exposes us to market risk. However under the long term PPAs, the fuel price is passed through the buyers, which effectively offsets our fuel price risk to the extent of power sold pursuant to long-term PPAs.

Further, with respect to our projects that are in the early stages of developments, including the Arunachal Pradesh and Meghalaya hydroelectric projects and phase two of our Bina and Bara thermal power projects, if the price of building materials increases, we may be required to pay more for such materials.

Inflation

Inflation and deflation in India has not had a material impact on our results of operations in the past three years. According to the office of the economic adviser to the GoI, Ministry of Commerce and Industry, the annual inflation rate in India was 9.45%, 7.74%, and 7.18% , as of the weeks ended December 31, 2010, December 31, 2011 and December 31, 2012, respectively. Under our PPAs, the operation and maintenance expense component of the energy charge is indexed to inflation. Because we operate and maintain our plants in-house, rather than outsourcing these services, this component of the energy expense accrues to us rather than reimbursing us for payments to contractors. If India's WPI and CPI rise more than expected, our financial condition and earnings could improve in nominal terms based on this component of the energy charge. With respect to the projects that we are developing or propose to develop, we are exposed to inflation. If the price of transportation, wages, raw materials or any of our other operation and maintenance expenses decrease, our financial condition and earnings could improve due to reduced development costs for projects that we have not yet completed. If any of these costs increase, our financial condition and earnings could be adversely affected due to increased development costs for the projects that we have not yet completed.

RECENT DEVELOPMENTS

The following discussion relates to the Issuer on a standalone basis and does not consider the operations and results of the Company's consolidated subsidiaries. See “Risk Factors - The Interim Standalone Financial Statements and Interim Standalone Quarterly Financial Statements do not reflect our consolidated subsidiaries.”

Overview of the three months ended December 31, 2012

Our results for the three months ended December 31, 2012 were impacted by several operational factors, including the moderate generation of power in the first full period of operations of the first 250 MW unit of the Bina thermal power project following its commencement of operations on August 31, 2012; lower generation due to unseasonably low water flow; the temporary suspension of generation from the Karcham-Wangtoo hydroelectric power plant for inspection following its first year of operation; and the temporary suspension of generation from the Vishnuprayag hydroelectric power plant for maintenance of two transmission towers which form part of UPPCL's transmission line from the plant.

The first 250 MW unit of the 500 MW first phase of the Bina thermal power project commenced operations on August 31, 2012 and had moderate production during the three months ended December 31, 2012, when it operated at a plant load factor of only 34.43% as it underwent an initial stabilization period. Furthermore, although only one of the two 250 MW units comprising the first phase of the project is operational, we are required to recognize depreciation and interest with respect to 70% of the capitalized cost of the first phase of the project. Depreciation and interest associated with the project more than offset net sales of electricity from the project, resulting in a loss from the project for the three months ended December 31, 2012. In addition, fuel charges associated with the project contributed to increased expenditures.

During the three months ended December 31, 2012 power production at each of our hydroelectric power plants was adversely impacted by less favorable hydrological conditions compared with the three months ended December 31, 2011. Furthermore, the Karcham-Wangtoo hydroelectric power plant was shut down for routine inspection from December 21, 2012 through February 8, 2013, resulting in reduced production and sales of electricity during the three months ended December 31, 2012. In addition, two transmission towers which form part of the transmission line from the Vishnuprayag hydroelectric power plant were shut down for maintenance from December 11, 2012 through January 22, 2013, however we are entitled to payment for deemed energy generation during the period of the shutdown as UPPCL, our customer under the Vishnuprayag PPA, also owns and operates the transmission line.

Selected Standalone Financial Information and Operating Data of the Issuer as of and for the three month and nine month periods ended December 31, 2012 and December 31, 2011

The selected standalone financial information of the Issuer set forth below have been derived from, and should be read in conjunction with, the Interim Standalone Financial Statements included elsewhere in this Preliminary Placement Document. Solely for the convenience of the reader, the selected data set out below are presented in a format different from our Interim Standalone Financial Statements. The selected standalone financial information of the Issuer set forth below does not reflect the Company's subsidiaries. See “Risk Factors - The Interim Standalone Financial Statements and Interim Standalone Quarterly Financial Statements do not reflect our consolidated subsidiaries.”

This discussion below in this section compares the Issuer's standalone financial position and results of operations as of and for the three month periods ended December 31, 2012 and 2011, based on the reviewed financial statements for the three month period ended December 31, 2012, prepared and presented in accordance with the Revised Schedule VI. See “- Changes in Presentation of Financial Statements with Effect from April 1, 2011.”

The Interim Standalone Financial Statements and Interim Standalone Quarterly Financial Statements are prepared and presented in accordance with Indian GAAP. Neither the information set forth below nor the format in which it is presented should be viewed as comparable to information presented in accordance with Indian GAAP, U.S. GAAP, IFRS or other accounting principles. For further details please see “Risk Factors - Significant differences exist between Indian GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with Indian GAAP contained in this Preliminary Placement Document” and “Summary of Principal Differences between Indian GAAP and U.S. GAAP”.

The Interim Standalone Financial Statements and Interim Standalone Quarterly Financial Statements have been subject to a limited review conducted by our statutory Auditors, R. Nagpal Associates.

The financial information included in this Preliminary Placement Document does not reflect the Issuer's or the Company's results of operations, financial position and cash flows for the future and past operating results are no guarantee of future operating performance.

STANDALONE BALANCE SHEET OF THE ISSUER AS AT DECEMBER 31, 2012

(Rupees in Million)

Particulars	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
I. EQUITY AND LIABILITIES		
(1) Shareholders' Funds		
(a) Share Capital	26,248	26,248
(b) Reserves and Surplus	30,829	27,468
(c) Money received against share warrants	-	-
(2) Share application money pending allotment	-	-
(3) Deferred Revenue	4,514	3,723
(4) Non Current Liabilities		
(a) Long-term borrowings	153,534	130,017
(b) Deferred tax liabilities (net)	2,245	-
(c) Other Long-term liabilities	255	1,293
(d) Long-term provisions	5,555	5,688
(5) Current Liabilities		
(a) Short-term borrowings	1,364	-
(b) Trade payables	7,969	1,698
(c) Other current liabilities	22,084	10,761
(d) Short-term provisions	4,830	1,087
TOTAL	259,427	207,983
II. ASSETS		
(1) Non-current assets		
(a) Fixed assets		
(i) Tangible assets	115,916	95,246
(ii) Intangible assets	-	-
(iii) Capital work-in-progress	77,802	54,415
(iv) Intangible assets under development	-	-
	193,718	149,661
(b) Non-current investments	42,342	36,632
(c) Deferred tax assets (net)	-	-
(d) Long-term loans and advances	4,036	3,531
(e) Other non-current assets	816	1,052
(2) Current assets		
(a) Current investments	-	-
(b) Inventories	681	235
(c) Trade receivables	3,951	1,350
(d) Cash and cash equivalents	6,991	11,909
(e) Short-term loans and advances	6,656	3,346
(f) Other current assets	236	267
	18,515	17,107
TOTAL	259,427	207,983

**STANDALONE PROFIT AND LOSS ACCOUNT OF THE ISSUER FOR THE NINE MONTHS
PERIODS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011**

(Rupees in Million)

Particulars		Figures for the current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
I.	Revenue from operations	18,782	13,218
II.	Other Income	277	507
III.	Total Revenue (I+II)	19,059	13,725
IV.	Expenses :		
	Cost of raw material consumed	1,104	-
	Cost of operation and maintenance	1,115	375
	Purchase of Stock-in-trade	-	-
	Changes in inventories of finished goods work-in-progress and stock-in-trade	-	-
	Employee benefits expense	395	310
	Finance costs	8,236	6,102
	Depreciation and amortization expense	2,408	1,594
	Other expenses	276	222
	Total expenses	13,534	8,603
V.	Profit before exceptional and extraordinary items and tax (III -IV)	5,525	5,122
VI.	Exceptional items	-	-
VII.	Profit before extraordinary items and tax (V - VI)	5,525	5,122
VIII.	Extraordinary items	-	-
IX.	Profit before tax (VII-VIII)	5,525	5,122
X.	Tax Expense :		
	(i) Current tax (MAT)	1,105	1,025
	Less : MAT credit entitlement	1,105	-
	Net Current Tax	-	1,025
	(ii) Earlier years	-	-
	(iii) Previous Year - Written Off	-	-
	(iv) Fringe benefit tax of earlier year written off	-	-
	(v) Deferred tax charge	1,011	1,025
XI.	Profit/(loss) from continuing operations (IX- X)	4,514	4,097
XII.	Profit/(loss) from discontinuing operations	-	-
XIII.	Tax expense of discontinuing operations	-	-
XIV.	Profit/(loss) from discontinuing operations (after tax) (XII-XIII)	-	-
XV.	Profit/(loss) for the period (XI + XIV)	4,514	4,097
XVI.	Earnings per equity share :		
	Before Extraordinary items		
	(i) Basic	1.72	1.56
	(ii) Diluted	1.65	1.50
	After Extraordinary items		
	(i) Basic	1.72	1.56
	(ii) Diluted	1.65	1.50

**STANDALONE CASH FLOW STATEMENT OF THE ISSUER FOR THE NINE MONTHS PERIODS
ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011**

(Rupees in Million)

	Particulars	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
A.	Cash flow from operating activities		
	Profit before taxation	5,525	5,122
	<u>Add Back</u>		
	Depreciation and Amotization expenses	2,408	1,595
	Deferred Revenue on account of advance against depreciation	593	593
	Add:(Gain)/Loss on sale of Assets	-	-
	Add: Finance costs	8,237	6,103
	<u>Deduct:</u>		
	Interest Income (Interest on bank deposits)	(240)	(481)
	Interest Income (Interest on Arrears)	(19)	(24)
	Dividend Income (On Mutual Funds)	-	-
	Other Income	(18)	(2)
	Operating profit before working capital changes	16,486	12,906
	<u>Add:</u>		
	(Increase)/Decrease in Trade Receivables	353	207
	(Increase)/Decrease in Inventories	(195)	(60)
	(Increase)/Decrease in Long Term/Short Term Loans and Advances and others Current Asses	2,929	(2,111)
	<u>Deduct:</u>		
	Increase (Decrease) in Current Liabilities & Other Long Term Liabilities excluding Current Maturities of Long Term Debts	(1,311)	357
	Increase (Decrease) in Short Term and Long Term Provisions	(17)	1
	Cash generated from Operations	20,901	10,584
	<u>Adjustments for :</u>		
	Income tax paid (net of refund)	(778)	(676)
	Net cash inflow from operating activities---- 'A'	20,123	9,908
B.	Cash flow from Investing activities		
	<u>Outflow</u>		
	Investment in Fixed Assets/Capital Work in Progress	(35,754)	(30,178)
	Investment in Subsidiary	(3,710)	(569)
	<u>Inflow</u>		
	Sale of Assets	-	-
	Interest Income	259	505
	Other Income	18	2
	Net cash used in investing activities----- 'B'	(39,187)	(30,240)
C.	Cash flow from Financing activities		
	<u>Inflow</u>		
	Increase in Long Term Borrowings & Current Maturities of Long Term debt-Net	27,135	18,102
	<u>Outflow</u>		
	Interest & financial charges paid	(8,237)	(6,103)
	Net cash in financing activities--- 'C'	18,898	11,999
D.	CASH AND CASH EQUIVALENT ON	-	-

	Particulars	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
	AMALGAMATIONS.....'D'		
	Net increase/(Decrease) in cash or cash equivalent (A+B+C+D)	(166)	(8,333)
	Cash & cash equivalent at the commencement of the year (Opening balance)	7,158	20,242
	Cash & cash equivalent at the end of the year (closing balance)	6,992	11,909

Operating Data

	Three months ended December 31,	
	2012	2011
BASPA II Hydroelectric Power Plant		
Plant Availability (%)	99.80	100.00
Net Saleable Generation (MU)	130.88	159.47
Net Sale of Electrical Energy (Rs. million)	468.60	428.50
Vishnuprayag Hydroelectric Power Plant		
Plant Availability (%)	99.34	96.00
Net Saleable Generation (MU)	227.30	338.74
Net Sale of Electrical Energy (Rs. million)	602.00	742.00
Karcham-Wangtoo Hydroelectric Power Plant		
Plant Availability (%)	88.42	100.00
Net Saleable Generation (MU)	398.68	531.42
Net Sale of Electrical Energy (Rs. million)	1,761.50	2,505.40
Bina Thermal Power Plant⁽¹⁾		
Plant Availability (%)	54.00	-
Net Saleable Generation (MU)	169.22	-
Net Sale of Electrical Energy (Rs. million)	1,159.60	-

Note:

(1) The first 250 MW unit of the first phase of the Bina thermal power project, which comprises a total of two 250 MW units, commenced operations on August 31, 2012. The second 250 MW unit is expected to commence operations in 2013.

Comparison of the Issuer's standalone results of operations for the three months ended December 31, 2012 with the three months ended December 31, 2011

Income from Operations. Income from Operations increased 7.63% to Rs. 4,270 million for the three months ended December 31, 2012 from Rs. 3,967 million for the three months ended December 31, 2011, primarily due to the operation of the first 250 MW unit of the 500 MW first phase of the Bina thermal power plant, which commenced operation in August 2012. Net sales of electrical energy from the BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power plants was Rs. 468.6 million, Rs. 602.0 million and Rs. 1,761.5 million, respectively, in the three months ended December 31, 2012, compared with Rs. 428.5 million, Rs. 742.0 million and Rs. 2,505.4 million, respectively, in the three months ended December 31, 2011. Less favorable hydrological conditions in the three months ended December 31, 2012 compared with the three months ended December 31, 2011 resulted in reduced power production and net sale of electrical energy at the BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power plants. In addition, the Karcham-Wangtoo power plant was shut down for routine inspection and maintenance from December 21, 2012 through February 8, 2013, resulting in reduced production and sales at this plant during the three months ended December 31, 2012. Net sale of electrical energy from the Bina thermal power project was Rs. 1,159.6 million (including Rs. 613.0 million for reimbursement of the cost of fuel) in the three months ended December 31, 2012, compared with nil in the three months ended December 31, 2011, as the first 250 MW unit of the 500 MW first phase of the project commenced operation in August 2012. The Bina thermal power plant had moderate power production and sales during the three months ended December 31, 2012, when it operated at a plant load factor of only 34.43% and plant availability of 54% as the first 250 MW unit underwent an initial stabilization period. Sale of VERs from the BASPA II and Vishnuprayag power plants was Rs. 5.5 million, and Rs. 272.9 million, respectively, for the three months ended December 31, 2012, compared with Rs. 7.8 million, and Rs. 283.7 million, respectively, for the three months ended December 31, 2011.

Expenditure. Expenditure increased 104.24% to Rs. 2,551 million for the three months ended December 31, 2012 from Rs. 1,053 million for the three months ended December 31, 2011, primarily due to the operation of the first 250 MW unit of the 500 MW first phase of the Bina thermal power plant, which commenced operation in August 2012. Cost of fuel was Rs. 1,017 million for the three months ended December 31, 2012 compared with nil in the three months ended December 31, 2011, when the Issuer did not have any operating thermal power plants, as the first 250 MW unit of the 500 MW first phase of the Bina thermal power plant commenced operation in August 2012. Depreciation increased 46.43% to Rs. 960 million for the three months ended December 31, 2012 compared with Rs. 656 million in the three months ended December 31, 2011, primarily due to the operation of the first 250 MW unit of the 500 MW first phase of the Bina thermal power plant.

Finance Costs. Finance costs increased 20.77% to Rs. 2,874 million for the three months ended December 31, 2012 from Rs. 2,380 million for the three months ended December 31, 2011, primarily due to the operation of the first 250 MW unit of the 500 MW first phase of the Bina thermal power plant, which commenced operation in August 2012.

Profit / (Loss) from ordinary activities before tax. Due to the foregoing, the Issuer recognized a standalone loss from ordinary activities before tax of Rs. 1,043 million for the three months ended December 31, 2012 compared with a standalone profit from ordinary activities before tax of Rs. 744 million for the three months ended December 31, 2011.

Net Profit / (Loss) for the period. The Issuer recognized a standalone net loss of Rs.976 million for the three months ended December 31, 2012 compared with a standalone profit of Rs. 595 million for the three months ended December 31, 2011. Deferred tax charge was Rs. 55 million for the three months ended December 31, 2012 compared to nil for the three months ended December 31, 2011. The Issuer did not record a provision for deferred tax for the three months ended December 31, 2011 because, under then-current accounting guidance, MAT resulting from tax holiday periods was charged to the profit and loss account, such that no deferred tax liability arose as a result of tax holiday periods. However, pursuant to the revised Schedule-VI of the Companies Act, 1956, which took effect from April 1, 2011, and guidance note issued by the Institute of Chartered Accountants of India in January 2012, MAT credit is now recognized in the Issuer's accounts as deferred tax liability (net).

Long-term Open Access to Transmit Power from the Karcham-Wangtoo Hydroelectric Power Plant

In connection with the PPA between the Company and PTCIL for power generated by the Karcham-Wangtoo hydroelectric power plant, which the Company has declared void, PTCIL entered into a bulk power transmission agreement with PGCIL for long-term open access to transmit 704 MW from the plant, with effect from April 1, 2012. However, in January 2013, PGCIL advised the Company that, with effect from April 1, 2012, PTCIL will no longer be entitled to long-term open access rights under its agreement with PGCIL and that the Company will be entitled to long-term open access to transmit 704 MW from the Karcham-Wangtoo hydroelectric power plant, with effect from April 1, 2012. See "**Risk Factors – We believe that the PPA entered into between JKHCL and PTCIL in 2006 for the sale of power from the Karcham-Wangtoo hydroelectric power plant is void**" and "**Legal Proceedings and Disputes.**"

INDEBTEDNESS

The Company and its subsidiaries have entered into a variety of loans in connection with its operations and the development and implementation of its projects. The following are descriptions of certain of the Company's and Subsidiaries' loan agreements.

(I) JAIPRAKASH POWER VENTURES LIMITED

(A) NON PROJECT DEBT

1. The Company had entered into four rupee loan facility agreements each dated July 30, 2009 with ICICI Bank Limited for an amount of Rs. 10,000 million. The loans have been taken by the Company for subscribing to the equity of the Karchana, Bara thermal power projects and Karcham Wangtoo hydroelectric power plant and contributing the balance towards implementation of Nigrie power plant. The loans are secured by, among other things, a second ranking mortgage and charge of all the moveable and immovable properties and assets of SPGCL in relation to the implementation of the Karchana TPP and a second ranking mortgage and charge of all the moveable and immovable properties and assets of PPGCL in relation to the implementation of the Bara TPP. Amongst others, the agreement contains covenants to the effect that (i) the promoter shall provide for management control and ownership control for at least 51% of the issued and paid up equity share capital of the Company valid up to the tenure of the facility, (iii) without prior approval, the Company shall not contract, create, incur, assume or suffer to exist any additional indebtedness except for financial assistance for Nigrie and amount of Rs. 16.50 billion for Vishnuprayag HEP, (iv) without prior approval, the Company shall not buy back, retire, reduce, redeem, repurchase, purchase, or otherwise acquire any of its share capital now or hereafter outstanding or set aside any funds for the foregoing purposes. The loan agreements also require the Company to maintain certain financial ratios, including that the ratio of the Issuer's total debt to net worth on a standalone basis shall not exceed 3:1. The loans are repayable after a moratorium of three years in nine structured quarterly instalments the first of which was due and paid as of August 2012. The amount outstanding under the loans as on September 30, 2012 and December 31, 2012 was Rs. 9,000.00 million and Rs. 8,000 million, respectively.
2. The Company had entered into a facility agreement dated September 26, 2012 with the State Bank of India for an amount of Rs. 10,000 million. Out of this, Rs. 4,750 million is to be used for the Nigrie thermal project, Rs. 5,000 million for repayment of debt of ICICI Bank Limited and Rs. 250 million for capital expenditure. Security comprises of residual charge on entire movable and immovable fixed assets of the Company on pari passu basis and pledge by JAL of 150 million equity shares of the Company. There is also a cross-default clause in this agreement. Amongst others, the Company shall not without prior approval of the lender, (a) effect any change in its capital structure except as approved by the Board of the Company and communicated to the lender in writing prior to the date of this agreement, (ii) undertake any new project, expansion plans etc., (iii) declare any dividends for any year out of profits of that year or previous year, and (iv) permit any transfer of controlling interest or make any drastic change. The loan agreement also requires the Company to maintain certain financial ratios such as current ratio greater than or equal to 1.20, total debt gearing less than or equal to 3.5:1, (through fiscal 2014, and 3:1 thereafter) DSCR greater than or equal to 1.25, security margin greater than or equal to 25%, interest coverage ratio greater than or equal to 1.90. The loan is repayable after a moratorium of one year and repayment is to be made in four equal annual instalments. The amount outstanding under the loan as on September 30, 2012 and December 31, 2012 was Rs. 3,000.00 million and Rs. 5,000 million, respectively.
3. The Company issued 2,000 foreign currency convertible bonds ("FCCBs") of USD 0.10 million each aggregating USD 200 million on February 12, 2010 through an offering circular dated January 27, 2010. The FCCBs bear an interest rate of 5% per annum calculated semi-annually. The FCCBs are convertible anytime on and after March 25, 2010 up to the close of business on February 6, 2015 by the holders of the FCCBs into fully paid Equity Shares with full voting rights at an initial conversion price of Rs. 85.81 per Equity Share with a fixed rate of exchange on conversion of Rs. 46.14 to one USD. The conversion price is subject to adjustment in certain circumstances. Unless previously converted, redeemed or purchased, cancelled, the FCCBs will be redeemed in USD on February 13, 2015 at 111.739 % of their principal amount. The FCCBs are currently listed on the Singapore Exchange Securities Trading Limited. The FCCBs are constituted by a trust deed dated February 12, 2012 made between the Company and The Bank of New York Mellon as trustee for the holders of the FCCBs.

The FCCBs constitute direct, unsubordinated, unconditional and (subject to negative pledge) unsecured obligations of the Company. As per the terms and conditions relating to negative pledge, the Company will not, among other things, create any mortgage, charge or other form of encumbrance or security interest upon the whole or any part of its undertaking to secure any International Securities (as defined below), or to secure any guarantee or indemnity in respect of any International Securities.

“International Securities” means any present or future indebtedness in the form of, or represented by, bonds, debentures, notes or other investment securities which are for the time being, or are intended to be or capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or other securities market which is denominated in or which may (at the option of any party) be payable in or by reference to any currency other than the lawful currency (INR) for the time being of India.

The Company’s obligations under the FCCBs are also subject to certain events of default. Thus, the trustee in its discretion may, and under certain circumstances is obligated to, give notice to the Company that the FCCBs have become immediately due and repayable (without prejudice to the right of FCCB holders to exercise the conversion right in respect of their FCCBs) if certain events namely events of default have occurred. Events of default include (a) a default is made in the payment of any amounts due in respect of the FCCBs, (b) failure by the Company to deliver the Equity Shares as and when such Equity Shares are required to be delivered following conversion of a FCCB and (c) the Company not performing or complying with one or more of its other obligations and undertakings in the FCCBs or the trust deed which default or breach is incapable of remedy or, if in the opinion of the trustee capable of remedy, is not in the opinion of the trustee remedied within 15 days after written notice of such default or breach has been given to the Company by the trustee.

As on December 31, 2012, no conversion of the FCCBs has taken place and the entire aggregate principle amount of FCCBs is outstanding.

4. The Company issued 14,049 secured redeemable non-convertible debentures of Rs.10,00,000 each (“**NCDs**”) for cash at discount aggregating Rs. 9999.8 million on March 31, 2010 through an information memorandum dated March 30, 2010. The NCDs do not carry any annual coupon payment but bear a yield of 12% p.a and have a maturity tenor of three years. The NCDs are currently listed on the wholesale debt market segment of BSE Limited. The NCDs are constituted by a trust deed dated June 28, 2012 made between the Company with ICICI Bank Limited by way of which ICICI Bank Limited has subscribed to certain number of the non-convertible debentures of the Company for an aggregate total amount of Rs. 9,999.80 million. The amount outstanding under the non convertible debentures as on September 30, 2012 and December 31, 2012 was Rs. 9,999.80 million and Rs. 9,999.80 million, respectively.
5. The Company issued 1,59,500 secured redeemable non-convertible debentures of Rs.1,00,000 each (“**NCDs**”) for cash aggregating Rs. 9,825.87 million on June 30, 2012 through an information memorandum dated June 29, 2010. The NCDs do not carry any annual coupon payment. The NCDs are redeemable in four tranches with a final maturity tenor of five years. The NCDs are currently listed on the wholesale debt market segment of the BSE Limited. The NCDs are constituted by a trust deed dated August 26, 2010 made between the Company with IDBI Trusteeship Services Limited (“**IDBI Trusteeship**”) by way of which IDBI Trusteeship has subscribed to certain number of the non-convertible debentures of the Company for an aggregate total amount of Rs. 9825.87 million. The amount outstanding under the non convertible debentures as on September 30, 2012 and December 31, 2012 was Rs. 9,825.87 million and Rs. 9,825.87 million, respectively.

(B) BASPA II hydroelectric power plant

1. The Company had entered into a common loan agreement dated December 19, 2009 as amended by way of an amendment agreement dated May 11, 2010 with State Bank of India, Andhra Bank, Punjab National Bank, UCO Bank, Oriental Bank of Commerce, Allahabad Bank, United Bank of India, IDBI Bank Limited and IFCI Limited for an amount of Rs. 8,450 million. The loan has been taken by the Company for the (i) repayment of the existing senior rupee debt; (ii) funding of new and on-going projects of the Company and the Jaypee group; and (iii) meeting fresh debt raising expenses. The loan is secured by way of a (i) first charge on the receivables (of any nature), present or future, of the BASPA II HEP; (ii) first ranking charge on all the immovable assets of the BASPA II HEP; (iii) hypothecation of

all movable assets; (iv) pledge by JAL of 629,100,000 Equity Shares of the Company ranking pari passu with lenders of Vishnuprayag HEP and Nigrie TPP; and (v) equitable mortgage of all immovable properties of the Company in connection with the BASPA II HEP. The Company had also entered into a trust and retention account agreement which specifies the manner and priorities of utilisation of the funds received and deposited by the Borrower for and from the BASPA II HEP. The loan agreement requires the Company to maintain certain financial ratios such as (i) total outstanding liabilities / tangible net worth of the Issuer, on a standalone basis, of less than equal to 3; (ii) a debt service coverage ratio of greater than or equal to 1.10 for the BASPA II HEP and current ratio of greater than or equal to 1.33 for the BASPA II HEP. The loan is repayable in 56 quarterly instalments commencing from July 15, 2010 with 56th instalment being payable on October 15, 2023. The amount outstanding under the loan as on September 30, 2012 and December 31, 2012 was Rs. 6,441.38 million and Rs. 6,251.1 million, respectively.

2. The Company had entered into a loan agreement dated December 21, 1998 with Power Finance Corporation Limited for an amount of Rs. 1,700 million for the purpose of setting up of the BASPA II plant. The amount outstanding under the loan as on September 30, 2012 and December 31, 2012 was Rs. 340 million and Rs. 297.5 million, respectively.
3. The Company had entered into a loan agreement dated April 9, 2008 with IFCI Limited for an amount of Rs. 500 million for replacing a part of the term loans taken from other lenders. The amount outstanding under the loan as on September 30, 2012 and December 31, 2012 was Rs. 286.5 million and Rs. 280.1 million, respectively.
4. The Company had entered into a loan agreement dated December 22, 1998 with Industrial Investment Bank of India Limited for an amount of Rs. 150 million for purpose of meeting the part cost of setting up of the BASPA II plant. The amount outstanding under the loan as on September 30, 2012 and December 31, 2012 was Rs. 61.6 million and Rs. 60.2 million, respectively.
5. The Company has entered into a master facility agreement dated February 20, 2006 and other ancillary documents with Punjab National Bank for availing a working capital facility of Rs. 690 million (Rs. 440 million fund based and Rs. 250 million non-fund based). The amount outstanding under the working capital facility as on September 30, 2012 and December 31, 2012 was Rs. 400 million and Rs. 400 million, respectively.
6. The Company has entered into a loan agreement dated January 25, 1999 as amended by way of an agreement dated May 28, 1999 with Bayerische Hypo Und Vereinsbank Aktiengesellschaft, Munich for an amount of US\$ 12.49 million. The amount outstanding under the loan as on September 30, 2012 and December 31, 2012 was Rs. 125.7 million and Rs. 130.9 million, respectively.
7. The Company has entered into a buyer credit agreement dated June 8, 1999 with Credit Lyonnais (which was subsequently renamed as Credit Agricole) for an amount of US\$ 17.91 million. The amount outstanding under the buyer credit agreement as on September 30, 2012 and December 31, 2012 was Rs. 235.9 million and Rs. 204.6 million, respectively.
8. The Company has entered into a loan agreement dated 28 May 1999 with Bayerische Hypo Und Vereinsbank Aktiengesellschaft, Munich for an amount of US\$ 12.49 million. The amount outstanding under the loan as on September 30, 2012 and December 31, 2012 was Rs. 127 million and Rs. 132 million, respectively.
9. The Company has entered into a foreign currency loan agreement dated January 19, 2000 with IDBI Bank Limited for an amount of US\$ 4.76 million. The amount outstanding under the loan as on September 30, 2012 and December 31, 2012 was Rs. 24.4 million and Rs. 21.78 million, respectively.

(C) Vishnuprayag hydroelectric power plant

1. The Company had entered into a common loan agreement dated June 23, 2009 along with addendums dated September 15, 2009 and October 9, 2010 with the State Bank of India, Andhra Bank, State Bank of Bikaner and Jaipur, State Bank of Patiala, State Bank of Travancore, Bank of India, Oriental Bank of Commerce, Allahabad Bank and Dena Bank and IDBI Trusteeship Services Limited for an amount of Rs. 16,500 million. The loan has been taken by the Company for the repayment of the existing senior debt

and funding of new and on-going projects and additionally for repayment of the outstanding bridge loan amounts. The loan is secured by a (i) first ranking charge on book debts, operating cash flows, receivables, commissions, revenue of whatsoever nature and wherever arising, present and future of the project, and on all the accounts of the project, (ii) first ranking charge on all the accounts of the project including but not limited to the trust and retention account, escrow account, and debt service reserve account and each of the other accounts required to be created by the Company under any project document or contract; (iii) first ranking charge on all intangible assets of the project (iv) first ranking charge by way of hypothecation of all the movable assets, (v) first ranking security on all rights, title, interests, benefits, claims and demands of the Company with respect to the insurance policies, (vi) pledge by JAL of 62,91,00,000 equity shares of the Company ranking *pari passu* with the lenders of BASPA II HEP and Nigrie TPP, (v) a power of attorney issued to the security trustee in connection with the pledge created, (vi) a first ranking equitable mortgage within six months of the first drawdown date on all rights, title, interests and benefits in respect of the immovable properties; (vii) undertaking to assign to the security trustee all permits, approvals and consents granted in connection with the project; and an (viii) undertaking from the sponsor (being JAL) that it shall not cause any change in the shareholding of the Company that results in fall of its aggregate shareholding below 51% in the Company at any time during the currency of the term loan. The loan agreement also requires the Company to maintain certain financial ratios such as total outstanding liabilities / tangible net worth of less than or equal to three; debt service coverage ratio greater than or equal to 1.10 for the Vishnuprayag hydroelectric power plant, and current ratio greater than or equal to 1.33 for the Vishnuprayag hydroelectric power plant. The loan is repayable in 55 quarterly instalments commencing from November 1, 2009 with the 55th instalment being payable on February 1, 2023. The amount outstanding under the loan as on September 30, 2012 and December 31, 2012 was Rs. 11,102.50 million and Rs. 10,772.5 million, respectively.

2. The Company had entered into a loan agreement dated March 26, 2008 with the ICICI Bank Limited for an amount of Rs. 600 million. The amount outstanding under the loan as on September 30, 2012 and December 31, 2012 was Rs. 120 million and Rs. 90 million, respectively.
3. The Company had entered into a domestic foreign currency facility agreement dated May 15, 2002 with the Power Finance Corporation Limited for an amount of US\$ 308.20 million. The amount outstanding under the loan as on September 30, 2012 and December 31, 2012 was Rs. 773.7 million and Rs. 762.79 million, respectively.

(D) Karcham-Wangtoo hydroelectric power plant

1. The Company had entered into a common loan agreement dated October 4, 2006 along with an addendum dated November 16, 2006 with ICICI Bank Limited, IDBI Trusteeship Services Limited, Rural Electrification Corporation Limited, Punjab National Bank, Housing and Urban Development Corporation Limited, Indian Bank, Allahabad Bank, Central Bank of India, Industrial Development Bank of India Limited, Small Industries Development Bank of India, Union Bank of India, Bank of India, and Jammu and Kashmir Bank Limited for an amount of Rs. 39,200.00 million. The loan has been taken by the Company for construction of the project (being the development, design, procurement, ownership, construction, commissioning, operation and maintenance of the Karcham-Wangtoo HEP). The loan is secured by a (i) mortgage and charge over all the Company's immovable and movable properties and assets, business and undertakings, both present and future, (ii) charge on all intangible assets including but not limited to the goodwill, undertaking and uncalled capital of the Company, (iii) assignment of all revenues and receivables of the Company from the project or otherwise, (iv) assignment of all the licenses, permits, approvals, assignments, concessions and consents in respect of or in connection with the project, (v) assignment on all of the Company's accounts, (vi) charge on all the construction and operating period insurance policies relating to the project on a *pari-passu* basis and naming the security trustee as additional insured and loss payees, (vii) pledge of the shares held by the JAL representing 30% of the issued and outstanding shares of JKHCL which was subsequently replaced by a pledge of 120.60 million shares of the Company due to the amalgamation of JKHCL with the Company, (viii) execution by the sponsor of a non disposal and safety net agreement in favour of the security trustee, (ix) charge on and assignment of each letter of credit/guarantee or performance bond that may be posted by any party to project documents for the Company's benefit, including the payment security mechanism, and (x) charge on the escrow account. The security created or to be created to secure each facility shall be in a form and manner acceptable to the lenders and shall rank *pari passu* with the security created or to be created to secure other facilities. There is also a cross-default clause in this agreement and the agreement *amongst others* states, the Company shall not issue equity or preference capital, any securities convertible into or

exchangeable for its equity or preference capital and any rights to subscribe for or to purchase, or any option for the purchase of or any agreements, arrangements or understandings providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any characters relating to its equity or preference capital except to the extent permitted under the financing documents. The share retention and financial support agreement dated October 4, 2006 which forms a part of the financing documents states, until the final settlement date, the sponsor agrees that it shall not effect any disposal of its share nor shall the sponsor cause or permit the Company to issue shares, unless the terms and conditions set out in section 2.2 are complied with. Section 2.2 states that, notwithstanding anything to the contrary contained in this agreement or in any transaction document, but subject always to the rights of the secured parties in respect of enforcement of security, the sponsor, further agrees and undertakes that at all times: a) until the expiry of two years from the date of the final completion, the sponsor shall solely hold, maintain, own (legally and beneficially) and control, shares of the Company constituting a minimum of 76% of the total issued and paid up equity share capital of the Company, b) until the final settlement date, the sponsor shall not transfer any shares held by it to any affiliate of the Company except with the prior written permission of the lenders and c) during the period commencing from the end of two (2) years after final completion and ending on the final settlement date, the sponsor shall hold, maintain (legally and beneficially), and control shares of the Company constituting a minimum of 51% of the total issued and paid up equity share capital of the Company. The loan agreement also requires the Company to maintain certain financial ratios such as the debt:equity ratio of the Issuer on a standalone basis shall not exceed 70:30, the debt service coverage ratio, for the previous twelve (12) months shall be less than 1.2. The loan is repayable in 75 instalments commencing from June 15, 2012 with 75th instalment being payable on October 15, 2026. The amount outstanding under the loan as on September 30, 2012 and December 31, 2012 was Rs. 3,618.88 million and Rs. 35,677.1 million, respectively.

Pursuant to various novation agreements the loan is currently held by ICICI Bank Limited (Rs. 7,000 million), Infrastructure Development Finance Company Limited (Rs. 7,000 million), Punjab National Bank; (Rs. 7,000 million); Allahabad Bank (Rs.4,000 million), Indian Bank (Rs. 4,000 million), Central Bank of India (Rs. 3,200 million), Industrial Development Bank of India Limited (Rs. 1,500 million), Small Industries Development Bank of India (Rs. 1,500 million), Union Bank of India (Rs. 1,000 million), Bank of India (Rs. 1,000 million) and Jammu and Kashmir Bank Limited (Rs. 1,000 million).

2. The Company had entered into a common loan agreement dated May 9, 2011 with ICICI Bank Limited, IDBI Bank Limited, Union Bank of India, Bank of India, Punjab National Bank, Jammu and Kashmir Bank Limited and Infrastructure Development Finance Company Limited for an amount of Rs. 10,850 million. The loan has been taken by the Company for financing of Karcham Wangtoo hydroelectric project. The loan is secured by, among other things, a (i) mortgage and charge over all the Company's immovable and movable properties and assets, business and undertakings, both present and future, (ii) charge on all intangible assets including but not limited to the goodwill, undertaking and uncalled capital of the Company, (iii) assignment of all revenues and receivables of the Company from the project or otherwise, (iv) assignment of all titles, licenses, permits, approvals, assignments, concessions and consents in respect of or in connection with the project, (v) assignment on all of the Company's accounts, (vi) charge on all the construction and operating period insurance policies relating to the on a *pari-passu* basis and naming the security trustee as additional insured and loss payees, (vii) pledge of the shares held by the sponsor (being JAL) representing 30% of the issued and outstanding shares of JKHCL which was subsequently replaced by a pledge of 120.60 million shares of the Company due to the amalgamation of JKHCL with the Company, (viii) execution by the sponsor of the non disposal and safety net agreement in favour of the security trustee, (ix) charge on and assignment of each letter of credit/guarantee or performance bond that may be posted by any party to a project document for the Company's benefit, and (x) charge on the escrow account. The security created or to be created to secure each facility shall be in a form and manner acceptable to the lenders and shall rank *pari passu* with the security created or to be created to secure other facilities. There is also a cross-default clause in this agreement and the agreement *amongst others* states, the Company shall not issue equity or preference capital, any securities convertible into or exchangeable for its equity or preference capital and any rights to subscribe for or to purchase, or any option for the purchase of or any agreements, arrangements or understandings providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any characters relating to its equity or preference capital except to the extent permitted under the financing documents. The share retention and financial support agreement dated June 16, 2011 which forms a part of the financing documents states, until the final settlement date, (erstwhile) JPVL agrees that it shall not effect any disposal of its share nor shall (erstwhile) JPVL cause or permit the Company to issue shares, unless the terms and conditions set out in section 2.2 are complied with. Section 2.2 states that, notwithstanding

anything to the contrary contained in this agreement or in any transaction document, but subject always to the rights of the secured parties in respect of enforcement of security, the sponsor, further agrees and undertakes that at all times: a) until the expiry of two years from the date of the final completion, the sponsor shall solely hold, maintain, own (legally and beneficially) and control, shares of the Company constituting a minimum of 76% of the total issued and paid up equity share capital of the Company, b) until the final settlement date, (erstwhile) JPVL shall not transfer any shares held by it to any affiliate of the Company except with the prior written permission of the lenders and c) during the period commencing from the end of two (2) years after final completion and ending on the final settlement date, the sponsor shall hold, maintain (legally and beneficially), and control shares of the Company constituting a minimum of 51% of the total issued and paid up equity share capital of the Company. The loan agreement also requires the Company to maintain certain financial ratios such as the debt: equity ratio of the Issuer, on a standalone basis, shall not exceed 70:30. On and from the date of commercial operation of the fourth unit, the debt service coverage ratio, for the previous twelve (12) months should be less than 1.2 when tested on each interest payment date. The loan is repayable in 75 instalments commencing from June 15, 2012 with 75th instalment being payable on October 15, 2026. The amount outstanding under the loan as on September 30, 2012 and December 31, 2012 was Rs. 9,191.60 million and Rs. 9,053.3 million, respectively.

3. The Company had entered into a common loan agreement dated September 7, 2011, with IDBI Bank Limited for an amount of Rs. 3,050 million. The loan has been taken by the Company for purposes of working capital requirement. The loan is secured amongst others by a (i) first charge ranking pari-passu on all existing securities rupee term lenders of the project of 1,000 MW as per the common term agreement dated October 4, 2006 and additional facility Common Term Agreement dated May 9, 2011, (ii) first charge by way of hypothecation of the Company's Karcham-Wangtoo HEP, current assets and all movable current assets and whole of the moveable properties of the Company's Karcham-Wangtoo HEP, (iii) mortgage and charge over all immovable properties and assets, business and undertakings, both present and future in respect of the Company's Karcham-Wangtoo HEP, (iv) charge on all intangible assets including but not limited to the goodwill, undertaking and uncalled capital of the Karcham-Wangtoo HEP of the Company, (v) assignment of all revenues and receivables of the Company's Karcham-Wangtoo HEP or otherwise, (vi) assignment on all the Karcham-Wangtoo HEP accounts of the Company, (vii) charge on all the construction and operating period insurance policies relating to the Karcham-Wangtoo HEP on a pari-passu basis and naming the security trustee as an additional insured and loss payees, (viii) pledge of the shares held by the sponsors of the Company representing 30% of the issued and outstanding shares of JKHCL which was subsequently replaced by a pledge of 120.60 million shares of the Company due to the amalgamation of JKHCL with the Company and (ix) charge on the escrow account. Amongst others, the Company shall not without the written prior permission, (i) effect any change in the Company's capital structure, (ii) formulate any scheme of amalgamation/diversification/modernisation other than incurring routine capital expenditure and (iii) undertake guarantee obligations on behalf of any third party or any other company. Under the agreement the current ratio should be greater than equal to 1.33 for the project. The amount outstanding under the loan as on September 30, 2012 and December 31, 2012 was Rs. 500.00 million and Rs. 498.60 million, respectively.

(E) Bina thermal power project (Phase I)

1. The Company has entered into a common loan agreement dated November 9, 2009 as amended by way of an amendment agreement dated June 2, 2012 with IDBI Bank Limited, Central Bank of India, Punjab National Bank, Union Bank of India, Canara Bank, Allahabad Bank, State Bank of Patiala, the Jammu and Kashmir Bank Limited, State Bank of Hyderabad, Bank of Rajasthan Limited for an initial term loan of Rs. 19,280 million for the development, design, engineering, procurement and construction, commissioning and operation of the Bina TPP. The loan is secured by (a) a first ranking pari passu mortgage and charge in favour of lenders on all the immoveable properties/assets pertaining to the Bina TPP, both present and future; (b) a first ranking pari passu mortgage by way of hypothecation in favour of lenders on all the Company's movables, including plant and machinery, machineries pares raw material etc and all other moveable assets pertaining to the Bina TPP; (c) a first ranking pari passu in favour of lenders on Company's book debts, operating cash flows, receivables, etc, both present and future in respect of the Bina TPP; (d) a first ranking pari passu charge by way of assignment or creation of security interest in favour of lenders in all rights, interest, benefits, claims, and demands whatsoever of the Company in the Bina TPP documents, clearances, letters of credit, guarantee, performance bond and all insurance contracts in respect of the Bina TPP; (e) a first ranking pari passu mortgage, charge,

hypothecation, security interest in favour of security trustee in respect of letters of credit, escrow account, trust and retention account, debt service reserve account and other reserves; and (f) a first ranking pari passu pledge in respect of 6,48,09,231 equity shares held by JAL in the Company. Under the loan agreement the Company is required from the scheduled commercial operations date of the Bina TPP or from fiscal year 2014 whichever is earlier during the term of the agreement to maintain (i) long term debt equity ratio of the Issuer, on a standalone basis, at 2.33:1; (b) debt service coverage ratio at 1.20:1; and (c) fixed assets coverage ratio at 1.25:1. In the event the Company commits a default in payment of any two consecutive repayment instalments, payment of interest or any combination thereof, the lenders shall have a right to convert the whole or part of the defaulted mount of debt of the facility / loan into fully paid up equity shares of the Company. The Company shall pay 80% of the loan to the lenders in 40 equal quarterly instalments, commencing from the end of six months from the commercial operations date of the Bina TPP and balance 20% shall be repaid as a bullet repayment at the end of 10 years from the end of six months from the commercial operations date of the Bina TPP. The amount outstanding under the loan as on September 30, 2012 and December 31, 2012 was Rs. 19,216.80 million and Rs. 19,280.00 million, respectively.

2. The Company has entered into an additional common loan agreement dated June 2, 2012 as amended by way of an amendment agreement dated June 2, 2012 with IDBI Bank Limited, Central Bank of India, Punjab National Bank, Union Bank of India, State Bank of Patiala and the Jammu and Kashmir Bank Limited for an additional term loan of Rs. 3,400 million for the purpose of financing the cost overruns of the Bina TPP. The loan is secured by, among other things, (a) a first ranking pari passu mortgage and charge in favour of lenders on all the immoveable properties/assets pertaining to the Bina TPP, both present and future; (b) a first ranking pari passu mortgage by way of hypothecation in favour of lenders on all the Company's movables, including plant and machinery, machineries pares raw material etc and all other moveable assets pertaining to the Bina TPP; (c) a first ranking pari passu in favour of lenders on Company's book debts, operating cash flows, receivables, etc, both present and future in respect of the Bina TPP; (d) a first ranking pari passu charge by way of assignment or creation of security interest in favour of lenders in all rights, interest, benefits, claims, and demands whatsoever of the Company in the Bina TPP documents, clearances, letters of credit, guarantee, performance bond and all insurance contracts in respect of the Bina TPP; (e) a first ranking pari passu mortgage, charge, hypothecation, security interest in favour of security trustee in respect of letters of credit, escrow account, trust and retention account, debt service reserve account and other reserves; and (f) a first ranking pari passu pledge in respect of 6,48,09,231 equity shares held by JAL in the Company. Under the loan agreement the Company is required from the scheduled commercial operations date of the Bina TPP or from fiscal year 2014 whichever is earlier during the term of the agreement to maintain (i) long term debt equity ratio at 2.33:1 at the Issuer level on a standalone basis; (b) debt service coverage ratio at 1.20:1; and (c) fixed assets coverage ratio at 1.25:1. In the event the Company commits a default in payment of any two consecutive repayment instalments, payment of interest or any combination thereof, the lenders shall have a right to convert the whole or part of the defaulted mount of debt of the facility / loan into fully paid up equity shares of the Company. The Company shall pay 80% of the loan to the lenders in 40 equal quarterly instalments, commencing from the end of the moratorium period (commencing on January 1, 2013) and balance 20% shall be repaid as a bullet repayment at the end of 10 years from the end of the moratorium period (commencing on January 1, 2013). The amount outstanding under the loan as on September 30, 2012 and December 31, 2012 was Rs. 2,137.54 million and Rs. 3,000.00 million, respectively.
3. The Company has entered into a working capital facility consortium agreement dated November 9, 2012 with IDBI Bank Limited, the Jammu and Kashmir Bank Limited and State Bank of Patiala for an amount of Rs. 3,170 million. The working capital facility is secured by way of (i) a first ranking pari passu mortgage and charge on all of the project's immovable properties / assets pertaining to the Bina TPP; (ii) a first ranking pari-passu charge by way of hypothecation of all the Company's movable property; (iii) a first ranking pari passu charge on project's book debts, operating cash flows, receivables, commissions, revenues of any nature; (iv) a first ranking pari passu charge by assignment or creation of security interest in all the right, title, interest, benefit, claims and demands of the Company in the project documents in connection with the Bina therma project; (v) first ranking pari passu charge on the letter of credit, escrow account, trust and retention account, debt service reserve account and other reserves and any bank account of the company in relation to the Bina TPP; and (vi) a first ranking pari passu pledge in respect of 64,809,231 Equity Shares held by JAL in the Company. Under the working capital facility consortium agreement, the Company is required to maintain a margin as stipulated by the lenders. The Company is required to maintain a current ratio of 1.33 times for the Bina TPP at any point of time. The

Company is also required to maintain a sufficient quantity of security to provide the asset cover as may be required by the lenders at their discretion and in the event of deficiency provide additional securities to maintain the asset cover. The amount outstanding under the working capital facility as on September 30, 2012 and December 31, 2012 was Rs. 748.96 million and Rs. 865.40 million, respectively.

(F) Nigrie thermal project

1. The Company had entered into a common loan agreement dated May 7, 2010 as amended by way of an agreement dated May 7, 2010 and January 28, 2011 with ICICI Bank Limited, Bank of Baroda, Bank of Maharashtra, Canara Bank, Central Bank of India, Corporation Bank, IDBI Bank Limited, Infrastructure Development Finance Company, Indian Overseas 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 Patiala, Syndicate Bank, UCO Bank and United Bank of India for an amount of Rs. 56.70 billion. The loan has been taken by the Company for designing, procuring, constructing, developing, owning, commissioning and operating of the Nigrie thermal project (the “**Project**”). The loan is secured by a first ranking mortgage / hypothecation / charge / security interest over, (i) all the immovable properties of the Company in relation to the Project (both present and future); (ii) all the movable properties of the Company in relation to the Project (both present and future); (iii) all intangible properties of the Company pertaining to the Project including but not limited to goodwill; (iv) all revenues and receivables of the Company from the Project; (v) all of the Company’s benefits under each of the Project documents; (vi) all of the Company’s accounts in relation to the Project; (vii) benefits under insurance contracts; (viii) pledge of a minimum of 160.46 million equity shares of the Company which was subsequently replaced with a pledge of 629.1 million equity shares of the Company; and (ix) such pledge to rank *pari passu* to pledge of shares created for the securing Vishnuprayag HEP. There is also a cross-default clause in this agreement. Further the agreement requires the sponsor to provide a sponsor’s undertaking pursuant to which the sponsor shall (i) hold at all times at least 30% of the paid up capital in JPVL; (ii) retain management control; (iii) subscribe to equity shares of Rs. 1.80 billion of JPVL; (iv) contribute additional amounts to cost overruns; (v) ensure debt to equity ratio in relation to the NigrieTPP does not exceed 70:30 at any time. Further until the final settlement date the Company shall *amongst others* ensure that, (i) the Company shall not create, contract, incur, assume or suffer to exist any indebtedness without the prior written approval of the secured parties (the rupee lenders) except for any permitted indebtedness (indebtedness given to Vishnuprayag and BASPA II HEP, LC counter guarantee to the extent of Rs. 5.6 billion and working capital of Rs. 6 billion), (ii) the Company shall not carry on any other activity other than completion of project and existing projects, set up new subsidiaries, issue any guarantee, indemnity or undertake any other transaction having similar effect without prior approval, (iii) the Company shall not raise any equity or preference capital, or list or delist any of its securities on any recognised stock exchange in India or otherwise alter its share capital in any manner, except to the extent permitted under the financing documents. Provided nothing shall affect the ability of the Company to undertake a private placement of its shares or to initiate an initial public offer in order to list its shares on any recognised stock exchange by offering fresh equity shares of the face value of Rs. 10 subject to the obligations under the sponsor’s undertaking. The loan agreement also requires the Company to maintain certain financial ratios such as (a) debt service coverage ratio shall at all times be in excess of 1.20 and debt to equity ratio at the Nigrie TPP level will not at any point exceed 70:30. The loan is repayable in 40 quarterly instalments commencing from six months of the scheduled commercial operations date or six months from the commercial operations date whichever is earlier. The amount outstanding under the loan as on September 30, 2012 and December 31, 2012 was Rs. 32,253.00 million and Rs. 36,505.00 million, respectively.

Pursuant to an external commercial borrowing facility agreement dated March 31, 2011, ICICI Bank has converted a portion of its financial commitment under the foregoing facility and granted an ECB facility of JPY 15,300 million to the Company.

(II) JAYPEE POWERGRID LIMITED (Transmission project)

1. JPL had entered into a loan agreement dated December 9, 2011 with State Bank of India for a term loan of Rs. 2,500 million for the purpose of takeover of the debt of the existing lenders and towards meeting the capital expenditure of the Jaypee powergrid transmission line. The term loan is secured by a first *pari passu* charge on (a) over JPL’s (i) movable properties and assets, business and undertakings both present and future; (ii) intangible assets including but not limited to goodwill, undertaking and uncalled capital, (iii) revenues and receivables of the Company from the project; (b) assignment/charge/security interest of the JPL’s right under each of the documents in relation to the Jaypee powergrid transmission line; (c)

assignment of and/or charge of rights under all licenses, permits, approvals, assignments, consents as permitted under applicable law; (d) assignment/charge over JPL's trust and retention accounts, debt service reserve account and any other bank accounts maintained by JPL; (e) charge on all movable assets, book debts, operating cash flows, receivables, commissions, charge on intangible assets, bank accounts including charge by way of assignment of rights and benefits under the project related documents; and (f) pledge of 30% of issued and paid up equity share capital of JPL by the Company. JPL is required to maintain (a) a debt service coverage ratio greater than or equal to 1.25; (b) fixed asset coverage ratio greater than or equal to 1.25; and total outstanding liabilities / tangible net worth of less than equal to 3:1. The loan is repayable in 44 quarterly instalments. The amount outstanding under the loan as on September 30, 2012 and December 31, 2012 was Rs. 2,500 million and Rs. 2,500 million, respectively.

2. JPL has entered into a common loan agreement dated June 17, 2008 as amended by way of novation dated October 23, 2012 with ICICI Bank Limited, Punjab National Bank, Central Bank of India, United Bank of India, the Jammu and Kashmir Bank Limited and Indian Overseas Bank for a term loan of Rs. 7,000 million. The loan is secured by way of first ranking (a) charge over all JPL's (i) movable properties and assets, business and undertakings both present and future; (ii) intangible assets including but not limited to goodwill, undertaking and uncalled capital, (iii) revenues and receivables of JPL from the Jaypee powergrid transmission line; (b) assignment/charge/security interest of the JPL's right under each of the documents in connection with the Jaypee powergrid transmission line; (c) assignment of and/or charge of rights under all licenses, permits, approvals, assignments, consents as permitted under applicable law; (d) assignment/charge over all of JPL's account; (e) charge on all construction and operating period insurance policies relating to Jaypee powergrid transmission line; and (f) pledge of 30% of issued and paid up equity share capital of JPL. JPL is required to maintain a debt service coverage ratio of not less than 1.2 at all times from the scheduled commercial operations date until the final settlement date. The loan is repayable in 46 equal quarterly instalments commencing on the date occurring at the end of immediately succeeding six months from scheduled commercial operations date or the project commercial operations date whichever is earlier. The amount outstanding under the loan as on September 30, 2012 and December 31, 2012 was Rs. 4,304.34 million and Rs. 4,206.6 million, respectively.
3. JPL had entered into a master facility agreement dated December 28, 2011 with ICICI Bank Limited for an amount of Rs. 250 million for meeting working capital requirements of JPL. The amount outstanding under the working capital facility as on September 30, 2012 and December 31, 2012 is Rs. 235.41 million and Rs. 207.8 million, respectively.
4. JPL had entered into a working capital facility agreement dated September 24, 2012 with ICICI Bank Limited for an amount of Rs. 500 million for meeting working capital requirements of Karcham Wangtoo hydroelectric project. The amount outstanding under the working capital facility as on September 30, 2012 and December 31, 2012 was Rs. 200 million and Rs. 350 million, respectively.

(III) PRAYAGRAJ POWER GENERATION CO. LTD (Bara thermal power project phase I)

1. PPGCL has entered into a loan agreement dated September 28, 2010 for a term loan of Rs. 80,850 million for part funding the capital expenditure of the Bara thermal project with State Bank of India, Canara Bank, Corporation Bank, State Bank of Bikaner and Jaipur, United Bank of India, L & T Infrastructure Finance Company Limited, L & T Finance Limited, Bank of Baroda, Bank of India, Oriental Bank of Commerce, Life Insurance Corporation of India, Indian Overseas Bank, Indian Bank, Punjab National Bank, Andhra Bank, UCO Bank, State Bank of Hyderabad and IDBI Bank Limited. State Bank of India had further assigned Rs. 2,500 million and Rs. 4,000 million of its commitment under the loan agreement to PTC India Financial services Limited and Union Bank of India respectively. The loan is secured by way of (a) a first charge on PPGCL's immovable properties, present and future, other than the land for Bara thermal project; (b) a first charge on PPGCL's movable properties; (c) a first charge on all receivables of PPGCL; (d) a first charge on the trust and retention account, debt service reserve account and other reserves and any bank accounts maintained by PPGCL wherever maintained, present and future; (e) first charge on all documents in connection with the Bara thermal project; (f) a pledge by the Company of equity shares of PPGCL to the extent of 51% of the total paid up capital of PPGCL; (g) a first charge on the land for the Bara thermal project; and (h) a pari passu charge along with the lenders of the Karchana TPP on the right of way and railway siding of the Karchana TPP. Under the loan agreement PPGCL has to maintain a debt to equity ratio of 75:25. 75% of the loan is repayable in 40 quarterly instalments beginning from December 31, 2014. On December 30, 2024 the entire balance of

25% shall be payable by a single bullet instalment. The amount outstanding under the working capital facility as on September 30, 2012 and December 31, 2012 was Rs. 29,924 million and Rs. 35,894.3 million, respectively.

OUR INDUSTRY

Unless otherwise indicated, the information in this section has been derived from various Indian government publications and industry reports, and has not been prepared or independently verified by us, the Sole Global Co-ordinator and Book Running Lead Manager, the Lead Managers or any of our or its respective affiliates or advisors. The information may not be consistent with other information compiled within or outside India.

Overview of the Indian Economy

India, the world's largest democracy in terms of population (1.205 billion, estimated as of July 2012), had an estimated GDP on a purchasing power parity basis of approximately US\$4.74 trillion in 2012. This makes it the fourth largest economy by GDP in the world after the European Union, the United States of America and China. (Source: *CIA World Factbook accessed on February 4, 2013*)

India's economy is also among the fastest growing economies by GDP globally. Its real GDP has grown at an average rate of more than 7% since 1997 (Source: *CIA World Factbook accessed on February 4, 2013*) with increased domestic consumption, infrastructure focus and capital expenditure by corporations across various sectors. This rise in per capita income has created an increase in both wealth and disposable income in India.

In 1991, the Government initiated a series of comprehensive macroeconomic and structural reforms to promote economic stability and growth. The key policy reforms initiated by the Government focused on implementing fundamental economic reforms, deregulating industry, accelerating foreign investment and promoting a privatization program for divestiture of public sector units. Although the Indian economy has improved markedly since the implementation of economic reforms, India continues to lag behind other major economies with respect to its development of its infrastructure.

The Indian economy is based on planning through successive five-year plans that set out targets for economic development in various sectors, including the power sector. The Tenth Plan covers Fiscal 2002 through Fiscal 2007, the Eleventh Plan covers Fiscal 2008 through Fiscal 2012 and the Twelfth Plan covers Fiscal 2013 through Fiscal 2017. The Twelfth Plan was approved by the Union Cabinet in October 2012 and is expected to be placed before the National Development Council for discussion on December 27, 2012. According to the Approach Paper for the Twelfth Five Year Plan 2012-17 released by the Planning Commission in October 2011, inadequate infrastructure was a major constraint on rapid growth during the Eleventh Plan. The Twelfth Plan will likely continue the push to accelerate the pace of investment in infrastructure, as this is critical for sustaining and accelerating growth.

Infrastructure expenditure for the Eleventh Plan increased to 7.1% of GDP from 4.6% of GDP in the Tenth Plan. Infrastructure expenditure is proposed to be increased to 9.0% of GDP by the end of the Twelfth Five Year Plan with an annual average of 8.26% of GDP proposed to be spent on infrastructure. The total infrastructure spend in infrastructure in Twelfth Plan is envisaged to increase by 132% over Eleventh Plan. (Source: *Draft Twelfth Five Year Plan 2012-17, Planning Commission, Government of India*)

The Twelfth Plan draft identifies the power sector as the most important sector in infrastructure. The Twelfth Plan proposed spending 27% of total infrastructure investment, or approximately Rs. 15,020,000 million, on the power sector, excluding renewable energy, with Rs. 4,407,960 million coming from the Central Government, Rs. 3,470,430 million from the states and Rs. 7,138,270 million from the private sector. The total Gross Budget Support (GBS) and Internal and Extra Budgetary Resources (IEBR) for the Ministry of Power and the Ministry of Coal during the Twelfth Plan is projected to be Rs. 4,407,960 million and Rs. 1,128,6100 million respectively. (Source: *Draft Twelfth Five Year Plan 2012-17, Planning Commission, Government of India*)

Infrastructure Spend in Eleventh Plan (Actual) and Twelfth Plan (Planned)

	Eleventh Plan			Twelfth Plan		
Rs. billion	Public	Private	Total	Public	Private	Total
Road	3,605.81	925.4	4,531.21	6,379.62	3,314.45	9,694.07
Power ¹	3,798.96	3,102.97	6,901.93	7,878.39	7,138.27	15,016.66
Railways ²	2,284.02	145.04	2,429.06	4,908.22	1,551.35	6,459.57
Telecom	863.75	2,985.86	3,849.61	7,211	8,717.89	9,438.99
Others	4,432.22	2,096.12	6,528.34	9,291.05	6,416.57	15,707.62
Total	14,984.76	9,255.39	24,240.15	29,178.38	27,138.53	56,316.91

¹Power excludes renewable energy

²Railways includes MRTS

Source: Draft Twelfth Five Year Plan 2012-17, Planning Commission, Government of India

The Indian Power Sector

Unless otherwise indicated, all financial and statistical data relating to the power industry in India in the following discussion has been extracted from the Ministry of Power's Annual Report (2011-2012) and the CEA's Report (CEA, Power Scenario at a Glance, November 2012). The data may have been re-classified by us for the purpose of presentation. Unless otherwise indicated, the data presented excludes captive capacity and generation. The term "units" as used herein refers to kilowatt-hours (kwh).

Prior to India's independence, power supply was mainly in the hands of the private sector, restricted to urban areas. Post-colonization, the Government adopted a policy broadening the supply base in order to stimulate growth throughout the country. The Indian Electricity Act of 1910 provided the basic framework for the electric supply industry in India. The Electricity (Supply) Act of 1948, or the Supply Act, mandated the creation of State Electricity Boards, or SEBs, as well as the Central Electricity Authority, or the CEA. The Electricity Regulatory Commission Act of 1998, or the ERC Act, provided for the creation of the Electricity Regulatory Commission, or the CERC, as well as the State Electricity Regulatory Commission, or the SERC, each with the power to determine tariffs at Central Government and state government levels, respectively. However, the Electricity Act of 2003, or the Electricity Act, repealed each of the three aforementioned Acts.

The Electricity Act mandates that the Central Government prepare an electricity policy, or the Policy, in consultation with state governments and the CEA. The Policy aims at accelerating the development of the power sector, providing a supply of electricity to all areas and protecting the interests of consumers and other stakeholders.

Certain features of the Policy are as follows:

1. Making electricity available to all households by 2012;
2. Fully meeting the power demand by 2012 by overcoming energy and peaking shortages and making spinning reserves available;
3. Supplying reliable and quality power of specified standards in an efficient manner and at reasonable rates;
4. Increasing the per capita availability of electricity to over 1000 units by 2012;
5. Achieving the financial turnaround and commercial viability of companies in the electricity sector; and
6. Protecting consumers' interests.

The act was amended in 2007 and brought into force in June 2007. The main features of the amendment act include the following:

1. The Central Government, jointly with state governments, will endeavor to provide electricity access to all areas, including villages and hamlets, through rural electricity infrastructure and the electrification of households;
2. No license is required for the sale of captive units; and
3. The theft of electricity is made explicitly cognizable and non bailable with the definition of theft being expanded to cover any unauthorized use as well as the use of tampered meters.

The Government has also issued guidelines for competitive bidding for the determination of tariffs for procurement of power by distribution licensees as provided under the Electricity Act. Additionally, the Government announced the National Tariff Policy, or the NTP, in January 2006. The NTP has assisted power reforms by outlining guidelines for multi-year tariffs, rates of return for generation and transmission projects, tariff modalities for utilities, subsidy to consumers and cross subsidy calculations. The objectives of the NTP are to:

- Ensure availability of electricity to consumers at reasonable and competitive rates;
- Ensure financial viability of the sector and attract investments;
- Promote transparency, consistency and predictability in regulatory approaches across jurisdictions and minimize perceptions of regulatory risks; and
- Promote competition, efficiency in operations and improvement in quality supply.

In January 2011, the Government issued an amendment to the National Tariff Policy to mandate states to have solar energy as 3% of their total power purchases by 2022. In phase I, State electricity boards or utilities may start with solar power as 0.25% of total power purchased and then gradually increase to 3%.

Organization and Regulation

The Electricity Act provides the statutory framework for the regulation of electricity in India. There is also state-level legislation in the power sector in a number of states, including Andhra Pradesh, Haryana, Karnataka, Orissa, Rajasthan and Uttar Pradesh, among others.

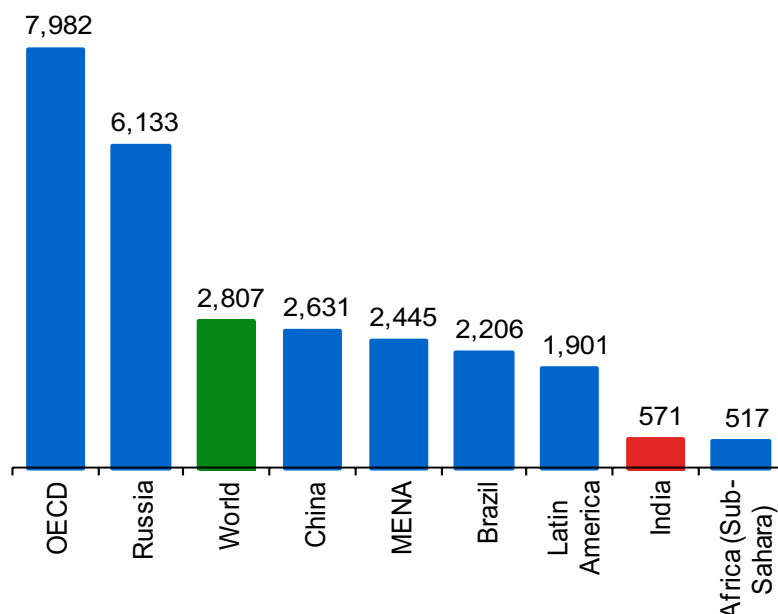
In India, control over the development of the power sector is shared between the Central Government and state governments, with the Ministry of Power as the highest authority governing the power industry. The CEA is a statutory body established by the Government under the Supply Act and continued under the Electricity Act. The CEA is the main technical advisor to both the Government and the Regulatory Commissions and is responsible for formulating the National Electricity Plan, once every five years, in accordance with the National Electricity Policy. Further, the CEA is responsible for providing the techno-economic clearances for hydro-electric projects as well as being required to specify the technical standards and safety requirements for the construction, operation and maintenance of electrical standards and electrical lines.

The CERC, which was constituted under the ERC Act, is an independent statutory body with quasi-judicial powers. The main functions of the CERC are to regulate the tariffs of generating companies, grant licenses for interstate transmission and trading and advise the Central Government in the formulation of the National Electricity Policy and the Tariff Policy. Additionally, the ERC Act established the SERC, a statutory body responsible for the determination of tariffs and grants of license at intrastate levels. The primary responsibilities of the SERC are to determine the tariff for the generation, supply, transmission and wheeling of electricity, whole sale, bulk or retail sale within the State, to issue licenses for intrastate transmission, distribution and trading and to promote co-generation and generation of electricity from renewal sources of energy. To date, 25 SERCs have been constituted and 14 have issued tariff orders to rationalize the tariffs. (*Source: Ministry of Power website, accessed on February 4, 2013*)

Electricity Demand

Per capita consumption of electricity in India has grown from 435 kwh/year in Fiscal 2003 to 571 kwh/year in Fiscal 2009 according to the IEA. However, according to the International Energy Agency per capital consumption remains relatively low compared to other leading developed and emerging economies.

Per Capita Electricity Consumption in Large Economies (2010, kwh per capita)

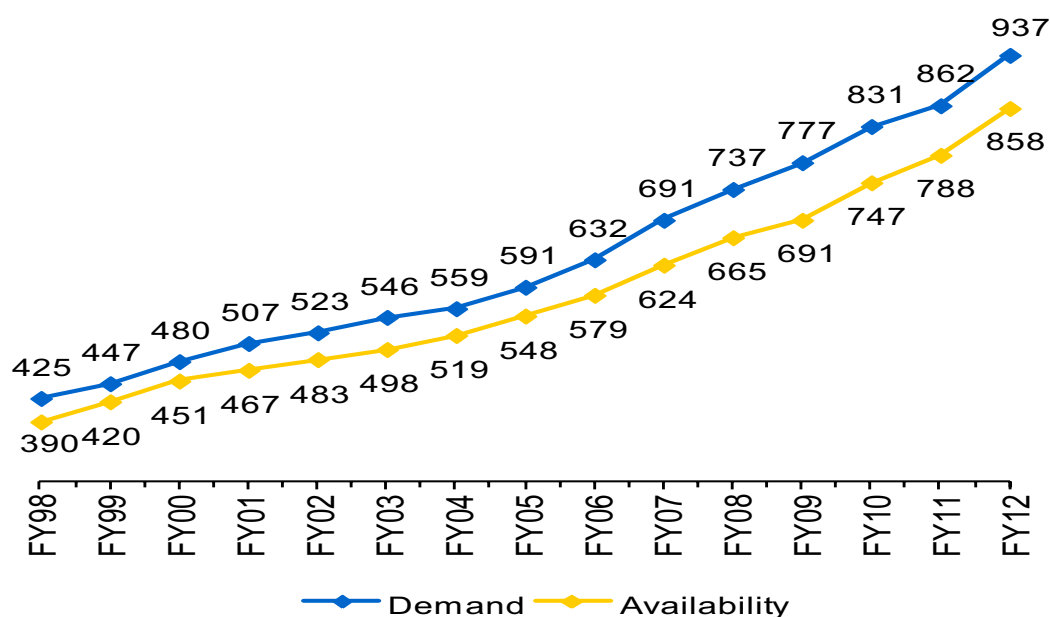


Source: World Bank Data Bank accessed on February 11, 2013

The low per capita electricity consumption in India compared to the world average presents potential for sustainable growth in demand.

Even at the consumption levels of recent years, demand for electricity in India is substantially higher than the available supply. For Fiscal 2012, India faced an energy shortage of approximately 8.5% and 10.6% of total energy requirements and peak demand requirements, respectively. (Source: CEA, Load Generation Balance Report, 2012-13)

Indian Overall Electricity Shortages (Fiscal 1998 through Fiscal 2012, billions of units)



Source: Ministry of Power website and Annual Report 2011-12

Indian Peak Electricity Shortages, Fiscal 2003 through October 2012

Period	Peak (MW)	DemandPeak (MW)	MetPeak (MW)	Deficit/SurplusPeak (%)	Deficit/Surplus
2003	81,492	71,547	-9,945	-12.2	
2004	84,574	75,066	-9,508	-11.2	
2005	87,906	77,652	-10,254	-11.7	
2006	93,255	81,792	-11,463	-12.3	
2007	100,715	86,818	-13,897	-13.8	
2008	108,866	90,793	-18,073	-16.6	
2009	109,809	96,785	-13,024	-11.9	
2010	119,166	104,009	-15,157	-12.7	
2011	122,287	110,256	-12,031	-9.8	
2012	130,006	116,191	-13,815	-10.6	
April 2012 through October 2012	135,453	123,294	-12,159	-9.0	

Source: CEA, *Power Scenario at a Glance*, November 2012

Supply of Power

The Indian power industry is structured among three segments, namely generation, transmission and distribution.

Generation

As of December 31, 2012, India's power system had an installed generation capacity of approximately 210,951.72 MW. Thermal power plants powered by coal, gas and diesel accounted for 66.8% of total power capacity in India, hydroelectric stations for 18.6% and others (including renewable sources of energy and nuclear stations) accounted for 14.6%. The Central Public Sector Undertakings, or CPSU, accounted for approximately 31.0% of total power generation capacity, the various state entities accounted for 41.0% and private sector companies accounted for approximately 20.2%. (Source: CEA)

Generating Capacity as of December 31, 2012

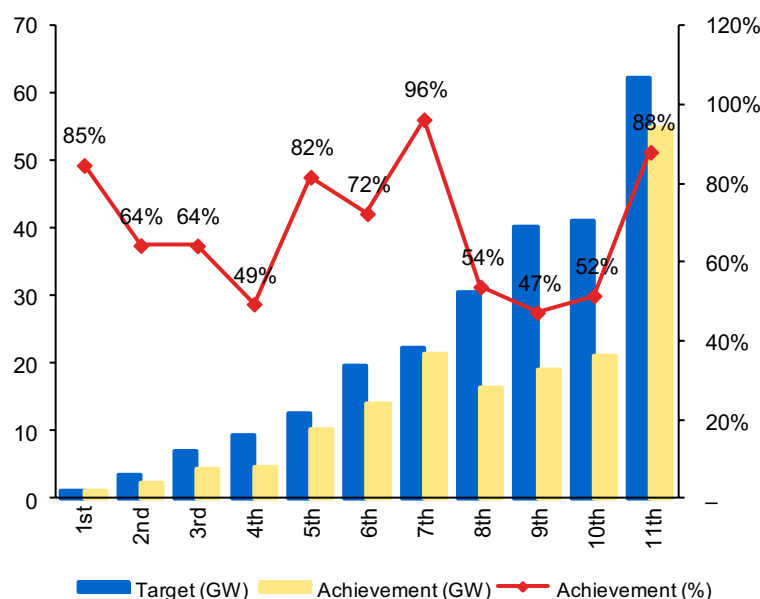
Hydroelectric	Thermal (Coal, Gas, Diesel)	Nuclear	Renewables	Total
39,339.40 MW	140,974.18 MW	4,780.00 MW	25,856.14 MW	210,951.72 MW
18.6%	66.8%	2.3%	12.3%	100%

Source: CEA, *Monthly Review of the Power Sector for December 2012*

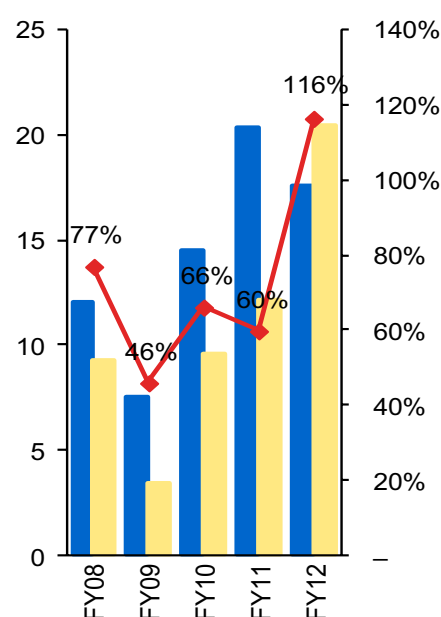
A primary reason for continued power shortages in India has been the slow capacity additions which have been well below targets. In order to bridge the gap between demand and supply and to help maintain the economic growth rate significant capacity additions are required.

Capacity addition targets and achievements

First through Eleventh Plans



Fiscal 2008 through Fiscal 2012



(1) Source: CEA, *Power Scenario at a Glance*, November 2012

Ultra Mega Power Projects

The Government has called for a capacity addition of 100,000 MW during the Tenth and Eleventh Plans to meet its goal of "Power for All by 2012". The development of large capacity projects at the national level is required to meet the electricity needs of a number of states. Recognizing the fact that economies of scale leading to cheaper power can be secured through development of large-size power projects utilizing the latest technology, the Ministry of Power, the CEA and Power Finance Corporation Limited (a Government undertaking) are working together to develop Ultra Mega Power Projects, or UMPPs, through tariff-based competitive bidding. These UMPPs, each with a capacity of approximately 4,000 MW and estimated investment of about Rs. 160,000 million each, would also have scope for further expansion. Nine such projects have been identified to be taken up, four at pithead and five at coastal locations. These projects would be awarded to developers on a Build, Own and Operate, or BOO, basis. To date, four UMPP projects have been awarded – one to Tata Power (Mundra UMPP) and three to Reliance Power (Sasan UMPP, Krishnapatnam UMPP and Talaiya UMPP). Given the large size of each of these projects, they are expected to be able to meet the power needs of a number of states through transmission of power on a regional and national basis. (Source: Ministry of Power website)

Section 63 of the Electricity Act provides that the Regulatory Commissions shall adopt a tariff through a transparent process of bidding in accordance with the guidelines issued by the Central Government. The purpose for this is to move away from cost-plus support for tariff determination and this measure is expected to further encourage private sector investment. Guidelines for competitive bidding with regards to the determination of tariffs for power procurement by distribution licensees were issued in January 2005.

In August 2011, the Government added the provision of granting Provisional Mega Power Status Certificate to further facilitate implementation of Mega Power Policy. 8 power projects with a total capacity of about 15,880 MW have been granted the Mega Power Status and 17 power projects with a total capacity of 22,540 MW have been granted Provisional Mega Power Status. (Source: Ministry of Power Annual Report 2011-12)

Capacity Addition

India's power capacity addition has consistently fallen below target in successive five-year plans. In the Eighth Plan, Ninth Plan and Tenth Plan, the average capacity addition has been approximately 50.5% of the targeted capacity addition. The actual capacity additions during Eighth, Ninth, and Tenth Plans were, respectively, 46%, 53% and 51% less than the targeted capacity of the relevant five-year plan. The total capacity addition in the Eighth, Ninth and Tenth Plans was 56,518 MW of which 44% was from the Central Government, 40% from the state governments and 16% from the private sector. The contribution from the private sector is expected to be substantially increased in the Eleventh Plan. (Source: *Eleventh Plan Mid-Term Appraisal*)

According to the CEA, India's installed power generation capacity at the end of the Tenth Plan was 199,877 MW. The capacity addition during the Eleventh Plan was 54,964 MW, which is 69.8% of the original 78,700 MW target and 88.1% of the 62,374 MW reduced target set in the Mid-Term Appraisal. The contribution from the private sector was significantly higher than the earlier plans, with the private sector contributing 42% of the 54,694 MW total capacity addition, the other 28% was from the Central Government and 30% from the state governments. (Source: CEA)

Eleventh Plan capacity additions by type (Target vs Actual)

Type	Target (MW)				Actual (MW)			
	Central	State	Private	Total	Central	State	Private	Total
Hydro	8,654	3,482	3,491	15,627	1,550	2,702	1,292	5,544
Thermal	24,840	23,301	11,552	59,693	12,790	14,030	21,720	48,540
Nuclear	3,380	-	-	3,380	880	-	-	880
Total	36,874	26,783	15,043	78,700	15,220	16,732	23,012	54,964

Source: CEA

Twelfth Plan capacity additions by type

According to the MoP, the Twelfth Plan requires 75,785 MW of capacity addition in power sector excluding renewable. The estimated fund requirement for the Twelfth Plan for power generation including renewable is around Rs. 6,386,000 million, Rs 2,725,820 million of which are for advance action for Thirteenth Plan projects.

Sector	Hydroelectric (MW)	Thermal			Nuclear (MW)	Total (MW)
		Coal (MW)	Gas (MW)	Total (MW)		
State	1,456	12,080	260	12,340	-	13,796
Private	2,116	40,015	-	40,015	-	42,131
Central	5,632	10,600	826	11,426	2,800	19,858
Total	9,204	62,695	1,086	63,781	2,800	75,785

Source: Ministry of Power, Report of the Working Group on Power for Twelfth Plan (2012-2017, January 2012).

Transmission

In India, the Transmission and Distribution (T&D) system is a three-tier structure comprising regional grids, state grids and distribution networks. The distribution network and the state grids are mostly owned and operated by SEBs or state governments through SEBs / Electricity Departments.

Most inter-state transmission links are owned and operated by the Power Grid Corporation of India Limited, or PGCIL, while some are jointly owned by the SEBs concerned. In addition, PGCIL owns and operates many inter-regional transmission lines (part of the national grid) to facilitate the transfer of power from a region of surplus to one with deficit. There are five regional grids, namely the Northern region, Eastern region, Western region, Southern region and the North-Eastern region.

These regional grids facilitate transfers of power from a power-surplus state to a power-deficit state and are to be gradually integrated to form a national grid. Inter-regional power transfer capacity of the National Grid has been enhanced to approximately 28,000 MW in Fiscal 2012 and is planned to be enhanced to more than 66,400 MW by Fiscal 2017. (Source: Power Grid Corporation of India Annual Report March 31, 2012)

Private Investments in Electric Power Transmission

In 1998, the Electricity Laws (Amendment) Act was enacted, which recognized transmission as an independent activity, distinct from generation and distribution, and allowed private investment in the sector. In 2000, the Government issued guidelines whereby the state transmission utilities (STUs, SEBs or their successor entities) and the central transmission utility (CTU) could identify transmission projects for the intrastate and the interstate/inter-regional transmission of power, respectively. The STUs and the CTU could invite private companies to implement these projects through an independent power transmission company (IPTC) or on a joint venture basis.

The role of the IPTC would be limited to the construction, ownership and maintenance of transmission systems. Operations of the grid, including load dispatch, scheduling and monitoring, will be undertaken by the STUs and the CTU at the intrastate and interstate/inter-regional levels, respectively. The CTU and STUs would be involved in the development phase for obtaining project approvals and various regulatory and statutory clearances (such as environment and forest clearances and the securing of rights of way), and would transfer the same to the private companies selected.

Opportunities in the Transmission Sector

The Eleventh Plan had originally targeted construction of 88,515 circuit km (ckm) of transmission lines for transferring power from generating stations according to the target capacity addition. When the capacity target was scaled down to 62,374 MW at the time of the Mid-Term Appraisal (MTA), the target for transmission was reduced to 68,673 ckm. Approximately 70,286 ckm of transmission line, 150,362 MVA capacity of alternating current (AC) substations and 3000 MVA capacity of high-voltage, direct current (HVDC) substations were added to the existing transmission systems during the Eleventh Plan. (Source: *Draft Twelfth Five Year Plan 2012-17, Planning Commission, Government of India*)

The Twelfth Plan envisages inter regional transmission capacity of 65,550 MW by the end of the plan, up from 27,750 MW at the end of the Eleventh Plan. According to the report of the working group on power for the Twelfth Plan, the total fund requirement for development of transmission system during the Twelfth plan is estimated to be around Rs 1,800,000 million. (Source: *Draft Twelfth Five Year Plan 2012-17, Planning Commission, Government of India*)

Existing Transmission Capacity at the end of the Eleventh Plan and for the Proposed Twelfth Plan Additions

Transmission System Type/ Voltage Class	Transmission Capacity (ckm)		
	At the end of Eleventh Plan	Expected during Twelfth Plan	Expected by end of Twelfth Plan
HVDC Bipole lines	9,432	10,340	19,972
765 kV	5,730	27,000	32,350
400kV	113,367	38,000	151,367
220 kV	140,164	35,000	174,945
Total	268,693	110,340	378,334

Source: *Draft Twelfth Five Year Plan 2012-17, Planning Commission, Government of India*

Historical and Planned Inter-Regional Transmission Capacity (Twelfth Plan)

	End of Eleventh Plan (MW)	Expected by end of Twelfth Plan (MW)
East-South	3,630	3,630
East-North	12,130	17,930
East-West	4,390	12,790
East-North East	1,260	2,860
North-West	4,220	14,420
West-South	1,520	7,920
North East/East 132/110 KV Lines	600	0
North East/East-North/West	0	6,000
Total	27,750	65,550

Source: *Draft Twelfth Five Year Plan 2012-17, Planning Commission, Government of India*

Planned Investment in Transmission (Eleventh and Twelfth Plans)

Traditionally, the government has focused on investments in power generation to alleviate the acute power shortage in the country. In the process, the T&D segment has remained neglected and attracted significantly less investments in comparison to generation. The investment ratio between generation and T&D in India has historically been 2:1 against an ideal investment ratio of 1:1. Average investment in T&D during the Tenth Plan was about 32% of investment in generation. (Source: *Ministry of Power, Report on the Working Group on Power for Eleventh Plan (2007-2012)*).

Planned Investment in Transmission (Twelfth Plan)

	(Rs. in millions)
Central Government	1,000,000
State Governments	550,000
Private Sector	250,000
Total	1,800,000

Source: Ministry of Power, Report of the Working Group on Power for Twelfth Plan (2012-2017, January 2012).

Planned Investment in Transmission and Distribution (Twelfth Plan)

	(Rs. in millions)
Transmission	1,800,000
Distribution	3,062,000
Total	4,862,000

Source: Ministry of Power, Report of the Working Group on Power for Twelfth Plan (2012-2017, January 2012).

Distribution

Distribution is the weakest link in the power system, with large losses leading potential projects to be deemed financially unviable. The cash losses of utilities selling power directly to consumers, after accounting for subsidies from the state governments, increased from Rs. 176,200 million in Fiscal 2008 to Rs. 424,150 million in Fiscal 2010. The cumulative book losses (on accrual basis) of state distribution companies have increased from Rs. 793,390 million as of March 31, 2009 to Rs. 1,062,470 million at the end of year Fiscal 2010. The net worth of the distribution companies has decreased from Rs. 319,720 million to Rs. 147,860 million as of March 31, 2010. While some of the states have shown improvements in the financial health of their utilities, others have yet to implement the policy initiatives. (*Source: Draft Twelfth Five Year Plan 2012-17, Planning Commission, Government of India*)

Distribution companies have not been able to recover the cost of supply through tariff, and the gap between Average Cost of Supply (ACS) and Average Revenue Realized (ARR) has widened and increasing over the years. This gap reflects lower tariffs and high aggregate technical and commercial (AT&C) losses, which reduces the average revenue realized. Due to unsustainable levels of AT&C losses and other inefficiencies in metering, billing and collection, the utilities are not able to recover the cost of supply, resulting in widening the gap between average cost of supply and tariff.

The position is especially serious in the special category states, which have losses varying between 29.17% in the case of Uttarakhand for Fiscal 2011 to 74.3% in Jammu & Kashmir for Fiscal 2011. The AT&C loss of 13.53% in Himachal Pradesh is an exception. The non-special category states have generally performed better, though the losses are still high in several non-special category states. For example, Jharkhand's AT&C loss is 45.11%, Bihar's AT&C loss is 49.99%, Chhattisgarh's AT&C loss is 36.41%, Uttar Pradesh's AT&C loss is 37.86%, Odisha's AT&C loss is 44.35% and Madhya Pradesh's AT&C loss is 41.10%). In contrast, Andhra Pradesh, Gujarat, Punjab, Delhi and Tamil Nadu show relatively good performance in containing AT&C losses. (*Source: Draft Twelfth Five Year Plan 2012-17, Planning Commission, Government of India*)

The Accelerated Power Development and Reform Programme (APDRP) was launched by the Government and the states in Fiscal 2003 as an Additional Central Assistance (ACA) scheme to finance the modernization of sub-transmission and distribution networks in efforts to reduce AT&C losses to 15%. However, this program was not effective in reducing losses.

The Cabinet Committee on Economic Affairs, or CCEA, approved the "Restructured APDRP" for the Eleventh Plan as a Central Sector Scheme in its meeting held on July 31, 2008 with the view that the desired level of 15% AT&C loss could be achieved by the end of the Eleventh Plan. The focus of the program is on actual, demonstrable performance in terms of AT&C loss reduction. Projects under the scheme would be taken up in two parts in urban areas, towns and cities with populations of more than 30,000 (10,000 in the case of special category states). The total outlay for Eleventh Plan was Rs. 515,770 million.

- Part-A is planned to include the projects for the establishment of baseline data and IT applications for energy accounting/auditing & IT based consumer service centers. There is an expected investment of Rs.

100,000 million.

- Part-B is planned to include regular distribution strengthening projects including renovation, modernization and strengthening of 11 kV level Substations, Transformers/Transformer Centers, Load Bifurcation, Load Balancing etc. There is a total expected investment of Rs. 400,000 million.

(Source: Ministry of Power website, accessed on February 4, 2013)

The Ministry of Power took various initiatives towards reforms and other policy measures for helping the state power utilities improve their efficiency towards bringing about commercial viability in the power sector. Some of the major initiatives included the establishment of regulatory mechanism at the Central Government and state government levels, restructuring the state power utilities, metering of feeders and consumers, energy accounting and auditing and securitization of outstanding dues of CPSUs. The Ministry of Power signed the MOU with states to undertake distribution reforms in a timely manner. To date, 29 states have either constituted or notified their regulatory commission and 15 have issued tariff orders in the direction of rationalizing the tariffs. Now the states are moving towards multi-year tariff, time of day metering and intrastate availability-based tariffs. Eighteen SEBs and Electricity Departments have been unbundled and corporatized. All the states have securitized their outstanding dues towards CPSUs. Electricity Distribution has been privatized in Delhi and Orissa. (Source: Ministry of Power Annual Report 2011-12)

Private companies in the Distribution Segment in India

Power is distributed by Tata Power and Reliance Infrastructure in Mumbai and Delhi, CESC Ltd. in Kolkata and Torrent Power in Ahmedabad, Surat and Gandhinagar, among other companies which distribute power in India.

Recent Reforms and Events in the Power Sector

Financial Restructuring of State Distribution Companies

Based on the recommendation of an expert group for improving the financial health of the Distribution Companies during the Twelfth Plan, the Cabinet Committee on Economic Affairs (CCEA) approved the scheme for financial restructuring of State-owned Distribution Companies.

Under this arrangement, outstanding short-term liabilities up to March 31, 2012 will be transferred to respective state governments. The Government of India would also lend support to the restructuring plan through certain incentives that would subject to compliance with conditions specified in the scheme. The scheme is optional and can be availed by all states. The scheme is effective from the date of notification and will remain open up to Dec 31, 2012 unless extended by the GOI. The scheme would be applicable to all State-owned Distribution Companies having accumulated losses and facing difficulty in financing operational losses.

1. Of the outstanding short-term liabilities as of March 31, 2012, 50% shall be assumed by the state governments and converted into bonds to be issued by the Distribution Companies. The bonds will be backed by state government guarantees.
2. State governments will take over this liability from Distribution Companies over a period of 2 to 5 years, and service interest and principal repayments in the meantime. The Central Government will reimburse 25% of the principal repayment of the loans assumed by the state government under the scheme.
3. The remaining 50% of the short-term loans will be restructured/ rescheduled, providing a moratorium of three years on principal repayments.
4. Total short-term loans of the seven states studied by the expert committee stand at Rs. 1.2 trillion as of March 2012. These seven states are Rajasthan, Uttar Pradesh, Madhya Pradesh, Andhra Pradesh, Punjab, Haryana and Tamil Nadu. Accordingly, around Rs. 600,000 million of short-term loans are proposed to be restructured under this scheme and the remaining would have to be assumed by the respective state governments in phases.
5. Distribution Companies will have to improve operational performance and reduce losses.
6. The Government of India would provide grants equal to the value of energy savings due to AT&C loss reductions, beyond those specified under the R-APDRP scheme.

(Source: Draft Twelfth Five Year Plan 2012-17, Planning Commission, Government of India)

CIL's new FSAs with Power Generation Companies

With a view to ensuring security for coal-based power producers, the Indian Government issued a presidential directive to CIL in April 2012 regarding signing fuel supply agreements (FSAs). The signing of the FSAs would ensure better fuel availability to upcoming power plants dependent on linkage based domestic coal.

Pursuant to the directive, FSAs are to be signed with power plants that have entered into long-term power purchase agreements (PPAs) with state distribution utilities commissioned between April 2009 and December 2011. The directive also provides that CIL should sign FSAs with those plants scheduled to be commissioned by March 31, 2015. The FSAs will be signed for a period of 20 years and shall be reviewed after every five years. In September 2012, the CIL board approved payment of penalties in the range of 1.5% to 40% for any shortfall incurred below 80%. Additionally, the FSA shall be without price-pooling, with 65% domestic coal and 15% imported coal at cost plus.

Certified Emission Reductions

In an attempt to restrain emissions, an international emissions reduction agreement framed by the United Nations Framework Convention on Climate Change (UNFCCC) was signed at Kyoto, Japan in 1997. Under this agreement, referred to as Kyoto Protocol, signatories were obliged to cut overall gas emissions by an average 5.2 % from 1990 levels, between 2008 and 2012. Participating countries are categorized as Annex I countries (industrialized countries), and developing countries (Annex II). The Kyoto Protocol covers the following six gases that contribute to greenhouse effect: Carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

The Kyoto Protocol agreed upon three flexible mechanisms for reducing carbon emissions: Joint Implementation and Clean Development Mechanism (CDM) are project-based while International Emissions Trading is a cap-and-trade-based mechanism. Under CDM, developed countries are allowed to reduce their emissions by sponsoring greenhouse gas reduction projects in developing countries, or by purchasing extra credits available in developing countries. This enables developed countries to reduce their emission targets, while developing countries receive the capital investment required for such projects. The credits generated under CDM are referred to as CERs.

The first commitment period of the Protocol was valid until 2012. The 17th Conference of the parties to the United Nations Framework Convention on Climate Change, or COP 17 was held in Durban, South Africa. The conference, which concluded on December 11, 2011, adopted the "Durban Agreements". With this, the Kyoto Protocol has been extended till 2017 and delegates have agreed to start fresh negotiations on a new international framework for cutting global greenhouse gas emissions.

Demand for CERs is restricted to countries that have been emitting greenhouse gases beyond such country's assigned quota. CER demand reduced in the recent past due to global financial conditions and ambiguity regarding the status of CERs after the expiration of the Kyoto Protocol in 2012. Although ambiguity over the successor of the Kyoto Protocol remains, CER demand is likely to increase in the coming years due to major emitters such as the United States and China accepting voluntary quotas for greenhouse gas emissions.

The emergence of a secondary market for carbon credits outside the Kyoto Protocol is driven by corporations and individuals looking to reduce voluntarily their carbon footprint. VERs arise from projects awaiting CDM clearance, special situations (e.g. carbon capture & storage) or smaller projects. Projects require third party verification and are required to meet standards such as the VCS (there are higher standards such as 'Gold' and 'Gold+' reflecting higher levels of accreditation incorporating issues such as social responsibility and sustainability). The market is currently small but expected to increase substantially. Due to the less regulated environment and operating outside the regulated Kyoto Protocol, such VER certificates trade at a discount to CERs. (Source: UNFCCC)

BUSINESS

In this section, any reference to “we”, “us”, “our” or “our Company” refers to Jaiprakash Power Ventures Limited or the project companies incorporated or proposed to be incorporated for the development and implementation of the projects described below, either on a standalone basis or on a consolidated basis, as the context requires.

Overview

We are an Indian power company, which currently owns and operates three hydroelectric power plants, including the largest privately operated hydroelectric power plant to commence operations in India during the 11th Five Year Plan according to the Central Electricity Authority of India (CEA), one transmission line and one thermal power plant. We are at various stages of implementing three thermal power projects, including the remaining phases of our operating thermal power plant. We are also in the preliminary stages of developing four hydroelectric power projects and the second phases of two of our thermal power projects under implementation. Jaiprakash Associates Limited (JAL), our Promoter, is the flagship company of the Jaypee Group, and owns 67.93% of our Equity Shares. Our Promoter and Promoter Group collectively own 72.72% of our Equity Shares.

We currently operate the BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power plants, which have aggregate generation capacity of 1,700 MW, and our 74%-owned subsidiary, JPL, operates the 217-kilometer Jaypee Powergrid transmission line. In addition, the first 250 MW unit of the 500 MW first phase of the Bina Thermal power project has commenced operations, while the second 250 MW unit of the first phase is expected to commence operations in 2013.

- *BASPA II Hydroelectric Power Plant.* We developed and operate a 300 MW run-of-the-river hydroelectric power plant on the Baspa river, a tributary of the Satluj river in Kinnaur district in the state of Himachal Pradesh, pursuant to a build-own-operate concession granted by the state of Himachal Pradesh. The BASPA II hydroelectric power plant commenced operations in June 2003 and is designed to produce approximately 1,213 MU of power in a 90% Dependable Year.
- *Vishnuprayag Hydroelectric Power Plant.* We developed and operate a 400 MW run-of-the-river hydroelectric power plant on the Alaknanda river in Chamoli district of the state of Uttarakhand pursuant to a build-own-operate concession originally granted by the state of Uttar Pradesh in 1994 and subsequently by the state of Uttarakhand in 2003 pursuant to the reorganization of the state of Uttar Pradesh. The Vishnuprayag hydroelectric power plant commenced operations in October 2006 and is designed to produce approximately 1,744.4 MU of power in a 90% Dependable Year.
- *Karcham-Wangtoo Hydroelectric Power Plant.* We developed and operate a 1,000 MW run-of-the-river hydroelectric power plant on the Sutlej river, in Kinnaur district of the state of Himachal Pradesh, India. The Karcham-Wangtoo hydroelectric power plant commenced operations in September 2011 and is designed to produce 4,261 MU of electrical energy in a 90% Dependable Year. This plant is the largest privately operated hydroelectric power plant to commence operations in India during the 11th Five Year Plan according to the CEA.
- *Jaypee Powergrid Transmission Line.* Our 74%-owned subsidiary, Jaypee Powergrid Limited (JPL), developed and operates a 217-kilometer-long power transmission line, which transmits power from the Karcham-Wangtoo hydroelectric power plant to a 400 k/v DC transmission line at Abdullarpur in the state of Haryana, India for inter-state transmission of electricity. The Jaypee Powergrid transmission line commenced operations in April 2012.

We are implementing the first phase of the Bina thermal power project, the Nigrie thermal power project and the first phase of the Bara thermal power project.

- *Bina Thermal Power Project (Phase I).* We are implementing the first phase of a 1,200 MW thermal power plant in Sagar district of the state of Madhya Pradesh, India. The first 250 MW unit of the 500 MW (first phase) of this project commenced operations in August 2012 and the second 250 MW unit of the first phase is expected to commence operations in 2013.
- *Nigrie Thermal Power Project.* We are implementing a 1,320 MW coal-fired thermal power plant based on super-critical technology in Singrauli district of the state of Madhya Pradesh, India, which is currently expected to commence operations in 2013.

- *Bara Thermal Power Project (Phase 1).* Our 92.53%-owned subsidiary, PPGCL, is implementing the first phase of a 3,300 MW thermal power plant at Bara in Allahabad district of the state of Uttar Pradesh, India. The first phase of 1,980 MW is currently expected to commence operations in 2014.

We are in the preliminary stages of developing the second phases of the Bina and Bara thermal power projects, the Karchana thermal power project and four hydroelectric power projects, namely the Lower Siang and Hironag projects in the state of Arunachal Pradesh, and the Kynshi II and Umngot HEP in the state of Meghalaya.

- *Bina Thermal Power Project (Phase 2).* We are in the preliminary stages of developing the second phase of a 1,200 MW thermal power plant in Sagar district of the state of Madhya Pradesh, India. We are in the process of arranging for coal supplies and obtaining approvals for the second phase of 700 MW. The first phase of 500 MW is currently under implementation.
- *Bara Thermal Power Project (Phase 2).* Our 92.53%-owned subsidiary, PPGCL, is in the preliminary stages of developing the second phase of a 3,300 MW thermal power plant at Bara in Allahabad district of the state of Uttar Pradesh, India. We are in the process of arranging coal supplies and obtaining approvals for the second phase of 1,320 MW. The first phase of 1,980 MW is currently under implementation.
- *Karchana Thermal Power Project.* Our wholly-owned subsidiary, Sangam Power Generation Company Limited (SPGCL), is implementing developing a 1,980 MW thermal power plant in Allahabad district of the state of Uttar Pradesh, India. The timeframe for implementation of this project is subject to SPGCL's ability to obtain possession of the required land, for which SPGCL has already made payment to the Government of Uttar Pradesh. See "Legal Proceedings And Disputes".
- *Arunachal Pradesh Projects.* Pursuant to memoranda of agreement with the Government of Arunachal Pradesh, we expect to own 89% of Jaypee Arunachal Power Limited (JAPL) and the Government of Arunachal Pradesh is expected to own the remaining portion. JAPL is developing the Lower Siang hydroelectric power project, which is a 2,700 MW hydroelectric power project in the East Siang district of the state of Arunachal Pradesh, India, and the Hironag hydroelectric power project, which is a 500 MW hydroelectric power project in the West Siang district of the state of Arunachal Pradesh, India.
- *Meghalaya Projects.* Pursuant to memoranda of agreement with the Government of Meghalaya, we expect to own 74% of Jaypee Meghalaya Power Limited (JMPL) and the Government of Meghalaya is expected to own the remaining portion. JMPL is developing the Kynshi II hydroelectric power project, which is a 450 MW hydroelectric power project in the West Khasi district of the state of Meghalaya, India, and the Umngot hydroelectric power project, which is a 270 MW hydroelectric power project in the East Khasi district of the state of Meghalaya, India.

For the six months ended September 30, 2012, our total revenues were Rs. 15,718 million and our net profit after tax was Rs. 5,651 million. For fiscal 2012, our total revenues were Rs. 16,864 million and our net profit after tax was Rs. 4,007 million. Our operating results for such periods primarily reflect the operation of our three operating hydroelectric power plants, namely the BASPA II hydroelectric power plant, the Vishnuprayag hydroelectric power plant and the Karcham-Wangtoo hydroelectric power plant. Our average selling price of electricity from the BASPA II hydroelectric power plant was Rs. 4.03 per unit for the three months ended December 31, 2012, Rs. 2.05 per unit for the six months ended September 30, 2012 and Rs. 2.69 per unit for fiscal 2012. Our average selling price of electricity from the Vishnuprayag hydroelectric power plant was Rs. 3.26 per unit for the three months ended December 31, 2012, Rs. 1.89 per unit for the six months ended September 30, 2012, and Rs. 2.39 per unit for fiscal 2012. Our average selling price of electricity from the Karcham-Wangtoo hydroelectric power plant was Rs. 4.42 per unit for the three months ended December 31, 2012, Rs. 3.54 per unit for the six months ended September 30, 2012, and Rs. 3.89 per unit for fiscal 2012.

The Jaypee Group

The Jaypee Group is a diversified infrastructure group in India with interests in civil engineering and construction, cement, power, real estate, expressways, hospitality, golf courses, sports, fertilizer and not-for-profit education which is carried out by various Jaypee Group companies including an 83.1% interest in Jaypee Infratech Limited (which executed the 165 km Yamuna Expressway and is currently developing approximately 530 million square feet of real estate development), 100% owned Himalayan Expressway Limited (which executed a project with National Highways Authority of India), a 90.5% interest in Jaypee Sports International Limited (which conducts the formula 1 race) and 100% owned Jaypee Fertilizers and Industries Limited. We believe we benefit from the Jaypee Group's experience in the conceptualization, design, development,

construction and operation of hydroelectric power plants. Together with the Jaypee Group, we are able to manage multiple aspects of power projects, from front-end engineering design to completion, operation and maintenance.

Our Promoter has been involved in the construction of various multi purpose river valley and hydro power projects namely 390 MW Dulhasti hydro power project, 300 MW Chamara II hydro power project (EPC only), 1,450 MW Sardar Sarovar hydro power project (the third highest concrete dam in India), 520 MW Omkareshwar hydro power project (EPC only), 1,000 MW Indira Sagar hydro power project (the second largest surface powerhouse in India), 450 MW Baghalihar I hydro power project (EPC only), 1,000 MW Tehri hydro power project (largest rockfill dam in India), 510 MW Teesta hydro power project, 1,500 MW Nathpa Jhakri hydro power project (the largest underground powerhouse in India) and 1,020 MW Tala hydro power project. Each of the projects was completed during the period from 2002 through 2011. Our Promoter is involved in engineering and construction, manufacture of cement of a total operational and planned capacity of 23.3 MTPA, real estate and hospitality. Our Promoter is also involved (a) in the manufacture of cement including by way of (i) a 74% interest in various cement joint ventures with aggregate capacity of 4.3 MTPA; (ii) Jaypee Cement Corporation Limited, its wholly owned subsidiary, which has capacity to produce up to 9.8 MTPA; and (b) in the mining of coal at Mandla (North) and Mandla (South) (by way of a joint venture between JAL and Madhya Pradesh State Mining Corporation Limited).

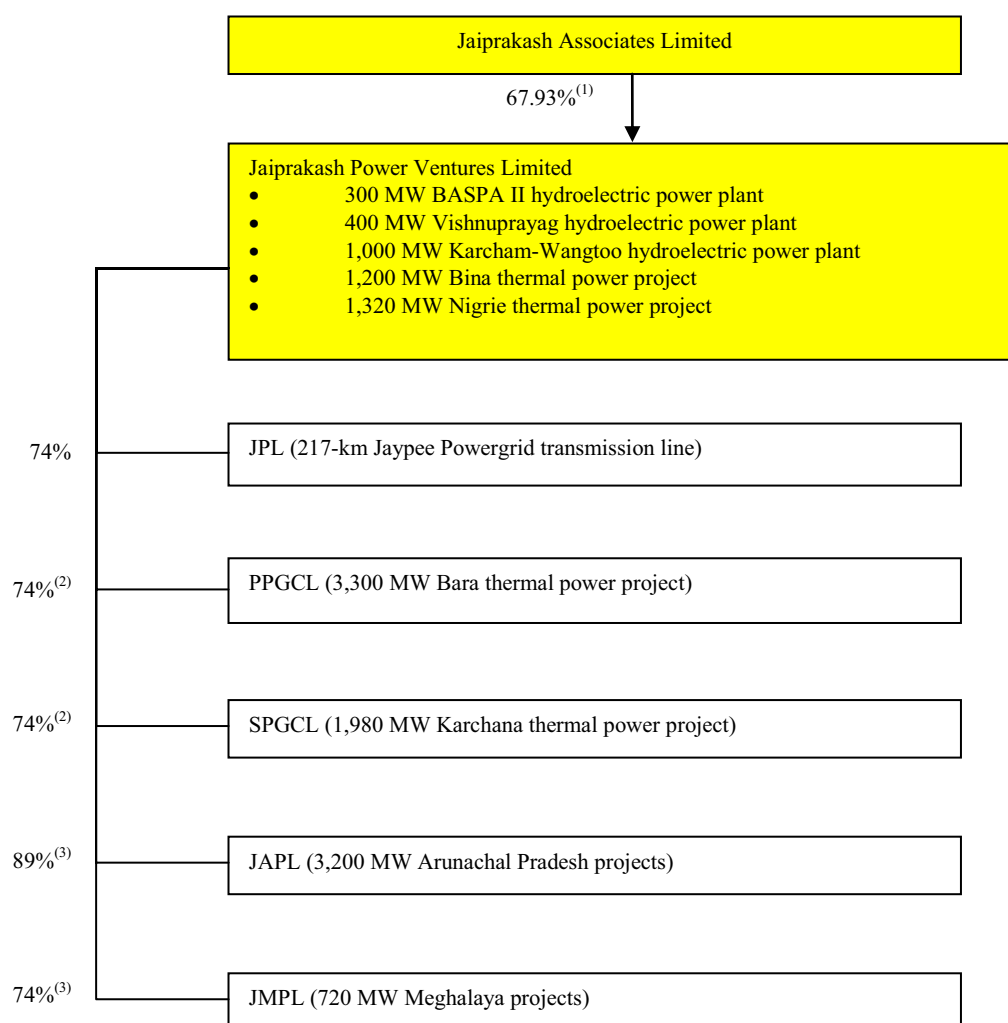
JAL, which is part of the Jaypee Group, owns 67.93% of our Equity Shares. Our Promoter and Promoter Group collectively own 72.72% of our Equity Shares. JAL is the flagship company of the Jaypee Group. JAL has over 40 years of experience in the civil engineering and construction sectors in India, as a well-known construction company or as a member of consortia and joint ventures. In particular, JAL has a strong project implementation track record as a hydroelectric power construction company and has participated in projects that have added 9,840 MW of hydroelectric power capacity to the national power grid from calendar year 2002 through calendar year 2012. JAL's shares have been listed on the BSE and the NSE since June 14, 2004 and had a market capitalization of Rs. 187,367 million as of January 31, 2013.

Mr. Jaiprakash Gaur, the founder of the Jaypee Group, has been associated with the construction industry for over 52 years. He is an alumnus of the University of Roorkee (now the Indian Institute of Technology, Roorkee). Mr. Jaiprakash Gaur spearheaded the growth of the Jaypee Group.

Corporate History and Structure

The Company was incorporated on December 21, 1994 as Jaiprakash Hydro-Power Limited (JHPL), a public limited company under the Companies Act, 1956. In March 2005, JHPL became the first hydropower company to have its shares listed on the BSE and NSE. Pursuant to a scheme of amalgamation, Jaiprakash Power Ventures Limited, which developed and operated the Vishnuprayag hydroelectric power plant, amalgamated into JHPL effective as of April 1, 2009. Subsequent to the amalgamation, JHPL was renamed Jaiprakash Power Ventures Limited (JPVL). Pursuant to a scheme of amalgamation, Jaypee Karcham Hydro Corporation Limited (JKHCL), which developed and operates the Karham-Wangtoo plant, and Bina Power Supply Company Limited (BPSCL), which is developing and implementing the Bina thermal power project, amalgamated into the Company effective as of April 1, 2010.

The following chart sets forth our corporate structure as of September 30, 2012, including our expected ownership of each project company at the time the relevant project commences operations:



Notes:

- (1) Our Promoter and our Promoter Group collectively own 72.72% of our Equity Shares, comprising 67.93% owned by JAL, which is our Promoter, and 4.79% owned by Jaypee Infra Ventures.
- (2) We currently own 92.53% of PPGCL, the project company that is implementing the Bara thermal power project, and 100% of SPGCL, the project company that is implementing the Karchana thermal power project. JAL owns the remaining 7.47% of PPGCL pursuant to a resolution passed by shareholders of JAL, JAL may invest up to Rs. 6,000 million to acquire up to a total 26% equity interest in PPGCL (including the 7.47% that it already owns), and up to Rs. 5,000 million to acquire up to a 26% equity interest in SPGCL.
- (3) Our expected ownership in JAPL, which is developing the Arunachal Pradesh projects, and JMPL, which is developing the Meghalaya projects, is based on our agreements with the states of Arunachal Pradesh and Meghalaya, respectively. Pursuant to the memoranda of agreement with respect to the Arunachal Pradesh and the Meghalaya hydroelectric power projects, respectively, we are required to allocate 11% of the equity shares of JAPL, which is developing the Arunachal Pradesh hydroelectric power projects, to the Government of Arunachal Pradesh and we are required to allocate 26% of the equity shares of JMPL, which is developing the Meghalaya hydroelectric power projects, to the Government of Meghalaya, although as of the date of this Preliminary Placement Document neither allocation has been made.

The following is a timeline of significant events in our history.

- In 1994, JHPL commenced development of the 300 MW BASPA II hydroelectric power plant, which commenced operations in 2003.
- In 1995, Jaiprakash Power Ventures Limited commenced development of the 400 MW Vishnuprayag hydroelectric power plant, which commenced operations in 2006.

- In 1999, JKHCL commenced development of the 1000 MW Karcham-Wangtoo hydroelectric power plant, which commenced operations in 2011.
- In 2006, JAPL commenced development of the 2,700 MW Lower Siang hydroelectric power project on Siang river and a the 500 MW Hironag hydroelectric power plant project in the West Siang, Arunachal Pradesh.
- In 2006, the Company commenced development and implementation of the 1,320 MW Nigrie thermal power project in Madhya Pradesh.
- In 2007, JMPL commenced development of the 450 MW Kynshi II hydroelectric power project and the 270 MW Umngot hydroelectric power project in Meghalaya.
- In 2007, the Company entered into a joint venture with PGCIL for the Jaypee Powergrid Limited transmission line, a 217-km transmission system that transfers power from the 1000 MW Karcham-Wangtoo hydroelectric power plant and commenced operations in 2012.
- In 2009, the Company acquired BPSCL, which is developing and implementing the 1200 MW Bina thermal power project in Madhya Pradesh.
- In 2009, the Company acquired PPGCL, which is implementing the Bara thermal power project, and SPGCL, which is implementing the Karchana thermal power project, each of which is located in Uttar Pradesh.
- In 2012, the first 250 MW unit of the 500 MW first phase of the Bina thermal power project was commissioned.
- The Ministry of Power, Government of India, conferred the BASPA II hydroelectric power plant with the Gold Shield for the year 2007-08 and the Silver Shield for the years 2010-11 and 2007-08, under the category “Performance of Hydro-Power Stations”.

Our Strengths

We believe that the following are our primary competitive strengths:

Balanced mix of long-term and short-term power purchase agreements.

We believe that our mix of long-term and short-term PPAs will provide stable and secure cash flows, while still allowing us to benefit from short term favorable pricing for sales on the open market. Long term PPAs can reduce our exposure to potentially unfavorable market conditions during the terms of the PPAs. We have entered into long-term PPAs for all of the power generated by the BASPA II and Vishnuprayag hydroelectric power plants and a portion of the power generated by the Bina, Nigrie, Bara and Karchana thermal power projects. We sell all Saleable Energy generated from the 300 MW BASPA II hydroelectric power plant to HPSEB pursuant to the BASPA II PPA, which expires in 2043, and we sell all Saleable Energy generated from the 400 MW Vishnuprayag hydroelectric power plants to UPPCL pursuant to the Vishnuprayag PPA, which expires in 2036. HPSEB’s and UPPCL’s payments to us are secured by multi-tier payment security mechanisms including irrevocable letters of credit in our favor. We intend to sell 70% of the total power generated by the Bina thermal power project (including 5% at variable cost pursuant to the implementation agreement) pursuant to a long-term PPA that we have entered into with the Government of Madhya Pradesh. We expect to sell approximately half of the total power generated by the Nigrie thermal power project pursuant long-term PPAs that we have entered into with the Government of Madhya Pradesh with respect to 30% of the total power produced for 25 years following the commencement of operations and 7.5% at variable cost for 20 years following the commencement of operations, and JAL with respect to 12.5% of the total power produced by the Nigrie thermal power project for 12 years following the commencement of operations. Furthermore, UP distribution companies have entered into PPAs with PPGCL and SPGCL for up to 90% of the capacity of the first phases of the Bara and Karchana thermal power projects, respectively.

With a view to positioning our Company to benefit from short-term favorable market conditions, we have retained a substantial portion of our current and expected power generation capacity for sale pursuant to short-term and medium power purchase agreements on a merchant basis. We currently sell all of the Saleable Energy generated from the 1,000 MW Karcham Wangtoo hydroelectric power plant pursuant to short term and medium

term PPAs on a merchant basis. In addition, we intend to retain approximately 30% of the total power generated from the Bina thermal power project, approximately 50% of the total power generated by the Nigrie thermal power project and approximately 10% of the power generated by the first phases of the Karchana and Bara thermal power projects for sale on the open market.

Balanced mix of hydroelectric power generation capacity and thermal power projects under implementation

We believe that our operating hydroelectric power plants and our thermal power projects position us to achieve a balanced mix of hydroelectric and thermal power production capacity upon the commissioning of our thermal power projects. In the years ended March 31, 2012, 100% of our capacity comprised hydroelectric power plants, namely the BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power projects. In August 2012, the first 250 MW unit of the 500 MW (first phase) of the Bina thermal power project was commissioned and the second 250 MW unit is expected to be commissioned in 2013. Furthermore, the 1,320 MW Nigrie thermal power project is expected to be commissioned in 2014 and the 1,980 MW first phase of the Bara thermal power project is expected to be commissioned in 2015. The following table sets forth our historical and planned power generation capacity based on the expected completion dates for each of our power projects under implementation.

	As of March 31,			
	2012 (Historical)	2013 (Planned ⁽¹⁾)	2014 (Planned ⁽¹⁾)	2015 (Planned ⁽¹⁾)
Hydroelectric power generation capacity	100%	77%	48%	31%
Thermal power generation capacity	0%	23%	52%	69%

Note:

- (1) The percentages set forth in this table assume that each of our projects under implementation will be completed on or prior to the expected completion date based on our financing agreements. There can be no assurance that our projects will be completed in a timely manner or at all. See "Risk Factors - The projected capacity data in this Preliminary Placement Document are subject to numerous assumptions and uncertainties. We could encounter problems that substantially delay the commissioning of our projects under implementation and development".

Access to coal to fuel thermal power projects

The Nigrie thermal power project is currently expected to be fueled with coal from coal blocks managed by joint ventures of JAL and the MPSMCL pursuant to long-term coal supply agreements. The Nigrie thermal power project is located in close proximity to these coal mines, which we believe will enable us to benefit from reduced transportation costs. The Amelia coal supply agreement and Dongri Tal coal supply agreement provide for the supply of 2.5MTPA from the Amelia (North) coal block and 2.7 MTPA from the Dongri Tal II open cast coal mine, respectively, and are expected to provide for the entire coal requirements of the Nigrie thermal power project once mining commences at those sites. With respect to the 500 MW first phase of the Bina thermal power project, we have entered into a fuel supply agreement with Central Coalfields Limited for 0.6482 MTPA of coal and we are in discussion to secure an additional 0.7588 MTPA from South Eastern Coalfields but have not yet entered into a fuel supply agreement. With respect to the 1,980 MW first phase of the Bara thermal power project, we have received a letter of assurance from Northern Coalfields Limited for a coal linkage for 7.02 MTPA. With respect to the 1,320 MW first phase of the Karchana thermal power project, we have received a letter of assurance from Northern Coalfields Limited for a coal linkage for 4.68 MTPA. We believe our thermal power projects under development will benefit from having long term fuel supply agreements in place prior to commencing operations.

Low operating costs, and no feedstock costs, of hydroelectric power plants

Each of the BASPA II, Vishnuprayag, and Karcham-Wangtoo hydroelectric power plants, and the Arunachal Pradesh and Meghalaya projects under development, is a "run-of-the-river" hydroelectric power plant or project. As hydroelectric power plants rely on natural water flow to generate electricity, there are no feedstock costs and these projects are not exposed to market fluctuations in the value of coal or other raw materials. Hydroelectric power projects also tend to have lower operation and maintenance expenses compared with most other types of power projects. Hydroelectric power accounts for approximately 40% of the total planned capacity of our projects in operation or under implementation or development, which we believe is likely to result in a favorable operating cost structure.

Robust and well-maintained plants resulting in high Plant Availability

We measure the efficiency of our plants with reference to Plant Availability and generation targets and our long-term PPAs provide for potential increased tariffs in the event Plant Availability exceeds specified levels with respect to each plant. The BASPA II hydroelectric power plant achieved Plant Availability of 99.82%, 98.92%, 99.97%, 99.73% and 99.80%, respectively, in fiscal 2010, 2011, 2012, the six months ended September 30, 2012 and the three months ended December 31, 2012. The Vishnuprayag hydroelectric power plant achieved Plant Availability of 98.96%, 98.84%, 98.58%, 99.81% and 99.34%, respectively, in fiscal 2010, 2011, 2012, the six months ended September 30, 2012 and the three months ended December 31, 2012. The Karcham-Wangtoo hydroelectric power plant achieved Plant Availability of 99.70%, 99.32% and 88.42% in fiscal year 2012, the six months ended September 30, 2012 and the three months ended December 31, 2012, having commenced operations in September 2011. The equipment used in our plants and projects has been sourced, and is expected to continue to be sourced from reliable and proven vendors, which we believe increases the efficiency and reliability of the plants. In order to consistently ensure a high availability of our plants and equipment, we monitor and carry out the prescribed maintenance scheduled for our plants. We have personnel trained in operation and maintenance activities, including scheduling and optimization of generation with reference to water availability, as well as system conditions and maintenance activities such as preventive maintenance, overhauling and reconditioning of equipment and attending to shut-downs within a minimum time to prevent loss of generation. We have our own operation and maintenance manuals which prescribe maintenance schedules and preventive steps. Inventories of spares have been procured to prevent loss of generation. Our operation and maintenance staff undertake training programs conducted by our suppliers in India and abroad from time to time.

Experienced management team, well-trained workforce and streamlined operating processes

We have an experienced management team with a hands-on understanding of both the financial and technical aspects of the power generation business. Our senior management has extensive operational and management experience in the power generation industry. Our management team also has extensive knowledge of the Indian power industry and regulatory environment. We believe we have a favorable reputation with off-takers, financiers, regulatory agencies and other industry participants, and that our reputation and management expertise will be important for ensuring the sustainability of our operations. We invest substantial resources in employee training and development. In addition, we expect that our uniform operational systems, processes and staff training procedures will enable us to replicate our operating standards across operating plants and future projects.

Ability to leverage the Jaypee Group's expertise, experience and technical capabilities

We believe that we benefit from the Jaypee Group's expertise, resources, project sourcing and in-house capabilities, which we believe help us develop, implement and operate projects in a technically proficient and cost-effective manner. Since the power sector reforms implemented by the Government of India in 1991, the Jaypee Group has added 1,700 MW of new hydroelectric capacity. From fiscal 2002 through fiscal 2012, the Jaypee Group participated in projects that added 9,840 MW of hydroelectricity to the national grid. JAL served as the EPC contractor for the BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power plants, and is the civil contractor for the Bina and Nigrie thermal power projects, and is expected to execute the civil component of works for the Bara and Karchana thermal power projects. We believe JAL's substantial involvement in the development and implementation of our projects will result in higher reliability, timeliness and competitive pricing for us as we develop our portfolio of power projects.

Our projects under implementation and development are expected to benefit from access to the Jaypee Group's in-house organization that specializes in project design, with detailed engineering capabilities ranging from the concept stage to the manufacture of specialized parts and the commissioning, operation and maintenance of projects. This team is supported by reputed international and domestic project consultants. As of September 30, 2012, the Company has approximately 280 in-house engineers with expertise in a range of engineering disciplines, particularly hydrology, electrical, civil and structural design and hydro-mechanical and geotechnical design. These engineers have specialized skills and experience relating to the design of large underground structures, electro-mechanical equipment, variable and unpredictable geological conditions and specific analysis, design and computer aided design (CAD) software applications. In addition, we expect to benefit from the Jaypee Group's in-house hydro-mechanical workshop, which we believe will provide further efficiencies by manufacturing certain hydro-mechanical equipment required for the implementation and operation of our projects. The Jaypee Group has developed an in-house coating facility for runners with a view to extending the life of the runners used in our hydroelectric power projects, which are prone to silt-damage from running water.

The Jaypee Group also has mining experience that we believe will be beneficial for the extraction of coal required for our thermal power projects.

Our Strategy

Our strategy is to become a world class, diversified power company with diversified sources of revenue. The following are our strategies:

Benefit from the growth of the Indian power sector

As of December 31, 2012, India's power system had an installed generation capacity of approximately 210,951 MW according to the CEA. Thermal power plants powered by coal, gas and diesel accounted for 66.8% of total power capacity in India, hydroelectric stations for 18.6% and others (including renewable sources of energy and nuclear stations) accounted for 14.6% according to the CEA. However, India has of substantial deficit in power supply, with a peak deficit of 9.0% for the period from April through October 2012 and 10.6% for the year ended March 31, 2012, according to CEA's Power Scenario at a Glance for November 2012. The Working Group on Power for Twelfth Plan, projects that the peak demand and energy requirement during the terminal year of the Twelfth Plan (2016-17) will be 197,686 MW and 1,403 BU, respectively, and that the peak demand and energy requirement during the terminal year of the Thirteenth Plan (2021-22) will be 289,667 MW and 1,993 BU, respectively. The capacity addition requirement during Twelfth and Thirteenth Plan corresponding to this demand works out to 75,785 MW and 93,400 MW respectively, according to Ministry of Power's Report of the Working Group on Power for Twelfth Plan dated January 2012. According to the data from Ministry of Power, per capital consumption of energy in India is expected to increase from present level of 474 Kwh per year to 1000 Kwh per year by fiscal 2012 and India's total power requirement is expected to double to 400,000 MW by 2020. As the Indian economy continues to grow, it is expected that India's energy consumption will grow as well. We intend to position our Company to benefit from the growth of the power sector in India as our projects under implementation are currently expected to add 4,500 MW of generation capacity during the 12th Plan (2012-2017). In addition, the total planned capacity of our projects in the preliminary stages of development is 7,920 MW.

Expand our portfolio of assets through technological and geographic diversification

Our operating BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power plants are each run-of-the-river hydroelectric power plants. We plan to add thermal capacity through the development and implementation of the Bina, Nigrie, Bara and Karchana thermal power projects and further hydroelectric capacity through the development and implementation of the Arunachal Pradesh and Meghalaya projects. We believe that this combination of thermal and hydroelectric power projects will partly mitigate our exposure to the potential risks associated with thermal power plants, such as rising commodities prices and potential unavailability of fuel sources, and the risks associated with hydroelectric power plants, such as adverse geological conditions and the long gestation period. We also seek opportunities to enhance our profitability through activities that complement our core power business. For example, we plan to develop a 4 MTPA cement grinding unit at the site of our Nigrie thermal power project, in order to use the fly ash generated by the project to manufacture cement. The cement grinding unit is expected to be developed and operated by our Company and we have commenced preliminary developmental work in this regard. The unit is expected to cost approximately Rs. 600 million but we have not yet achieved financial closure. We are taking further steps to mitigate our risk through geographic diversification, by developing multiple power projects across India. Furthermore, through the Jaypee Powergrid transmission line we have exposure to the power transmission business to complement our power generation activities.

Our hydroelectric power plants in operation and under implementation and development are located in India's Northern and North-Eastern regions, where water flow tends to be perennial and conducive to power generation because the rivers are glacier-fed and therefore are less dependent on the seasonal monsoons for water flow. Our thermal power projects are located in Central India in close proximity to coal fields, which are their primary fuel and raw material. We believe that, following completion of our projects under implementation and development, we will have a combination of hydroelectric and thermal power plants that is well-suited to the Indian market. We currently expect to own and operate hydroelectric power projects with an aggregate capacity of 5,620 MW and thermal power projects with an aggregate capacity of 7,800 MW following completion of our projects under implementation and development.

Achieve balance between long-term power purchase agreements and open market sales

We intend to balance assured revenue streams through long term PPAs with market exposure through open market sales in order to succeed in a variety of market conditions. We sell all of the power generated by the BASPA II and Vishnuprayag hydroelectric power plants pursuant to long-term PPAs. We have also entered into long-term PPAs with respect to approximately half of the power expected to be generated by the Nigrie thermal power project and approximately 70% of the power expected to be generated by the Bina thermal power project. Furthermore, UP distribution companies have entered into PPAs with us for purchase of up to 90% of the power generated from the first phases of the Bara and Karchana thermal power projects.

We currently sell the Saleable Energy generated from the 1,000 MW Karcham Wangtoo hydroelectric power plant pursuant to short term and medium term PPAs on a merchant basis. In addition, we intend to retain approximately half of the total power generated by the Nigrie thermal power project, approximately 30% of the total power generated from the Bina thermal power project and approximately 10% of the power generated by the first phases of the Karchana and Bara thermal power projects for sale on the open market. For the Arunachal Pradesh and Meghalaya projects under development, we currently expect to enter into long term PPAs with respect to approximately half of the expected power generation capacity, while retaining the balance for sale in open market transactions.

The following table sets forth, for fiscal years 2011 through 2015, the historical and planned percentages of our power production that we have sold, and intend to sell, pursuant to long-term PPAs and merchant power transactions in the open market.

	Year ended March 31,				
	2011 (Historical)	2012 (Historical)	2013 (Planned ⁽¹⁾)	2014 (Planned ⁽¹⁾)	2015 (Planned ⁽¹⁾)
Sales pursuant to Long-Term PPAs	100%	43%	49%	49%	62%
Open Market Sales	0%	57%	51%	51%	38%

Note:

- (1) While we have entered into long-term PPAs with respect to a portion of the power from each of our Bina, Nirgrie and Bara thermal power project, sales pursuant to these PPAs are necessarily contingent on completion of the projects among other risks. The percentages set forth in this table assume that each of our projects under implementation will commence operations on or prior to the expected completion date based on our financing agreements. There can be no assurance that our projects will be completed in a timely manner or at all or that, once completed, they will produce power in the expected quantities or that we will sell power in the expected quantities pursuant to our long-term PPAs. See "Risk Factors".

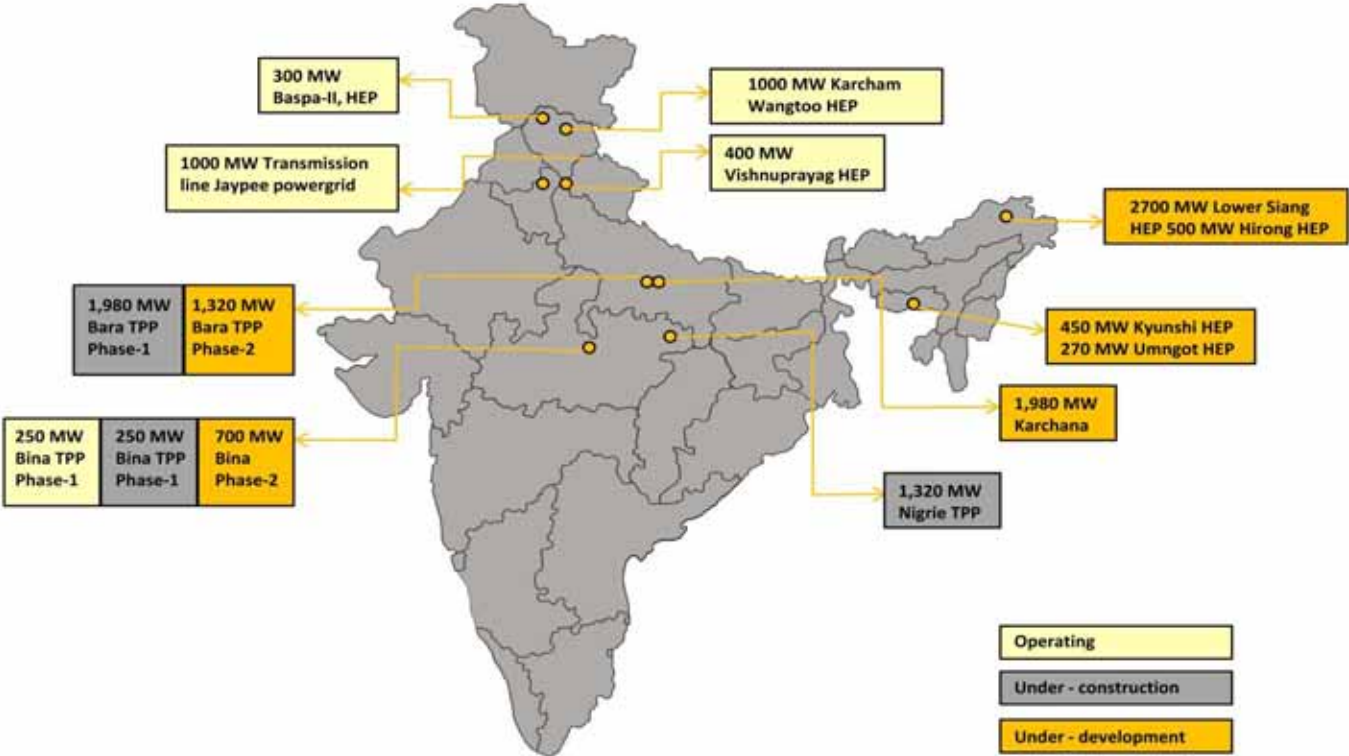
Profit from the sale of carbon emissions credits

Verified Emissions Reductions certificates (VERs) and Certified Emissions Reduction certificates (CERs) are tradable certificates commonly referred to as "carbon credits", which are issued pursuant to the Voluntary Carbon Standard 2007 and the Clean Development Mechanism Executive Board, respectively, for projects that reduce greenhouse gas emissions. Our operating projects are each accredited for VERs and we intend to pursue VER/CER accreditation for our projects under implementation and development. The BASPA II and Vishnuprayag hydroelectric power plants have been accredited for 1.00 million and 1.32 million annual VERs, respectively. The Karcham-Wangtoo hydroelectric power plant has been registered by UNFCCC as a CDM project for a period of ten years commencing from April 2012 and has been credited with 3.54 million CERs per annum. The sale of VERs from projects provided revenues of Rs. 398.7 million in fiscal 2012, Rs. 106.3 million in the six months ended September 30, 2012 and Rs. 278.40 million in the three months ended December 31, 2012. Certain of our thermal power projects under implementation, including the Nigrie, Bara and Karchana thermal power projects, may also become eligible to obtain credits for tradable certificates such as CERs/VERs as they propose to use supercritical technology to reduces emissions.

Project Locations

The map below shows the locations of our operating power plants and transmission line, and our projects under implementation and development as of the date of this Preliminary Placement Document.

Project Locations



Project Summaries

The following table sets forth a summary of our operating power plants and transmission line.

Operating Power Plants						
Plant or Transmission Line	Project Company (ownership interest of the Company)	Nature and location of Plant or Transmission Line	Design Capacity (MW)	Outstanding Project Loan (Rs. millions)	Approximate Total Cost (Rs. millions) (Debt to Equity Ratio ⁽¹⁾)	Completion Date
BASPA II	Directly owned by the Company	Operating hydroelectric power plant in Himachal Pradesh	300	7,643 as of September 30, 2012 7,378 as of December 31, 2012	16,673 (70:30)	June 2003
Vishnuprayag	Directly owned by the Company	Operating hydroelectric power plant in Uttarakhand	400	12,096 as of September 30, 2012 11,725 as of December 31, 2012	16,940 (70:30)	October 2006
Karcham-Wangtoo	Directly owned by the Company	Operating hydroelectric power plant in Himachal Pradesh	1,000	45,880 as of September 30, 2012 45,229 as of December 31, 2012	68,254 (70:30)	September 2011
Jaypee Powergrid Transmission	JPL (74%)	217-km power transmission line from Himachal Pradesh to Haryana	-	6,804 as of September 30, 2012 6,707 as of December 31, 2012	9,830 (70:30)	April 2012

Note:

- (1) Ratio of debt to equity on which the original project financing was based.

The following table sets forth a summary of our projects under implementation as of September 30, 2012.

Projects Under Implementation							
Project	Project Company and the Company's Expected Ownership Interest at the time of Commissioning	Nature and Location	Design Capacity (MW)	Budgeted Project Cost (Rs. millions)	Outstanding Project Loan (Rs. millions)	Total Expenditure (including capital advances) (Rs. millions) (Debt to Equity Ratio ⁽¹⁾)	Expected Completion Date based on Financing Agreements ⁽²⁾
Bina (Phase 1)	Directly owned by the Company	Thermal power project in Madhya Pradesh	Phase 1: 500 ⁽³⁾	32,400	22,103 as of September 30, 2012 22,280 as of December 31, 2012	31,557 as of September 30, 2012 31,949 as of December 31, 2012 (70:30)	2013 ⁽³⁾
Nigrie	Directly owned by the Company	Thermal power project in Madhya Pradesh	1,320	100,000 ⁽⁴⁾	39,909 as of September 30, 2012 43,956 as of December 31, 2012	62,800 as of September 30, 2012 69,629 as of December 31, 2012 (70:30)	2014
Bara (Phase 1)	PPGCL (74%) ⁽⁵⁾	Thermal power project in Uttar Pradesh	Phase 1: 1,980	107,800	29,924 as of September 30, 2012 and 35,894 as of December 31, 2012	39,781 as of September 30, 2012 49,028 as of December 31, 2012 (75:25)	2015

Notes:

- (1) Ratio of debt to equity on which the project financing is based.
- (2) There can be no assurance that our projects will be completed in a timely manner or at all. See "Risk Factors - The projected capacity data in this Preliminary Placement Document are subject to numerous assumptions and uncertainties. We could encounter problems that substantially delay the commissioning of our projects under implementation and development".
- (3) The first 250 MW unit of the first phase of the Bina thermal power project, which comprises a total of two 250 MW units, commenced operations in August 2012. The second 250 MW unit is expected to commence operations in 2013.
- (4) The current budgeted cost of the Nigrie thermal power project is Rs. 81,000 million, however, the budgeted cost is expected to be increased to approximately Rs. 100,000 million due to cost increases resulting from design changes made during the detailed engineering process and finalization of specifications, including the construction of a barrage rather than a weir based on a revised policy of the Government of Madhya Pradesh, and due to adverse changes in foreign exchange rates, interest rates, taxes and duties.
- (5) We currently own 92.53% of PPGCL, the project company that is implementing the Bara thermal power project. JAL owns the remaining 7.47% and, pursuant to a resolution passed by shareholders of JAL, JAL may invest further up to Rs. 6,000 million to acquire up to a total 26% equity interest in PPGCL (including the 7.47% that it already owns).

The following table sets forth a summary of our projects that are in the preliminary stages of development.

Projects in the Preliminary Stages of Development			
Project	Project Company and the Company's Expected Ownership Interest at the time of Commissioning	Nature, Location	Design Capacity (MW)
Bina (Phase 2)	Directly owned by the Company	Thermal power project, Madhya Pradesh	Phase 2: 700
Bara (Phase 2)	PPGCL (74%) ⁽¹⁾	Thermal power project, Uttar Pradesh	Phase 2: 1,320
Karchana ⁽²⁾	SPGCL (74%) ⁽¹⁾	Thermal power project, Uttar Pradesh	Phase 1: 1,320
			Phase 2: 660
Arunachal Pradesh Projects			
Lower Siang	JAPL (89%) ⁽³⁾	Hydroelectric power project, Arunachal Pradesh	Phase 1: 1,500
			Phase 2: 1,200
Hirong	JAPL (89%) ⁽³⁾	Hydroelectric power project, Arunachal Pradesh	500
Meghalaya Projects			
Kynshi II	JMPL (74%) ⁽³⁾	Hydroelectric power project, Meghalaya	450
Umngot	JMPL (74%) ⁽³⁾	Hydroelectric power project, Meghalaya	270

Notes:

- (1) We currently own 92.53% of PPGCL, the project company that is implementing the Bara thermal power project, and 100% of SPGCL, the project company that is implementing the Karchana thermal power project. JAL owns the remaining 7.47% of PPGCL and pursuant to a resolution passed by shareholders of JAL, JAL may further invest up to Rs. 6,000 million to acquire up to a total 26% equity interest in PPGCL (including the 7.47% that it already owns), and up to Rs. 5,000 million to acquire up to a 26% equity interest in SPGCL.
- (2) The Karchana thermal power project has achieved financial closure but is not yet being implemented due to a court order that effectively prevents from using the land acquired for the project. See “- We have not yet taken possession of any of the land required for our Karchana thermal power project” and “Legal Proceedings and Disputes.”
- (3) The Company's current ownership interest is 100%, however pursuant to our agreements with the states of Arunachal Pradesh and Meghalaya, respectively, the state of Arunachal Pradesh is entitled to an 11% interest in JAPL, which is developing the Arunachal Pradesh projects, and the state of Meghalaya is entitled to a 26% interest in JMPL, which is developing the Meghalaya projects.

Operating Plants

We operate three hydroelectric power plants, namely the 300 MW BASPA II hydroelectric power plant, the 400 MW Vishnuprayag hydroelectric power plant and the 1,000 MW Karcham-Wangtoo hydroelectric power plant. We also operate one transmission line through our 74%-owned subsidiary, JPL, namely the Jaypee Powergrid transmission line, and one thermal power plant, namely the Bina thermal power project, of which the first 250 MW unit of the initial 500 MW phase has commenced operations.

BASPA II Hydroelectric Power Plant

The BASPA II hydroelectric power plant is a run-of-the-river power plant on the Baspa river, a tributary of the Satluj river in Kinnaur district in the state of Himachal Pradesh approximately 210 kilometers from Shimla, the state capital. The plant comprises three 100 MW units which were commissioned in June 2003. For the year ended March 31, 2012, the six months ended September 30, 2012 and the three months ended December 31, 2012, the plant generated Net Saleable Energy of 1,221.83 MU, 871.58 MU and 130.88 MU, respectively, with Plant Availability of 99.97%, 99.73% and 99.80% respectively, and our operating income from the plant, comprising sales of energy and VERs, was Rs. 3,079.20 million, Rs. 1,681.40 million and Rs. 474.10 million respectively. The plant is designed to generate 1,213 MU in a 90% Dependable Year and 1,435 MU in a 50% Dependable Year.

Project Implementation

The BASPA II hydroelectric power plant was implemented through contracts for civil works with JAL. The generating equipment was manufactured, erected and commissioned by a consortium of Siemens AG and VA Tech Hydro Vevey. The gas insulated switchgear and 400 KV high gas insulated bus-bar were supplied by

Alstom. Generator transformers and other auxiliary and ancillary equipment were procured from suppliers in India. Because the area submerged by the barrage is contained within the riverbanks, the BASPA II hydroelectric power plant did not involve inundation of surrounding land or rehabilitation of residents. Certain approvals from the HPSEB have not been renewed. See “Risk factors — Approval by the Himachal Pradesh State Pollution Control Board to operate the BASPA II hydroelectric power plant is pending renewal”.

Project Financing

The total capitalized cost of the BASPA II hydroelectric power plant was Rs. 16,673.4 million, of which Rs. 15,339.6 million was approved by the HPERC for purposes of determining the PPA tariff under the BASPA II PPA. See “- Power Purchase Agreement”. The project cost was financed with Rs. 4,910.0 million of equity, Rs. 874.8 million of internal accruals and Rs. 10,888.6 million of debt. As of September 30, 2012 and December 31, 2012, Rs. 7,643 million and Rs. 7,378 million respectively of debt remained outstanding with respect to this project. In connection with the project financing, while any project debt remains outstanding, all revenues from the BASPA II hydroelectric power plant are required to be deposited in a trust and retention account and withdrawn in accordance with the terms set forth in a trust and retention account agreement.

For descriptions of certain loans that we have entered into in connection with this project see “Indebtedness”.

Power Purchase Agreement

Pursuant to the implementation agreement in 1992, 12% of the net Design Energy of the project is supplied free of charge to the Government of Himachal Pradesh, at the interconnection point at Jakhri. In 1997 we entered into a PPA with HPSEB (the BASPA II PPA), pursuant to which HPSEB agreed to purchase the remaining 88% of energy generated by the project (the entire Saleable Energy) for a period of 40 years from 2003, the term of which is extendable for a further period of 20 years at the option of HPSEB. HPSEB has the option to purchase the BASPA II hydroelectric power plant upon expiry of the PPA. For the year ended March 31, 2012, a total of 1,401.67 MU was generated by the BASPA II hydroelectric power plant, of which 183.38 MU was supplied to the Government of Himachal Pradesh free of charge.

The tariff structure under the PPA consists of a Capacity Charge, an Energy Charge, payment for Secondary Energy and an incentive for Plant Availability. The project’s annual Capacity Charge is required to be submitted to the HPSEB prior to each tariff period, and the tariff is then determined by the HPERC in accordance with the terms of the BASPA II PPA.

- Capacity Charge. The Capacity Charge is calculated on the basis of our interest payments on debt incurred in connection with the BASPA II hydroelectric power plant, plus depreciation calculated at 4.3% per year up to an aggregate maximum of 90% of the approved capitalized cost (as approved by the appropriate electricity regulatory commission) of the BASPA II hydroelectric power plant and leasing charges for the tariff period. The Capacity Charge also allows for advances against depreciation to the extent that the actual loan repayment liability in a given year exceeds the depreciation amounts. The Capacity Charge is recoverable by us in full if the BASPA II hydroelectric power plant achieves Plant Availability of 90% for a given year, but is subject to pro rata reduction for Plant Availability below 90%. If Plant Availability exceeds 90%, no additional capacity charges are payable.
- Energy Charge. The Energy Charge includes (i) a 16% annual return on equity, (ii) annual operation and maintenance expenses of 1.25% of the approved capitalized cost of the BASPA II hydroelectric power plant in its first year of operation, which are thereafter indexed to inflation, (iii) interest on working capital and (iv) miscellaneous charges.
- Income Tax Liability. Under the BASPA II PPA, HPSEB is required to reimburse our income tax liability with respect to the BASPA II hydroelectric power plant. According to the Income Tax Act, we are entitled to a tax holiday for any period of ten consecutive years during the first 15 years of operation. During the period of the tax holiday the Company will be subject to payment of MAT.
- Secondary Energy. The payment for Secondary Energy is for energy that is in excess of the Design Energy of the plant based on a 90% Dependable Year, and is calculated to yield a 10% return on equity for 155 MU, subject to a maximum overall 10% return on equity.
- Incentive for Plant Availability. An incentive for Plant Availability is payable if Plant Availability exceeds 90%. The incentive for Plant Availability is equal to a 0.35% return on equity for each

percentage increase in Plant Availability above 90%, subject to a maximum incentive equal to a 2% return on equity.

HPSEB's payments under the BASPA II PPA are secured by a multi-tier payment security mechanism including an irrevocable letter of credit, the pledge of an escrow account into which all payments due to HPSEB from certain customers are required to be deposited and the guarantee of the Government of Himachal Pradesh.

Operations and Maintenance

The operation and maintenance of the BASPA II hydroelectric power plant is carried out by our own technically qualified and experienced team. Ongoing maintenance includes scheduled shutdowns for each of the plant's three units, which are staggered so as not to require a scheduled shutdown of the entire plant at any time.

Power Transmission

The BASPA II hydroelectric power plant is interconnected to a 400 KV grid substation owned by Satluj Jal Vidyut Nigam Limited at Naptha Jhakri in the state of Himachal Pradesh.

Carbon Credits

The BASPA II hydroelectric power plant is accredited for Rs. 1.00 million annual VERs. The sale of VERs from the BASPA II hydroelectric power plant provided revenues of Rs. 24.62 million in fiscal 2012, Rs. 8.23 million in the six months ended September 30, 2012 and Rs. 5.5 million in the three months ended December 31, 2012.

Vishnuprayag Hydroelectric Power Plant

The Vishnuprayag hydroelectric power plant comprises four 100 MW units which were commissioned between June 2006 and October 2006. The Vishnuprayag hydroelectric power plant was commissioned six months ahead of schedule saving us approximately Rs. 1,500 million, primarily due to reduced interest during the construction period. For the year ended March 31, 2012, the six months ended September 30, 2012 and the three months ended December 31, 2012, the plant generated Net Saleable Energy of 1,889.20 MU, 1,301.33 MU and 227.30 MU, respectively, with Plant Availability of 98.58%, 99.81% and 99.34%, respectively, and our operating income from the plant, comprising sales of energy and VERs, was Rs. 4,333.80 million, Rs. 2,286.20 million and Rs. 874.90 million respectively. The plant is designed to generate 1,744.4 MU in a 90% Dependable Year and 1,947 MU in a 50% Dependable Year.

Project Implementation

The Vishnuprayag hydroelectric power plant is a run-of-the-river power plant on the Alaknanda river in Chamoli district in the state of Uttarakhand. We implemented our Vishnuprayag hydroelectric power plant through various execution contracts with JAL and JVPL, which had primary responsibility for consultancy and design services. We also entered into contracts for major supply and supervision of erection and commissioning of hydro-generating equipment, gas insulate switchgear equipment and cables with Alstom, France. Because the area submerged by the barrage is contained within the riverbanks, the project did not involve any submergence or rehabilitation.

Project Financing

The total capitalized cost of the Vishnuprayag hydroelectric power plant was Rs. 16,940 million, which was financed with Rs. 11,850 million of debt and Rs. 5,090 million of equity. As of September 30, 2012 and December 31, 2012, Rs. 12,096 million and Rs. 11,725 million, respectively, of debt was outstanding with respect to this project.

In connection with the project financing, while any project debt remains outstanding, all revenues from the Vishnuprayag hydroelectric power plant are required to be deposited in a trust and retention account and distributed in accordance with the terms set forth in a trust and retention account agreement, which provides that the first priority for distributions is for tax payment, operation and maintenance cost, followed by insurance expenses, debt payments, debt service reserves, operation and maintenance reserve, major maintenance reserve, tax reserve and distribution holding account. In addition to our bank loans, the Company is required to repay an unsecured loan of Rs. 100 million to the Government of Uttarakhand. The Company has not repaid this amount

because we await the joint decision of the Governments of Uttarakhand and Uttar Pradesh with respect to which state shall be entitled to receive such repayment.

For descriptions of certain loans that we have entered into in connection with this project see "Indebtedness".

Power Purchase Agreement

Pursuant to a PPA between us and UPPCL, UPPCL has agreed to purchase the entire Saleable Energy generated by the project for a period of 30 years, which is extendable by mutual agreement for a further period of 20 years. The tariff, which is computed in accordance with the PPA, which has been approved by the Uttar Pradesh Electricity Regulatory Commission (UPERC). Pursuant to the amended implementation agreement for the Vishnuprayag hydroelectric power plant 12% of the net Design Energy of the project is supplied free of charge by the Government of Uttar Pradesh to the Government of Uttarakhand. For the year ended March 31, 2012, a total of 2,146.81 MU was generated by the Vishnuprayag hydroelectric power plant, of which 257.61 MU was supplied to the Government of Uttarakhand free of charge.

The tariff structure for power sold to UPPCL consists of a Capacity Charge, an Energy Charge, payment for Secondary Energy and an incentive for Plant Availability.

- Capacity Charge. The Capacity Charge is calculated on the basis of our interest payments on debt incurred in connection with the Vishnuprayag hydroelectric power plant, plus depreciation calculated at 3.92% per year up to an aggregate maximum of 90% of the approved capitalized cost (as approved by the appropriate electricity regulatory commission) of the Vishnuprayag hydroelectric power plant. The Capacity Charge also allows for advances against depreciation to the extent that the actual loan repayment liability in a given year exceeds the depreciation amounts. To the extent the Company leases assets, approved leasing charges may be included in the Capacity Charge in lieu of interest charges and depreciation charges. The Capacity Charge is recoverable by us in full if the Vishnuprayag hydroelectric power plant achieves Plant Availability above 90% for a given year, but is subject to pro rata reduction for Plant Availability below 90%.
- Energy Charge. The Energy Charge includes (i) a 16% annual return on equity on the paid up capital of the project, (ii) annual operation and maintenance expenses of 1.5% of the approved capitalized cost of the Vishnuprayag hydroelectric power plant in its first year of operation, which are thereafter indexed to inflation (linked 70% to the Indian wholesale price index and 30% to the Indian consumer price index), (iii) our actual income tax liability from the Vishnuprayag hydroelectric power plant (iv) interest on working capital (calculated on the basis of operation and maintenance expenses for a month, maintenance spares at actuals, not exceeding one year's requirements and receivables equivalent to two months of average billing under the PPA) and (v) miscellaneous charges, including taxes, duties and water cess.
- Secondary Energy. The payment for Secondary Energy is for energy that is in excess of the Design Energy of the plant based on a 90% Dependable Year and is paid at the same rate as the Energy Charge.
- Incentive for Plant Availability. An incentive for Plant Availability is payable if Plant Availability exceeds 90%. The incentive for Plant Availability is equal to a 0.6% return on equity for each percentage increase in Plant Availability between 90% and 93%, a 0.65% return on equity for each percentage increase in Plant Availability between 93% and 95% and a 0.7% return on equity for each percentage increase in Plant Availability above 95%.

UPPCL's payments under the PPA are secured by a multi-tier payment security mechanism. UPPCL is required to maintain an irrevocable non-recourse letter of credit in our favor. In addition, we have a first lien on all revenues of UPPCL in designated distribution circles, including those from bulk consumers, which shall be deposited in an escrow account. In the event of a default by UPPCL, we will also have recourse to an unconditional guarantee provided by the Government of Uttar Pradesh.

Operations and Maintenance

The operation and maintenance of the Vishnuprayag hydroelectric power plant is carried out by our own technically qualified and experienced team. Ongoing maintenance includes scheduled shutdowns for each of the plant's four units, which are staggered so as not to require a scheduled shutdown of the entire plant at any time.

Power Transmission

The Vishnuprayag hydroelectric power plant is interconnected to a 400 KV grid substation owned by UPPCL at Muzaffarnagar in the state of Uttar Pradesh through a double circuit transmission line.

Carbon Credits

The Vishnuprayag hydroelectric power plant is accredited for 1.32 million annual VERs. The sale of VERs from the Vishnuprayag hydroelectric power plant provided revenues of Rs. 374.1 million in fiscal 2012, Rs. 98.1 million in the six months ended September 30, 2012 and Rs. 272.9 million in the three months ended December 31, 2012.

Karcham-Wangtoo hydroelectric power plant

The 1,000 MW Karcham-Wangtoo hydroelectric power plant is a run-of-the-river hydroelectric power plant consisting of four 250 MW units on the Sutlej river in Kinnaur district of the state of Himachal Pradesh. The plant, which commenced operations in September 2011, was implemented pursuant to a concession granted by the state of Himachal Pradesh for an initial term of 40 years, subject to extension by mutual agreement for a further period of 20 years. The concession was initially awarded to JAL in 1999 pursuant to an implementation agreement with the state of Himachal Pradesh and transferred to JKHCL in 2002 pursuant to a tripartite agreement between the Government of Himachal Pradesh, JAL and JKHCL. The Karcham-Wangtoo hydroelectric power plant was commissioned 2 months ahead of schedule. JKHCL was amalgamated into the Company as of April 1, 2010. For the year ended March 31, 2012 (having commenced operations in September 2011), the six months ended September 30, 2012 and the three months ended December 31, 2012, the plant generated net Saleable Energy of 2,248.12 MU, 2,977.63 MU and 398.68 MU, respectively, with plant availability of 99.70%, 99.32% and 88.42%, respectively, and our sales of electrical energy, was Rs. 8,743 million, Rs. 10,544 million and Rs. 1761.50 million, respectively. The plant is designed to generate 4,261 MU in a 90% Dependable Year and 4,596 MU in a 50% Dependable Year.

Plant Implementation

JAL conducted the engineering, procurement and construction of civil, hydro-mechanical and electro-mechanical works for the plant. A consortium of VA Tech Hydro Vevey and Voith manufactured, erected and commissioned the generating equipment and Alston supplied the gas insulated switchgear and 400 KV high gas insulated bus-bar. The total land requirement of 128.3 hectares for the plant is either owned or leased by us.

Plant Financing

The total capitalized cost of the Karcham-Wangtoo hydroelectric power plant was Rs. 68,254 million, which was financed through equity contributions of Rs. 20,700 million and debt of Rs. 47,554 million. As of September 30, 2012 and December 31, 2012, Rs. 45,880 million and Rs. 45,229 million respectively of project debt remained outstanding in connection with this project.

In connection with the project financing, while any project debt remains outstanding, all revenues from the Karcham-Wangtoo hydroelectric power plant are required to be deposited in a trust and retention account and withdrawn in accordance with the terms set forth in a trust and retention account agreement, which provides that the first priority for distributions is for operation and maintenance costs, followed by insurance expenses, debt payments, debt service reserves, operation and maintenance reserve, major maintenance reserve, tax reserve and distribution holding account.

For descriptions of certain loans that we have entered into in connection with this project see "Indebtedness".

Power Purchase Arrangements

Under the implementation agreement, we have agreed to provide to the state of Himachal Pradesh, free of charge, 12% of the power generated by the Karcham-Wangtoo hydroelectric power plant for the first 12 years of the agreement and 18% of the power produced during the remaining 28 years of the initial term.

We have entered into various short-term and medium-term PPAs with customers in the private and public sectors with respect to power from our Karcham-Wangtoo hydroelectric power plant and we expect to continue to do so with respect to all of the energy produced by this project that we are not required to provide to the state of Himachal Pradesh. As of October 31, 2012 under such short-term and medium-term PPAs we sell 17% of the

power generated by the Karcham-Wangtoo hydroelectric power plant at the rate of Rs. 3.19 per unit and 71% of the power generated by the Karcham-Wangtoo hydroelectric power plant at the rate of Rs. 3.58 per unit.

In 2006, prior to its amalgamation into the Company, JKHCL entered into a PPA with PTCIL pursuant to which PTCIL agreed to purchase 704 MW of power for a term of 35 years from the commercial operations date, at a tariff based on the completion cost of the project to be determined in accordance with the CERC regulations. However, we have been advised that the PPA is void due to the inability of CERC to enforce the tariff procedure contemplated under the PPA. See “Risk Factors - We believe that the PPA entered into between JKHCL and PTCIL in 2006 for the sale of power from the Karcham-Wangtoo hydroelectric power plant is void.”

Operations and Maintenance

The operation and maintenance of the Karcham-Wangtoo hydroelectric power plant is carried out by our own technically qualified and experienced team. Ongoing maintenance includes scheduled shutdowns for each of the plant’s four units, which are staggered so as not to require a scheduled shutdown of the entire plant at any time.

Power Transmission

An agreement for the transmission of power has been signed with our 74%-owned subsidiary, JPL. Please see below for details on transmission arrangements for the Karcham-Wangtoo hydroelectric power plant. Pursuant to the agreement, we are required to provide JPL with a letter of credit for an amount equal to the value of one month’s transmission service charges payment based on normative availability.

Carbon Credits

The Karcham-Wangtoo hydroelectric power plant has been registered by UNFCCC as a CDM project for a period of ten years commencing from April 2012.

Jaypee Powergrid transmission line

Our 74%-owned subsidiary, JPL, developed and operates a 217-kilometer-long power transmission line, which commenced operations in April 2012. The Jaypee Powergrid transmission line evacuates power generated by the Karcham-Wangtoo hydroelectric power plant in the state of Himachal Pradesh to the interconnection point at the 400 kV DC transmission line at Abdullapur in the state of Haryana for inter-state transmission of electricity. PGCIL owns 26% of JPL. The Company recognized Rs. 1,043 million of operating revenue for the six months ended September 30, 2012.

Project implementation

In 2007, the MoP granted permission to JPL under Section 68 of the Electricity Act, 2003, and CERC granted a license to JPL under Section 14 of the Electricity Act 2003, to construct and operate the Jaypee Powergrid transmission line. Pursuant to the permission granted by the MoP, JPL possesses the same powers which the telegraph authority possesses under the Indian Telegraph Act 1885, with respect to the placing of overhead telegraph lines (having a nominal voltage of below 11 KV) and posts, which effectively allows JPL to erect electric posts and place overhead electric lines for the transmission of electricity.

The detailed project report, engineering consulting services and route alignment were conducted by PGCIL. The construction of the transmission line is divided into three sections; two sections are located in an area where there is medium to moderate snowfall, and the other section is located in an area where there is no snowfall. The two sections are located where there is medium to moderate snowfall were constructed by Larsen & Toubro Ltd, and the remaining section was constructed by Gammon India Ltd. Sterlite Technologies Ltd and Apar Industries Ltd supplied the conductors for the transmission line and Aditya Birla Insulators, a unit of Aditya Birla Nuvo Ltd., supplied the insulators. Open access permission has been granted by the Central Transmission Utility for transmission of power to beneficiary states of India’s northern region from Abdullapur in the state of Haryana. In accordance with the requirements of the Forest Conservation Act 1980, the approval of the MoEF, the GoHP and the Government of Haryana was obtained for the diversion of 322.9 hectares of forest land to allow for construction of the transmission line.

Transmission Service Agreement

Pursuant to a transmission service agreement entered into in February 2007 JPL agreed to provide transmission services for the Karcham-Wangtoo hydroelectric power plant at a transmission service charge calculated in accordance with CERC regulations the payment of which is to be secured by a letter of credit in favor of JPL.

Connection Agreement

In May 2011, JPL entered into a connection agreement with PGCIL and JKHCL (which has since amalgamated into the Company), pursuant to which PGCIL agreed to connect the Karcham-Wangtoo hydroelectric power plant to the JPL's transmission line at Abdullapur. Under the agreement, the Company is required to pay monthly transmission tariff and other charges to JPL for long term, medium term or short term open access as and when such access is used by the Company. The Company is also required to pay certain costs toward related modifications and alterations to the PGCIL's infrastructure.

Project cost and project financing

The total project cost of the Jaypee Powergrid transmission line was Rs. 9,830 million, which was financed through Rs. 3,000.0 million of a combination of equity and corporate resources and the balance from debt. We and PGCIL contributed aggregate equity and corporate resources of Rs. 2,220 million and Rs. 780 million, respectively, to the project. As of September 30, 2012 and December 31, 2012, Rs. 6,804 million and Rs. 6,707 million, respectively, was outstanding under this agreement.

For descriptions of certain loans that we have entered into in connection with this project see "Indebtedness".

Operations and Maintenance

The operation and maintenance of the Jaypee Powergrid transmission line is carried out by our own technically qualified and experienced team.

Projects Under Implementation

We are in the process of implementing the Nigrie, Bina (Phase 1) and Bara (Phase 1) thermal power projects. The following table sets forth certain details of each of our projects under implementation.

Project and Expected Completion Date⁽¹⁾ (based on financing requirements)	Budgeted Project Cost and Planned Debt/Equity (Rs. millions)	Off-Take Strategy	Coal Requirement to Operate at Capacity and Sources of Coal Supply	Land Acquisition, Water Allocation and Environmental Clearance
Bina (Phase 1) 500 MW thermal (2013) ⁽²⁾	32,400 (Debt: 22,680; Equity: 9,720)	<ul style="list-style-type: none">• 70% pursuant to long-term PPAs• 30% on the open market	2.39 MTPA <ul style="list-style-type: none">• Fuel supply agreement signed with Central Coalfields Limited for 0.6482 MTPA• The Company is in discussions with South Eastern Coalfields for 0.7588 MTPA, with respect to which it was earlier awarded a letter of assurance, but no fuel supply agreement has been signed.	<ul style="list-style-type: none">• Total land requirement of 693.7 hectares acquired for both phases one and two• 100 cusecs allocated from the Betwa river for both phases one and two• Environmental clearance granted in August 2009

Project and Expected Completion Date ⁽¹⁾ (based on financing requirements)	Budgeted Project Cost and Planned Debt/Equity (Rs. millions)	Off-Take Strategy	Coal Requirement to Operate at Capacity and Sources of Coal Supply	Land Acquisition, Water Allocation and Environmental Clearance
Nigrie 1,320 MW thermal (2014)	100,000 ⁽³⁾ (Debt: 70,000; Equity: 30,000)	<ul style="list-style-type: none"> 50% pursuant to long-term PPAs 50% for sale on the open market 	5.06 MTPA <ul style="list-style-type: none"> Coal supply agreement for 2.5 MTPA from Amelia (North) coal block Coal supply agreement with MP Jaypee Coal Limited for 2.7 MTPA from Dongri Tal II open cast coal mine 	<ul style="list-style-type: none"> 473.33 hectares, out of a total land requirement of 474 hectares, has been acquired 65.3 cusecs allocated from the Gopad river Environmental clearance granted in February 2010
Bara (Phase 1) 1,980 MW thermal (2015)	107,800 (Debt: 80,850; Equity: 26,950)	<ul style="list-style-type: none"> 90% pursuant to long-term PPAs 10% for sale on the open market 	8.04 MTPA <ul style="list-style-type: none"> Letter of assurance from Northern Coalfields Limited for 7.02 MTPA 	<ul style="list-style-type: none"> Total land requirement of 777.39 hectares has been acquired for phases one and two 96 cusecs allocated from the Yamuna river for both phases Environmental clearance granted in September 2009

Note:

- (1) There can be no assurance that our projects will be completed in a timely manner or at all. See "Risk Factors - The projected capacity data in this Preliminary Placement Document are subject to numerous assumptions and uncertainties. We could encounter problems that substantially delay the commissioning of our projects under implementation and development".
- (2) The first 250 MW unit of the first phase of the Bina thermal power project, which comprises a total of two 250 MW units, commenced operations in August 2012. The second 250 MW unit is expected to commence operations in 2013.
- (3) The current budgeted cost of the Nigrie thermal power project is Rs. 81,000 million, however, the budgeted cost is expected to be increased to approximately Rs. 100,000 million due to cost increases resulting from design changes made during the detailed engineering process and finalization of specifications, including the construction of a barrage rather than a weir based on a revised policy of the Government of Madhya Pradesh, and due to adverse changes in foreign exchange rates, interest rates, taxes and duties. .

Bina Thermal Power Project (Phase 1)

We are currently implementing the first phase of the 1,200 MW Bina thermal power project in the Bina district in the state of Madhya Pradesh. Phase one comprises two 250 MW units, the first of which commenced operations in August 2012 and the second of which is expected to commence operations in 2013.

Project Implementation

We have acquired and fenced 693.7 hectares of land for both phases of the Bina thermal power project and 100 cusecs of water has been allocated from the Betwa river for the project. Final clearance for the Bina thermal power project was received from MoEF in August 2009. In 2009, we placed an order with Bharat Heavy Electricals Limited for the boiler, turbine and generator. JAL has executed the civil works for the Bina thermal power project.

Project Costs and Project Financing

The first phase of the Bina thermal power project is currently expected to cost approximately Rs. 32,400 million, which we currently expect to finance through an equity contribution of Rs. 9,720 million and debt of Rs. 22,680 million. As of September 30, 2012 and December 31, 2012, we had contributed equity of Rs. 9,720

million and Rs. 9,820 million, respectively, and drawn down Rs. 21,354 million and Rs. 2,3145 million, respectively, on the project loan.

For descriptions of certain loans that we have entered into in connection with this project see "Indebtedness".

Coal Supply

The coal requirement to fuel the 500 MW first phase of the Bina thermal power project is estimated to be 2.39 MTPA at a plant load factor of 85%. We have entered into a fuel supply agreement in 2012 with Central Coalfields Limited (CCL) for 0.6482 MTPA of grade "E" coal. We are in discussions with respect to an additional 0.7588 MTPA from South Eastern Coalfields, having earlier been awarded a letter of assurance from South Eastern Coalfields

Power Purchase Arrangements

We have entered into a PPA with Madhya Pradesh Power Trading Company Limited (MPPTCL) and three other power distribution companies with respect to 65% of the installed capacity of the first phase of the project at an assumed plant load factor of 85% on a regulated tariff basis for 25-years following the commencement of operations of the project. The tariff under the PPA with MPPTCL will comprise a Capacity Charge and a Variable Charge, each to be determined by the MPERC, and any other charges as may be determined by the MPERC pursuant to applicable regulations.

We have also entered into a PPA with the Government of Madhya Pradesh for 5% of the total power produced by the project on a variable charge basis for the life of the project. The tariff under this PPA will comprise a variable charge to be determined by the MPERC.

We expect to retain the remaining power for sale in the open market.

Power Transmission

We have constructed a 25-kilometer transmission line to connect the project to the PGCIL/MPSEB substation at Bina in the state of Madhya Pradesh in order to transmit power that we sell pursuant to our PPAs with MPPTCL. The cost of the transmission line is included in Rs. 32,400 million expected cost of the project.

For power that we intend to retain for open market sales, PGCIL has granted us open access to its facilities pursuant to an agreement that we entered into with PGCIL (and certain of PGCIL's other customers) in 2010.

Nigrie Thermal Power Project

The 1,320 MW Nigrie thermal power project consists of two 660 MW coal-fired power generation units using supercritical technology. The project is under implementation in the Nigrie village of the Singrauli district in the state of Madhya Pradesh and is currently expected to commence operations in 2013.

Project Implementation

We have acquired 473.33 hectares of land out of a total land requirement of 474 hectares for construction of the Nigrie thermal power project, and 65.3 cusecs of water has been allocated from the Gopad river for the project. In 2009, we entered into an agreement for the supply of the boiler, turbine and generator from Larsen & Toubro Limited and L&T - MHI Boilers Private Limited and the units are currently expected to be commissioned in 2014.

In 2010, we entered into an agreement with JAL for execution of the civil, structural and architectural work of the plant and township related to the project. The work is required to be completed by December 31, 2013, unless extended. The estimated contract value is Rs. 3,617.94 million. See "Risk Factors – We have entered into certain transactions with related parties".

Environmental clearance was granted by the MoEF in 2010.

Project Cost and Project Financing

The current budgeted cost of the Nigrie thermal power project is Rs. 81,000 million. However, the budgeted cost is expected to be increased to approximately Rs. 100,000 million due to cost increases resulting from design

changes made during the detailed engineering process and finalization of specifications, including the construction of a barrage rather than a weir based on a revised policy of the Government of Madhya Pradesh, and due to adverse changes in foreign exchange rates, interest rates, taxes and duties. The expected increased budgeted cost is expected to be financed through corporate resources of Rs. 30,000 million and debt of Rs. 70,000 million. We have entered into facilities with respect to Rs 56,700 million. As of September 30, 2012 and December 31, 2012, we had invested a total of Rs. 62,800 million and Rs. 69,629 million, respectively, in the Nigrie thermal power project, comprising debt of Rs. 39,909 million and Rs. 43,956 million, respectively, and the balance from corporate resources. We have not yet entered into facilities with respect to the expected debt component of the expected cost increase with respect to this project.

For descriptions of certain loans that we have entered into in connection with this project see "Indebtedness".

Coal Supply

The coal requirement to fuel the Nigrie thermal power project is estimated to be 5.06 MTPA at a plant load factor of 85%, all of which is currently expected to be supplied from the Amelia (North) coal block and the Dongri Tal II open cast coal mine, each of which is located in the state of Madhya Pradesh.

JAL and MPSMCL entered into joint venture agreements with respect to the Amelia (North) coal block in 2006 and the Dongri Tal II open cast coal mine in 2008 pursuant to which MP Jaypee Minerals Limited (MPJML), the joint venture company with respect to the Amelia (North Coal Block), and MP Jaypee Coal Limited (MPJCL), the joint venture company with respect to the Dongri Tal II open cast mine, are expected to mine and produce coal for the Nigrie thermal power project. JAL owns a 49% interest in each of MPJML and MPJCL and MPSMCL holds the remaining 51%.

In 2007, we entered into a fuel supply agreement with MPJCL with respect to 2.5 MTPA to be supplied from the Amelia (North) coal block to fuel the Nigrie thermal power project for the mineable life of the coal block. In 2011, we entered into a fuel supply agreement with MPJCL with respect to 2.7 MTPA to be supplied from the Dongri Tal II open cast coal mine to fuel the Nigrie thermal power project for the mineable life of the coal block.

Environmental clearance and final forest clearance has been obtained from the MoEF with respect to the Amelia (North) coal block. Environmental clearance has been obtained for phase I of the Dongri Tal II open cast mine. There is no forest area in phase I of Dongri Tal II mine. Coal mined from phase I is sufficient for a period of 17 years. With respect to phase II of the mine, we have received stage I forest clearance from the MoEF.

Power Purchase Arrangements

We have entered into long-term PPA with MP Power Management Company Limited (MPPMCL) with respect to 30% of the installed capacity of the project at an assumed plant load factor of 85% on a regulated tariff basis for a period of 20 years following the commencement of operations of the project. The tariff under the PPA on a regulated tariff basis will comprise a Capacity Charge and a Variable Charge, each to be determined by the MPERC, and any other charges as may be determined by the MPERC pursuant to applicable regulations. The Government of Madhya Pradesh is required to maintain an unconditional, irrevocable and revolving recourse letter of credit in our favor.

We have also entered into long-term PPA with the Government of Madhya Pradesh with respect to 7.5% of the power produced by the project on a variable charge basis for the life of the project. The tariff under this PPA will comprise a variable charge to be determined by the MPERC. The Government of Madhya Pradesh is required to maintain an unconditional, irrevocable and revolving recourse letter of credit in our favor.

We entered into a long-term PPA with JAL with respect to 12.5% of the installed capacity of the project at an assumed plant load factor of 85% through for 12 years following the commencement of operations at a tariff to be determined by the Madhya Pradesh Electricity Regulatory Commission. The tariff consists of Capacity Charge, Variable Charge and any other charges and will be equal to the tariff determined by MPERC with respect to our regulated tariff PPA with MPPTCL.

We expect to retain the remaining power produced by the project for sale in the open market.

Power Transmission

In connection with the Nigrie thermal power project, we intend to construct a 156-kilometer long transmission line to connect the project to the PGCIL substation at Satna in the state of Madhya Pradesh. We have received an approval from the Ministry of Power for construction of this transmission line. The estimated Rs. 2,500.0 million cost of the transmission line is included in the expected cost of the project. PGCIL has granted us open access to its facilities for the evacuation of power from the Nigrie thermal power project.

Bara Thermal Power Project (Phase 1)

The 3,300 MW Bara thermal power project is under implementation using supercritical technology in Bara, Allahabad in the state of Uttar Pradesh by our wholly-owned subsidiary, PPGCL, which we acquired from UPPCL in 2009 pursuant to a share purchase agreement dated July 23, 2009. Phase one of the project, comprising 1,980 MW, is expected to commence operations in 2014. We currently own 92.53% of PPGCL, the project company that is implementing the Bara thermal power project. JAL owns the remaining 7.47% and, pursuant to a resolution passed by shareholders of JAL, JAL may invest up to Rs. 6,000 million to acquire up to a total 26% equity interest in PPGCL (including the 7.47% that it already owns). The Bara thermal power project was awarded pursuant to a Case-2 bidding process, pursuant to which the land and water requirements, MoEF clearances and coal allocation are to be obtained by UPPCL. See "Risk Factors - We were awarded the Bara and Karchana thermal power projects through the Case-2 bidding process, which entails certain risks."

Project Implementation

The Bara thermal power project was awarded under the Case-II bidding process pursuant to a letter of intent dated March 2, 2009, pursuant to which the land and water requirements, coal allocation and MoEF clearances were to be obtained by UPPCL. We have acquired the total 777.39 hectares required for the project. An additional 70.06 hectares is required for the water pipeline, railway siding and certain other project features, of which we had acquired 34.37 hectares as of the date of this Preliminary Placement Document. The MoEF granted final clearance for the first phase of the project in 2009. With respect to the water requirement for both phases of the project, 96 cusecs has been allocated from the Yamuna river. See "Risk Factors - We were awarded the Bara thermal power project through the Case-II bidding process, which entails certain risks."

In 2009, PPGCL entered into an agreement for the supply of the boiler, turbine and generator for each of the three 660 MW units for phase one of the Bara thermal power project from Bharat Heavy Electricals Limited, in technical collaboration with Siemens and Alstom and the units are currently expected to be commissioned in 2015. The first phase of the project has been granted mega power project status, pursuant to which PPGCL is not required to pay custom's duty on import of plant and machinery.

Project Financing

The first phase of the Bara thermal power project is currently expected to cost Rs. 107,800 million, which we currently expect to finance through an equity contribution of Rs. 26,950 million and debt of Rs. 80,850 million. As of September 30, 2012 and December 31, 2012, we had contributed Rs. 10,382 million and Rs. 12,382 million, respectively, of equity to PPGCL and outstanding loans are Rs. 29,924 million and Rs. 35,894 million respectively.

For descriptions of certain loans that we have entered into in connection with this project see "Indebtedness".

Coal Supply

The coal requirement for the Bara thermal power project is estimated to be 8.04 MTPA at a plant load factor of 85%. Based on a non-binding notification by Northern Coal Fields Ltd. to UPPCL, 7.02 MTPA is currently expected to be supplied by Northern Coal Fields Ltd. from the Jayant and Dudhichua collieries. However this notification will not be binding until a coal supply agreement has been executed. The Jayant and Dudhichua collieries are currently operational, however, further expansion of the colliery would be required in order to supply coal to fuel the Bara thermal power project.

Power Purchase Arrangements

PPGCL entered into a PPA in 2008 with five power distribution companies in the state of Uttar Pradesh with respect to 90% of the total power produced by the first phase of the Bara thermal power project. The tariff under this PPA comprises (i) a Capacity Charge, which will be fully recoverable if Plant Availability is at least 80% and a portion of which will be subject to indexing for inflation, (ii) an Energy Charge, which will include the cost of transporting coal and will be based on actual net generation based on the agreed station heat rate of

2,350 Kcal/Kwh and (iii) income tax reimbursement based on a 14% (after-tax) return on equity with respect to 90% of the approved equity of the project.

We expect that PPGCL will retain the remaining power for sale in the open market.

Power Transmission

Pursuant to the Bara PPA, the UPPCL is required to develop facilities for the evacuation of power and to establish the interconnection and transmission facilities to connect the Bara thermal power project to the state power grid.

Projects in the Preliminary Stages of Development

Bina Thermal Power Project (Phase 2)

We are in the preliminary stages of developing the 700 MW phase two of the 1,200 MW Bina thermal power project in the Bina district in the state of Madhya Pradesh. Phase two is subject to obtaining the required arrangements for coal. We have acquired 693.7 hectares of land and 100 cusecs of water have been allocated from the Betwa river, which is sufficient for the land and water requirements of both phases of the project. We intend to arrange project financing for the second phase of Bina thermal power project upon the allocation of coal to fuel for the second phase. We have entered into PPAs with Madhya Pradesh Power Trading Company Limited (MPPTCL) with respect to 37% of the installed capacity of the phase two (subject to coal availability) on a regulated tariff basis for 25-years following the commencement of operations of the project, and 5% of the total power produced by the project on a variable charge basis for the life of the project.

Bara Thermal Power Project (Phase 2)

The second phase of the 3,300 MW Bara thermal power project is in the preliminary stages of development using supercritical technology in Bara, Allahabad in the state of Uttar Pradesh by our wholly-owned subsidiary, PPGCL. Phase two of two 660 MW units is currently expected to commence operations in 2016, subject to obtaining necessary approvals and arrangements for coal to fuel the second phase. We currently own 92.53% of PPGCL, the project company that is implementing the Bara thermal power project. JAL owns the remaining 7.47% and, pursuant to a resolution passed by shareholders of JAL, JAL may further invest up to Rs. 6,000 million to acquire up to a total 26% equity interest in PPGCL (including the 7.47% that it already owns). The Bara thermal power project was awarded pursuant to a Case-2 bidding process, pursuant to which the land and water requirements, coal allocation and MoEF clearances are to be obtained by UPPCL. PPGCL is in the process of acquiring the required land for the project and 96 cusecs of water have been allocated from the Yamuna river, which we believe is sufficient to satisfy the water requirement for both phases of the project. We intend to arrange project financing for the second phase of the Bara thermal power project upon the allocation of coal to fuel the second phase. See "Risk Factors - We were awarded the Bara and Karchana thermal power projects through the Case-2 bidding process, which entails certain risks."

Karchana Thermal Power Project

The 1,980 MW Karchana thermal power project, comprising phase one of 1,320 MW and phase two of 660 MW, is under development using supercritical technology in Karchana, Allahabad in the state of Uttar Pradesh by our wholly-owned subsidiary, SPGCL, which we acquired from UPPCL in 2009. We currently own 100% of SPGCL, however, pursuant to a resolution passed by shareholders of JAL, JAL may invest up to Rs. 5,000 million to acquire up to a 26% equity interest in SPGCL. The Karchana thermal power project was awarded pursuant to a Case-2 bidding process, pursuant to which the land and water requirements, MoEF clearances and coal allocation are to be obtained by UPPCL. The water requirement for both phases of the project are expected to be satisfied by 54 cusecs of water which have been allocated from the Yamuna river. The MoEF granted final environmental clearance for the first phase project in 2009 and the Ministry of Defense issued its approval for the project in 2008. However, the acquisition of the land by UPPCL required for the project has been invalidated by an order of the Allahabad High Court dated April 13, 2012. The two phases of the Karchana thermal power project are currently expected to cost an aggregate of Rs. 108,000 million, which we currently expect to finance through an equity contribution of Rs. 27,000 million and debt of Rs. 81,000 million. We have expended Rs. 5,519.8 million in connection with this project, including Rs. 1,241.4 million to acquire the project company (a portion of which relates to the cost of land for which we do not yet have physical possession) and Rs. 3,132.4 million as an advance to the supplier of equipment for the project (which equipment has not been delivered). We have entered into a PPA and project loan with respect to this project, however we have not drawn down any amount under the project loan and, as it is unlikely that we will meet the applicable deadlines

for development of this project, we expect to renegotiate these agreements or enter into new agreements prior to the implementation of the project. See "Legal Proceedings and Disputes"; "Risk Factors - We have not yet taken possession of any of the land required for our Karchana thermal power project"; and "Risk Factors - We were awarded the Bara and Karchana thermal power projects through the Case-2 bidding process, which entails certain risks."

Arunachal Pradesh Hydroelectric Power Projects

Pursuant to two agreements signed with the state of Arunachal Pradesh in 2006, JAL was granted a 40-year concession to develop the Lower Siang hydroelectric power project and the 500 MW Hirong hydroelectric power project on a build-own-operate-transfer basis, following which the projects will revert back to the state free of cost. Under the agreements, all clearances as required from the central government in connection with the project are to be arranged by JAL. The rights and obligations of these concessions were transferred to us in 2007 pursuant to a tripartite agreement among us, JAL and the Government of Arunachal Pradesh. The memoranda of agreement provide for the Government of Arunachal Pradesh to be allotted 11% of JAPL, the project company that is developing these projects, within three months following the date of the agreement, however the allotment has not yet been made. The Arunachal Pradesh projects have been transferred to JAPL pursuant to agreement between us and JAPL in 2008. Pursuant to the agreements we are required to provide 12% of the power generated by each of the Arunachal Pradesh projects to the state free of charge for the first 10 years following commissioning, and 15% and 15.5%, respectively, thereafter. Further, the state will have the first right to purchase the power generated from the projects. We currently intend to enter into a long-term PPA with respect to approximately half of the Saleable Energy from each of the Arunachal Pradesh projects, while retaining the remaining power for sale in the open market. As of September 30, 2012 and December 31, 2012, our aggregate equity investment in the Arunachal Pradesh projects was Rs. 2,281.2 million and Rs. 2,281.2 million, respectively. Further, in 2009, we received clearance from the Ministry of Defense for construction of the Arunachal Pradesh projects. The Lower Siang hydroelectric power project has received in-principle mega power status from the Ministry of Power and a provisional no objection certificate from the Department of Fisheries.

The Lower Siang hydroelectric power project was originally granted as a 1,600 MW project and the detailed project report was prepared in 2006 by National Hydro-Power Corporation Limited, on the basis of a 2,000 MW project. Based on the review and update of the detailed project report by an independent consultant in 2009, and having obtained the approval of the CEA in 2010, we increased the proposed project capacity to 2,700 MW.

Meghalaya Hydroelectric Power Projects

Pursuant to agreements entered into with the state of Meghalaya in 2007 and amendment agreement in relation to the Kynshi II hydroelectric power project in 2010, we have been awarded the 450 MW Kynshi II hydroelectric power project and the 270 MW Umngot hydroelectric power project on a build-own-operate-transfer basis. After 40 years of commercial operation, each of the Meghalaya projects will revert to the state free of cost. The agreements provide for the Government of Meghalaya to be allotted up to 26% of JMPL, the project company which is developing these projects, within six months following the date of the agreement, however the allotment has not yet been made. Pursuant to the agreements we are required to provide 12% of the power generated by each of the Kynshi II hydroelectric power project and the Umngot hydroelectric power project to the state free of charge for the term of the concession. The Government of Meghalaya has a right of first refusal to purchase the remaining power. We are required to pay an upfront fee of Rs. 45.0 million for the MW Kynshi II hydroelectric power project and Rs. 27.0 million for the Umngot hydroelectric power project. We paid half of these amounts at the time of signing the relevant memoranda of agreement and are required to pay the remainder at the time of financial closure. As per the amendment agreement, if we do not take effective steps to commence survey of the Kynshi II hydroelectric power project, the agreement shall be automatically terminated. The Meghalaya projects have been transferred to JMPL pursuant to agreement between us and JMPL in 2011.

Competition

Power Generation

With respect to power produced by our BASPA II and Vishnuprayag hydroelectric power plants, under the terms of our PPAs, HPSEB and UPPCL are required to purchase all of the Saleable Energy produced by the plants in excess of the energy that we are required to provide to the Governments of Himachal Pradesh and Uttarakhand. However we are exposed to competition with respect to all or a portion of the power produced, and expected to be produced, from each of our other plants and projects. We have not entered into a long-term

PPA with respect to the Karcham-Wangtoo hydroelectric power plant, rather we sell all power produced by this project pursuant to short-term and medium-term arrangements. Similarly, our long-term PPAs with respect to each of our projects under implementation and development do not apply to the entire planned capacity of each project, as we intend to retain approximately half of our planned capacity for sale pursuant to short-term and medium-term arrangements in the open market. With respect to power that we retain for sale on the open market, we compete with other power plant operators, primarily on the basis of price. Furthermore, upon the expiry of our PPAs, to the extent we may seek to enter into new long-term PPAs we would compete with other power plant operators with respect to the terms offered to potential off-takers, including the term of the agreement, termination provisions, cost-sharing and price.

We may also face future competition in acquiring new projects and assets from government entities or other power companies. Such competitors may also compete with us for management and other human resources and operational resources and capital. In addition, we compete for coal resources with other thermal power producers and entities operating in a variety of other coal-intensive industries.

See “Risk Factors - Our thermal power projects will have significant coal requirements and we may not be able to ensure the availability of coal at competitive prices”, “Risk Factors - There can be no assurance that we will be successful in selling power in the open market” and “Risk Factors - We are dependent on the expertise and experience of our Directors, our senior management and skilled employees and our profitability and results of operations may be adversely affected by the departure of our Directors, senior management and experienced skilled employees or our inability to attract new skilled employees.”

Furthermore, the regulatory environment for the power sector has undergone significant changes in recent years. These changes are aimed at increasing private sector participation in the power sector and may increase the financial viability of private generation investment. This may also increase the competition we face in the expansion of our business. For a discussion of recent regulatory and competitive changes in the Indian power sector, please refer to “Regulations and Policies”, “Risk Factors - We face significant competition as a result of deregulation in the Indian power sector” and “Industry - Current Regulatory Structure and Recent Developments”.

Power Transmission

We own a 74% interest in JPL, a joint venture established to develop and implement the Jaypee Powergrid transmission line to transmit power from the Karcham-Wangtoo hydroelectric power plant to Abdullapur in the state of Haryana. Our joint venture partner in the Jaypee Powergrid transmission line, PGCIL, is the major provider of interstate power transmission in India and carries approximately 51% of the total power generated in India, according to public disclosures by PGCIL. Since 1998, the Indian power transmission sector has been open, as a matter of law and regulation, to investment by private entities, domestic and international, as transmission licensees. In 2000, the Government of India issued guidelines for private sector investment in power transmission. Such investment was permitted either through a joint venture with PGCIL for the provision of interstate or interregional transmission services (with the tariff for the projects undertaken by such joint ventures to be formulated on a cost-plus basis) or in the form of an independent private transmission company (IPTC), with the tariff for the projects undertaken by an IPTC formulated based on competitive bidding.

Insurance

For our operational plants, we maintain comprehensive Industrial All Risk insurance coverage, subject to standard exclusions. For projects under implementation, we maintain Erection All Risk / Construction All Risk coverage, which are comprehensive all risk covers subject to standard exclusions applicable globally and which include third party liability extensions.

We also maintain the following insurance coverage, among others, each of which is subject to applicable limitations, exclusions and deductibles:

- Public Liability coverage for third party liability, including claimant’s costs, fees and expenses arising out of accidents occurring in the insured premises of our Company.
- Fire and Allied Risk insurance, which insures the value of entire civil works, equipment, plant and machinery including foundations for each of our operating plants and the Bina thermal power project, and insures value of buildings, sub stations, towers, conductors and insulators for the Jaypee Powergrid transmission line;

- Terrorism and sabotage insurance, which insures the value of entire civil works, equipment, plant and machinery including foundations and loss of profit of each of our power plants and projects under implementation and the value of buildings, sub stations, towers, conductors and insulators;
- Machinery Breakdown insurance, which insures the value of equipment, plant and machinery including foundations of each of operating power plants and the Bina thermal power project;
- Loss of Profit insurance, which insures up to 12 months of business interruption at our operating power plants and the Bina thermal power project;
- Removal of Debris insurance for each of our operating power plants;
- Architects, Surveyors and Consulting Fees insurance for our Vishnuprayag and Karcham-Wangtoo hydroelectric power plants and our Bina thermal power project under development;
- Contractors All Risk insurance for our Bina thermal power project;
- Marine insurance, which insures the value of plant material in transit, at each of projects under implementation; and
- Advance loss of Profit, which insures an indemnity period of up to 12 months, at our Bara and Nigrie thermal power projects.

Corporate Social Responsibility

The Company has undertaken many CSR initiatives at its plants/project sites. We are committed to ensuring that the communities in which we operate also benefit and develop together with us. We have invested in education by building schools, in public health care by provision of accessible medical services, in vocational training by setting up industrial training centers and in local community development initiatives. The Company has set up a not-for-profit trust, Jaiprakash Sewa Sansthan, to support the education initiatives and socio-economic development work we undertake. For over five decades now, Jaypee Group has supported local communities and provided various rural development programs that take an integrated and holistic approach to the welfare of rural communities. Please see the following for summaries of our initiatives at each plant/project site.

At our BASPA II and Karcham-Wangtoo hydroelectric power plants, we have set up three schools to benefit 27 villages, renovated a secondary school that benefit 10 villages, provided 12 scholarships to students of a secondary school and set up an industrial training center. The hospital we set up in 2009 serves around 2,000 patients daily along with the four dispensaries that have benefited over 100,000 villagers since their establishment. Our development work in various villages includes construction of temples and transportation infrastructure, provision of irrigation/drinking water, construction of rain shelters and community toilets and renovation of steel foot bridge and other public facilities. We have also planted over 77,300 trees in and around the project sites.

At our Vishnuprayag hydroelectric power plant, we provide healthcare facilities and services to over 25 villages which have benefited over 60,000 villagers. We organized a community health awareness camp in 2011 and periodic vaccination and inoculation camps. We have actively assisted in disaster relief and management by providing heavy equipment, ambulances, tents and tarpaulins, food packets and shelter to those in need. In the area of education, we have set up a nursery school for more than sixty children, been constructing a 10+2 English school for under privileged youth and improved the facilities of schools and colleges. We have provided financial education and lending to village women, as well as computer class for women and children and financial assistance during cultural religious functions. We also improved public infrastructure, including the construction of water infrastructure to ensure clean and portable water to local villages. We have planted around 5,700 trees in 2012.

At our Bina thermal power project, we have established a hospital to provide medicine, lab tests, first aid, emergency services and casualty cases to 8 villages and benefitted over 10,000 villagers. We set up a school and are currently providing free education to approximately 150 primary school students. Over 60,000 trees have been planted in and around the project site and over 16km of road has been repaired.

At our Nigrie thermal power project, we have set up a hospital that is equipped with state of the art medical equipment to provide services to eight villages. Over 100,000 patients have been treated at this hospital since 2007. We also provide bi-weekly village medical camps on mobile medical vans, ambulances for evacuating

casualties and health checkups of over 1,400 children in 11 villages. We also set up a school for children from four villages and we have planted over 16,000 trees in and around the project site.

Green Belt Development

The Group has engaged the services of “Nature India Eco Consultancy” for green belt development and biodiversity mapping studies at Bina, Nigrie and Karchana thermal power projects sites. The team carried out seasonal surveys around the plant sites in order to understand the floristic composition and the seasonal changes in flora and other forms of biodiversity. The surveys led to analysis of the importance of sites from the biodiversity point of view and conservation measures to be implemented. This project resulted in the conservation of flora and fauna around the sites. In addition, around 60 nest boxes and 15 bird feeders have been installed at the Bina thermal power project for conservation of the house sparrow.

Rehabilitation and Resettlement

We allocate resources for rehabilitation and resettlement in compliance with current government policies. These resources represent an integral part of the project cost and are administered by the relevant state government. Since all of our hydroelectric power projects are run-of-the river projects involving minimal submergence, there is a limited need for rehabilitation and resettlement.

Health and Safety

We place considerable emphasis on health and safety throughout our operations and are committed to maintaining high standards in compliance with applicable laws and regulations.

Training programs have been implemented for our staff and employees, and we carry out regular safety audits in relation to our operations.

Employees and Employee Relations

As of January 1, 2013, we had a total workforce of approximately 1,704 persons including 53 senior managers, 442 middle managers and 1,209 other staff.

We provide provident fund benefits to all our employees pursuant to the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 of India. We also provide other benefits to our employees, including medical, education and housing benefits and facilities.

We believe that our relations with our employees are satisfactory.

Property

Our head office is located at JA House, 63, Basant Lok, Vasant Vihar, New Delhi-110057. The address of our Registered Office is JUIL Complex, P.O. Dumehar Bani, Kandaghat, District Solan, Himachal Pradesh – 173 215 and the address of our corporate office is Sector 128 Noida, District Gautam Budh Nagar, Uttar Pradesh – 201 304. We do not own our head office, registered office or corporate office, each of which is owned by our Promoter, JAL or its subsidiary.

In addition, we own and lease various premises in connection with our BASPA II, Vishnuprayag and Karcham-Wangtoo hydroelectric power plants and our projects under implementation and development.

We have 8.685 hectares of excess land in relation to our Vishnuprayag hydroelectric power plant. In 2007 we applied to the Principal Secretary (Power), Government of Uttarakhand to relinquish such land.

Intellectual Property

We do not own any intellectual property. See "Risk Factors - Neither we nor any company in the Jaypee Group has applied for registration of our trademark and tradename, and therefore our trademarks and tradenames have limited protection."

Litigation

Other than as described in “Legal Proceedings and Disputes”, we are not involved in any legal proceedings and no proceedings are threatened, which may have a material adverse effect on our business, properties, financial conditions or operations or prospects.

DIRECTORS AND MANAGEMENT

Board of Directors

Pursuant to the Companies Act and the Articles, Directors may be appointed by the shareholders in a general meeting. The Board may appoint any person as an additional Director, but such a Director shall hold office only up to the date of the next annual general meeting and shall be eligible for re-election. Article 79(a) of the Articles *inter alia*, provides that the number of Directors shall not be less than three and not more than 20. The said Article further provides that any increase in the number of directors exceeding the number prescribed in section 259 of the Companies Act shall not have effect unless approved by the Central Government and shall become void if and so far as it is disapproved by the Central Government. Accordingly, on the application of the Company dated February 21, 1995, the Department of Company Affairs, Government of India, vide its letter dated March 16, 1995, granted its approval to the Company for increasing the strength of its Board of Directors from 12 to 15.

Further, on an application dated July 3, 2004, the Ministry of Law Justice & Company Affairs, Department of Company Affairs, Government of India, granted approval for increase in the strength of the Board of Directors from 15 to 20 vide letter dated September 21, 2004, which approval was to be effected within one year from the date of the approval. Since the Company had not increased its directors to 20 within the aforesaid period, it applied for an extension by letter dated January 12, 2007 and the same was granted by Ministry of Company Affairs, Government of India on January 29, 2007. At present, there are 19 Directors on the Board of the Company.

Pursuant to the Companies Act, not less than two-thirds of the total numbers of directors shall be persons whose period of office is subject to retirement by rotation and one third of such directors, or if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office at every annual general meeting. The directors to retire are those who have been the longest in the office since their last appointment. As of the date of the Preliminary Placement Document, at least 4 of our Directors retire by rotation at the next annual general meeting subject to offering themselves for reappointment pursuant to the Companies Act.

The Articles permit financial institutions which are lenders to the Company to appoint executive or non-executive directors on the Board so long as any outstanding amount is owed by our Company to such lenders. The Company currently has one such appointee on the Board.

The present composition of the Board and its proceedings are in accordance with the Companies Act and clause 49 of the Listing Agreement.

The following table sets forth details regarding the Board of Directors as of the date of this Preliminary Placement Document:

Sl No.	Name, Father's Name, Address, Occupation, DIN and Term	Age (in Years)	Designation	Other Directorships
1.	Mr. Manoj Gaur S/o Mr. Jaiprakash Gaur A - 9/27, Vasant Vihar New Delhi-110 057 Occupation: Business DIN: 00008480 Term: Liable to retire by rotation.	48	Chairman (non-executive and non-independent)	<ul style="list-style-type: none"> • Jaiprakash Associates Limited; • Madhya Pradesh Jaypee Minerals Limited; • Jaypee Infratech Limited; • Gujarat Jaypee Cement & Infrastructure Limited; • Jaypee Sports International Limited; • Jaiprakash Agri Initiatives Company Limited; • MP Jaypee Coal Limited; • Prayagraj Power Generation Company Limited; • Jaypee Cement Corporation Limited; • Kanpur Fertilizers & Cement Limited; • Jaypee Infra Ventures (A

Sl No.	Name, Father's Name, Address, Occupation, DIN and Term	Age (in Years)	Designation	Other Directorships
				private company with unlimited liability); <ul style="list-style-type: none"> • Andhra Cements Limited; • Indesign Enterprises Private Limited; • Jaypee Healthcare Limited; and • Jaypee Jan Sewa Sansthan (a not for profit private limited company).
2.	Mr. Sunil Kumar Sharma S/o Mr. N.C. Sharma E - 9/14, Vasant Vihar New Delhi-110 057 Occupation: Business DIN: 00008125 Term: Liable to retire by rotation.	53	Vice Chairman and Chief Executive Officer ("CEO") (executive and non-independent)	<ul style="list-style-type: none"> • Jaiprakash Associates Limited; • Jaypee Powergrid Limited; • Jaypee Infratech Limited; • Himalyan Expressway Limited; • Jaypee International Logistics Company Private Limited; • Jaypee Arunachal Power Limited; • Jaypee Sports International Limited; • Sangam Power Generation Company Limited; • Prayagraj Power Generation Company Limited; • Jaypee Fertilizers & Industries Limited; • Jaypee Infra Ventures (A private company with unlimited liability); • Indesign Enterprises Private Limited; and • Jaypee Healthcare Limited
3.	Mr. Suren Jain S/o Mr. A.K. Jain (Late) B-8/13, Vasant Vihar New Delhi - 110 057 Occupation: Business DIN: 00011026 Term: Liable to retire by rotation.	42	Managing Director & Chief Financial Officer ("CFO") (executive and non-independent)	<ul style="list-style-type: none"> • Akasva Associates Private Limited; • Jaypee Powergrid Limited; • Jaiprakash Agri Initiatives Company Limited; • Jaypee International Logistics Company Private Limited; • Sangam Power Generation Company Limited; • Prayagraj Power Generation Company Limited; • Shel Investments Consultancy Private Limited; • Jaypee Mining Venture Private Limited; • Jaypee Uttar Bharat Vikas Private Limited; • Jaypee Meghalaya Power Limited; • Jaypee Infra Ventures (A private company with

Sl No.	Name, Father's Name, Address, Occupation, DIN and Term	Age (in Years)	Designation	Other Directorships
				unlimited liability) • Sunil Hitech Energy Private Limited; • MSMC Adkoli Natural Resources Limited; • Jaypee Cement Cricket (India) Limited; and • Jaypee Cement Hockey (India) Limited
4.	Mr. Praveen Kumar Singh S/o Mr. Raj Kumar Singh E - 2/11 Vasant Vihar, New Delhi 110 057 Occupation: Professional DIN: 00093039 Term: Liable to retire by rotation.	40	Whole-time Director (executive and non-independent)	• Jaypee Infra Ventures (a private company with unlimited liability). • Jaypee Meghalaya Power Limited.
5.	Mr. Raj Kumar Narang S/o Mr. B.D. Narang (Late) Flat No. G-2, Vivek Apartments, Shreshta Vihar, New Delhi - 110 092 Occupation: Executive DIN: 00013629 Term: Liable to retire by rotation.	64	Whole-time Director (executive and non-independent)	Nil
6.	Mr. Suresh Chandra S/o Mr. Anand Prakash 7234, Sector B-10 Vasant Kunj, New Delhi-110 070 Occupation: Executive DIN: 00946231 Term: Liable to retire by rotation.	69	Whole-time Director (executive and non-independent)	Nil
7.	Lt General (Retd) Ravindra Mohan Chadha S/o Late Mr. V D Chadha C-67, Nar Vihar-1, Sector-34, Noida – 201 307, Uttar Pradesh Occupation: Executive	70	Whole-time Director (executive and non-independent)	Nil

Sl No.	Name, Father's Name, Address, Occupation, DIN and Term	Age (in Years)	Designation	Other Directorships
	DIN: 02610012 Term: Liable to retire by rotation.			
8.	Mr. Dharam Paul Goyal S/o Mr. Mukand Lal Aggarwal (Late) KK-97, Kavi Nagar, Ghaziabad – 201 001, Uttar Pradesh Occupation: Engineer DIN: 00211541 Term: Liable to retire by rotation.	65	Whole-time Director (executive and non-independent)	<ul style="list-style-type: none"> Jaypee Meghalaya Power Limited
9.	Mr. Brij Behari Tandon S/o Mr. Chand Behari Tandon (Late) J - 238, First Floor, Saket, New Delhi-110 017 Occupation: Retired IAS Officer and former chief election commissioner of India DIN: 00740511 Term: Liable to retire by rotation.	71	Director (non-executive and independent)	<ul style="list-style-type: none"> Ambuja Cement Foundation (a company under section 25 of the Companies Act); Adani Power Limited; Birla Corporation Limited; Oriental Carbon & Chemicals Limited; Dhampur Sugar Mills Limited; Filatex India Limited; Vikas Globalone Limited; Bhushan Steel Limited; V L S Finance Limited; Exicom Tele-Systems Limited; Ambience Private Limited; Jaypee Infratech Limited; Acb (India) Limited; and Schrader Duncan Limited.
10.	Mr. Bal Krishna Taparia S/o Mr. Keshrimal Taparia (Late) 75, Nagina Bagh, Ajmer - 305 001, Rajasthan Occupation: Retired Banker DIN: 00019760 Term: Liable to retire by rotation.	73	Director (non-executive and independent)	<ul style="list-style-type: none"> Jaiprakash Associates Limited; Andhra Cements Limited; and V & S International Private Limited.
11.	Dr. Ramesh Chander Vaish S/o Mr. S.B.L. Vaish (Late) 169, Golf Links, New Delhi - 110 003	71	Director (non-executive and independent)	<ul style="list-style-type: none"> Jaypee Infratech Limited; Ansal Properties & Infrastructure Limited; Express News Papers Limited; Omax Autos Limited; OCL India Limited;

Sl No.	Name, Father's Name, Address, Occupation, DIN and Term	Age (in Years)	Designation	Other Directorships
	Occupation: Chartered Accountant DIN: 01068196 Term: Liable to retire by rotation.			<ul style="list-style-type: none"> • Bharat Consultants Private Limited; • Roto Pumps Limited; • Atos Mayar Healthcare Pte Limited; and • G I Power Corporation Limited
12.	Dr. Rangi Lal Gupta S/o Mr. R.S. Gupta D-1/32, D.L.F. City, Phase-I, Gurgaon - 122 001 Occupation: Engineer DIN: 00013811 Term: Liable to retire by rotation.	71	Director (non-executive and independent)	Nil
13.	Mr. Gyan Prakash Gaur S/o Mr. B.S. Sharma (Late) A-1/7, Vasant Vihar, New Delhi - 110 057 Occupation: Business DIN: 00918895 Term: Liable to retire by rotation.	65	Director (non-executive and non-independent)	<ul style="list-style-type: none"> • Jaypee Fertilizers & Industries Limited • Himalyaputra Aviation Limited • Jaypee Healthcare Limited
14.	Mr. Shanti Sarup Gupta S/o Mr. I.D. Gupta (Late) 169, HEWO, Apartments GH - 3, Sector 5 Mansa Devi Complex, Panchkula, Chandigarh - 134 113 Occupation: Retired Government Official DIN: 02284265 Term: Liable to retire by rotation.	69	Director (non-executive and independent)	Nil
15.	Mr. Raj Narain Bhardwaj S/o Mr. Murari Lal (Late) 402, Moksh Apartments, Upper Govind Nagar, Malad (East),	67	Director (non-executive and independent)	<ul style="list-style-type: none"> • Samridhi Advisors Private Limited; • SREI Ventures Capital Limited; • IL & FS Milestone Realty Advisors Private Limited;

Sl No.	Name, Father's Name, Address, Occupation, DIN and Term	Age (in Years)	Designation	Other Directorships
	<p>Mumbai – 400 097</p> <p>Occupation: Retired LIC Chairman and investment and insurance advisor</p> <p>DIN: 01571764</p> <p>Term: Liable to retire by rotation.</p>			<ul style="list-style-type: none"> • Singhi Advisors Private Limited; • Milestone Capital Advisors Limited; • Jaiprakash Associates Limited; • Invent Assets Securitization And Reconstruction Private Limited; • Milestone Religare Investment Advisors Private Limited; • Microsec Financial Services Limited; • Reliance Infratel Limited; • Religare Trustee Company Private Limited; • Dhunseri Petrochem & Tea Limited; • Lanco Teesta Hydro Power Private Limited; • Amttek Auto Limited • Jaypee Infratech Limited; • Rupa & Company Limited; and • SBI Life Insurance Company Limited.
16.	<p>Mr. Subhash Chandra Bhargava</p> <p>S/o Mr. Jyoti Swarup Bhargava</p> <p>1305 Dosti Aster (Dosti Acres), New Uphil, Link Road Off S.M. Road, Antop Hill, Wadala, East, Mumbai - 400037</p> <p>Occupation: Chartered Accountant</p> <p>DIN: 00020021</p> <p>Term: Liable to retire by rotation.</p>	67	Director (non-executive and independent)	<ul style="list-style-type: none"> • Aditya Birla Nuvo Limited; • OTC Exchange Of India • Escorts Limited; • Jaiprakash Associates Limited; • Swaraj Engines Limited; • A K Capital Services Limited; • Cox & Kings Limited • GK Industrial Park Private Limited; • Antique Finance Private Limited; • Asahi Industries Limited; • A.K. Capital Finance Private Limited; • Swaraj Automotives Limited; • IIT Insurance Broking And Risk Management Private Limited; • Well Worth Finvest (India) Private Limited; and • Industrial Investment Trust Limited.
17.	<p>Mr. Ashwani Kumar Goswami</p> <p>S/o Mr. T.D. Goswami</p> <p>23, Sector 14-A, Noida – 201301</p> <p>Occupation: Retired civil servant</p>	69	Director (non-executive and independent)	<ul style="list-style-type: none"> • Steel Authority of India Limited; • Jaypee Sports International Limited; and • Stone India Limited.

Sl No.	Name, Father's Name, Address, Occupation, DIN and Term	Age (in Years)	Designation	Other Directorships
	DIN: 02636247 Term: Liable to retire by rotation.			
18.	Mr. Subroto Gupta S/o Mr. Late Mr. Sunil Kumar Gupta (Late) E-71, Maker Kundan Gardens, Juhu Road, Santacruz (W), Mumbai – 400 049 Occupation: IDBI Bank Limited's nominee DIN: 02356707 Term: Subject to withdrawal of nomination by IDBI Bank Limited as long as any amount remains owed to IDBI Bank Limited by the Company	53	Nominee Director of IDBI Bank Limited (non-executive and independent)	<ul style="list-style-type: none"> Robust Hotels Private Limited
19.	Dr. Jagannath Gupta S/o Mr. Murli Dhar Gupta (Late) 3/169, 3, Vishnupuri, Kanpur – 208 002 Occupation: Retired ED, U.P. Stock Exchange and in Education field DIN: 00397952 Term: Liable to retire by rotation	70	Director (non-executive and independent)	<ul style="list-style-type: none"> Juggilal Kamlapat Cotton Spg. and Wvg Mills Company Limited R.S.P.L Limited

Brief profiles of the Directors of our Company

Mr. Manoj Gaur, Chairman of the Company, holds a degree in civil engineering from Birla Institute of Technology and Science, Pilani. He is also the executive chairman on the board of JAL and has over 25 years' of experience in the industry in corporate and finance functions. He has been associated with the implementation and operation of JAL's cement plants at Rewa and Bela in Madhya Pradesh and has been instrumental in setting up the marketing network of JAL. Mr. Gaur has been involved in various activities of the Jaypee group, such as engineering, construction, power, cement, real estate, information technology, hospitality, expressways, Buddh International Race Circuit (Formula 1 racing) and education initiatives.

Mr. Sunil Kumar Sharma, Vice-Chairman and Chief Executive Officer of the Company, is also the executive vice-chairman on the board of JAL. He holds a bachelors' degree in science from the University of Meerut and possesses around 31 years' of experience in planning, procurement, execution and management. He has been instrumental in the successful completion of several engineering construction projects, including Hotel Siddharth, Hotel Vasant Continental, cement plant at Rewa in Madhya Pradesh with a production capacity of 1 million ton per annum and construction of the Lakya Dam in Karnataka. He was the director in charge of the

underground power house works at Jhakri, rockfill dam, chute and shaft spillway works of the Tehri hydel project and the works at the Chamera-II hydel project.

Mr. Suren Jain, Managing Director and Chief Financial Officer of the Company, holds a bachelors' degree in production engineering from Marathwada University, Aurangabad, and has over 19 years of experience in corporate planning, corporate finance and management. He has worked in various capacities and businesses within the Jaypee group, including, working on the construction of the Indira Sagar and Sardar Sarovar Dams and the commissioning of the Jaypee group's hotel projects in Mussoorie and Agra. He was also a director (corporate) of JAL and a part of the senior management team responsible for the formulation and implementation of business strategies relating to JAL's power and energy businesses.

Mr. Praveen Kumar Singh, whole-time Director of the Company, holds a bachelors' degree in civil engineering from the University of Bangalore. He has been associated with the Jaypee group for the past 14 years' and has been involved in the construction and implementation of Karcham-Wangtoo HEP. He was also involved in the construction of the Indira Sagar hydro electric project and was the unit in-charge of Omkareshwar hydroelectric project.

Mr. Raj Kumar Narang, whole-time Director of the Company, holds a degree in mechanical engineering from Jiwaji University, Gwalior, and a diploma in management from YMCA, New Delhi. He has over 38 years' of experience in finance including project financing at senior management levels out of which he has 10 years' of experience in the manufacturing sector. Prior to joining our Company, he was associated with the Industrial Finance Corporation of India Limited as a General Manager. In his current role, Mr. Narang oversees the debt and equity raising activities of our Company, lenders and investor relations and project related regulatory issues.

Mr. Suresh Chandra, whole-time Director of the Company, holds a bachelors' degree in telecommunication from University of Roorkee (now Indian Institute of Technology, Roorkee). He has also undergone training in U.S.A in relation to design, planning and coordination of large hydro power stations. He has an experience of over 44 years' in planning, design, erection, testing, implementation, commissioning, operation and maintenance of hydro power stations.

Lt. Gen. (Retd.) Ravindra Mohan Chadha, whole-time Director of the Company, holds a Bachelors' degree in engineering (civil) from the University of Pune, a masters' degree in International Relations from the University of Madras, a masters' diploma in business administration from Symbiosis Institute of Management Studies, Pune and a diploma in Foreign Trade from Institute of Foreign Trade, New Delhi. He was also a member of the Institution of Engineers (India). He has over 45 years' of experience in conceptualization, planning, direction and implementation of various projects especially in personnel management, equipment and materials, logistics and financial aspects. He has also served with the Indian Army for 40 years before retiring as a Lieutenant General. Presently, he is responsible for the overall administration of Vishnuprayag Plant and Karcham-Wangtoo HEP.

Mr. Dharam Paul Goyal, whole-time Director of the Company, is a hydro-power development, construction and contract management expert with a vast experience of around 46 years' in the field of hydro-power projects. He is a graduate in civil engineering with a masters' degree in water resources development, from the University of Roorkee (now known as Indian Institute of Technology, Roorkee). Prior to his association with the Jaypee group, Mr. Goyal was working as director (technical) with Tala Hydroelectric Project Authority, Bhutan. He was awarded a 'certificate of appreciation' by the Royal Government of Bhutan for his professional competence and successful implementation of Tala hydro-electric project in the Kingdom of Bhutan.

Mr. Brij Behari Tandon, independent Director of the Company, holds a bachelors' degree in law and a masters' degree in economics from the University of Delhi. He is also a certified associate of the Indian Institute of Bankers. Mr. Tandon was a member of the Indian Administrative Services from 1965 to 2001 and has held various positions in the Central Government and the Government of Himachal Pradesh, such as Principal Secretary, Power and Chairman of the HPSEB. He has handled several key assignments in the Cabinet Secretariat, Department of Defense Production and Supplies, Ministry of Industry and Ministry of Mines, in the Government of India. Mr. Tandon was the Chief Election Commissioner of India in 2006.

Mr. Bal Krishna Taparia, independent Director of the Company, holds a masters' degree in commerce from Rajasthan University, Jaipur. He is also a certified associate of the Indian Institute of Bankers. He has over 41 years' of experience in banking, corporate finance and the administrative sector and has served in various capacities in a number of organizations including as the chairman of the Industrial Investment Bank of India.

Dr. Ramesh Chander Vaish, independent Director of the Company, holds a bachelors' degree in law and a masters' degree in arts and commerce and a doctorate in economics from the University of Florida, U.S.A. He is also a fellow member of the Institute of Chartered Accountants of India and has over 46 years' of experience as a chartered accountant. Dr. Vaish is a tax consultant and specializes in the areas of corporate planning, international taxation and finance and off-shore investments.

Dr. Rangi Lal Gupta, independent Director of the Company, holds a bachelors' degree in civil engineering from the University of Roorkee (now known as the Indian Institute of Technology, Roorkee) and possesses around 49 years' of experience in the fields of designing, planning and construction of large hydraulic structures, like dams, barrages, intake works, canals, head regulators, head race tunnels and underground power houses. He was working with the irrigation department, Government of Uttar Pradesh, as an executive engineer.

Mr. Gyan Prakash Gaur, Director of the Company, has over 36 years' experience in construction and material management. He oversees the purchase and procurement of equipment relating to the various projects undertaken by our Company.

Mr. Shanti Sarup Gupta, independent Director of the Company, is a first class graduate in electrical engineering and a post graduate in business management, specialising in finance. He has served in various key positions such as the chairman and chief executive officer of the HPERC. He has also worked with the East African Power and Lighting Company, Kenya, as an area commercial manager. He was also elected as a senior vice chairman of the Forum of Indian Regulators and continues to be its honorary member. He was also a member of the steering committee of South Asian Forum of Infrastructure Regulators.

Mr. Raj Narain Bhardwaj, independent Director of the Company, holds a Bachelors' degree and a post-graduate degree in economics from the Delhi School of Economics, University of Delhi, and a diploma in 'Industrial Relations and Personnel Management' from the Punjabi University, Patiala. He has over 37 years of experience with LIC and has served in various key positions including as its managing director and chairman. Mr. Bhardwaj has also served as a member of the securities appellate tribunal.

Mr. Subhash Chandra Bhargava, independent Director of the Company, holds a bachelors' degree in commerce from the University of Delhi. He is also a fellow member of the Institute of Chartered Accountants of India. He has over 38 years' of experience in the fields of investments, treasury management, finance, accounts and inspection with LIC from 1967 to 2005. During his association with LIC, he served in various capacities such as deputy secretary, secretary (investments), chief (investments) and executive director (investments). Mr. Bhargava has also acted as member of the technical advisory committee on money, foreign exchange and government securities markets of the RBI from May, 2004 to July 2005.

Mr. A.K. Goswami, IAS (Retd), independent Director of the Company, holds a bachelors' degree in mechanical engineering. Mr. Goswami has over 40 years' of work experience in various capacities with the Central Government and the Government of Himachal Pradesh, including several senior level positions such as Secretary, Ministry of Water Recourses, Secretary, Drinking Water, Ministry of Rural Development, Director General of the National Productivity Council, Chief Secretary to the Government of Himachal Pradesh and Chairman of the HPSEB, amongst others. He was also the Chairman of the Board for Industrial and Financial Reconstruction.

Mr. Subroto Gupta, is the nominee director of IDBI Bank Limited. He holds a bachelors degree in technology with honors. He is also an associate member of the Institute of Cost Accountants of India. Prior to joining IDBI Bank Limited, he has previously worked with Macneil and Magor Limited, ACC Vickers Babcock Limited and West Bengal Technical Consultancy Organisation.

Dr. Jagannath Gupta, independent Director of the Company. He holds a bachelors degree in commerce from Agra University, a masters degree in commerce from Agra University, a doctorate in Finance subject from Kanpur University. He is also a member of the Indian Institute of Banking and Finance. He has previously worked with the Reserve Bank of India (1962-1964), as a lecturer / senior reader, Department of Commerce, V.S.S.D. College, Kanpur University (1964-2002), as an executive director of U.P. Stock Exchange Association Limited (1993-2001), as a professor and director of Dr. Gaur Hari Singhania Institute of Management and Research (2002-2004), as a director of Jagran Institute of Management, Kanpur (2006-2007). He is presently the chief executive officer of Jagran Education Foundation.

All our Directors are Indian citizens.

Shareholding of the Directors in the Company

The following table sets forth details regarding the shareholding of the Directors in the Company as of December 31, 2012

Sl. No.	Name of the Director	Number of Shares held in our Company
1.	Mr. Manoj Gaur	41,400
2.	Mr. Sunil Kumar Sharma	5,700
3.	Mr. Suren Jain	16,700
4.	Mr. Praveen Kumar Singh	250,000
5.	Mr. Raj Kumar Narang	4,850
6.	Mr. Suresh Chandra	4,850
7.	Lt. Gen. (Retd.) Ravindra Mohan Chadha	2,850
8.	Mr. Dharam Paul Goyal	2,850
9.	Mr. Brij Behari Tandon	-
10.	Mr. Bal Krishna Taparia	5,000
11.	Dr. Ramesh Chander Vaish	-
12.	Dr. Rangi Lal Gupta	12,850
13.	Mr. Gyan Prakash Gaur	25,000
14.	Mr. Shanti Sarup Gupta	120
15.	Mr. Raj Narain Bhardwaj	-
16.	Mr. Subhash Chandra Bhargava	-
17.	Mr. Ashwani Kumar Goswami	-
18.	Mr. Subroto Gupta	-
19.	Dr. Jagannath Gupta	500

Interests of our Directors

All our Directors, including independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof and reimbursement of expenses payable to them. The whole-time Directors will be interested to the extent of remuneration paid to them for services rendered as officers or employees of the Company. All the Directors, including independent Directors, may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of equity shares of the Company, if any, already held by or that may be subscribed for and allotted to them or to the companies, firms and trusts, in which they are interested as directors, members, partners and/or trustees.

Relationship between our Company's Directors

As of the date of this Preliminary Placement Document, none of the Directors of our Company are related to each other.

Changes in the Board of Directors during the last three years

Name	Date of Appointment	Date of Cessation	Reason
Mr. Suren Jain	January 12, 2010	-	Appointment as managing director and CFO
Mr. Raj Narain Bhardwaj	January 12, 2010	-	Appointment
Mr. Ashwani Kumar Goswami	January 12, 2010	-	Appointment
Mr. Subhash Chandra Bhargava	January 12, 2010	-	Appointment
Mr. Subroto Gupta	February 17, 2012	-	Appointment
Dr. Jagannath Gupta	March 14, 2012	-	Appointment
Mr. Dharam Paul Goyal	August 12, 2011	-	Appointment as Whole-time Director

Name	Date of Appointment	Date of Cessation	Reason
Lt.Gen.Retd. Ravindra Mohan Chadha	August 12, 2011	-	Appointment as Whole-time Director
Mr. Praveen Kumar Singh	August 12, 2011	-	Appointment as Whole-time Director
Dr. Edayathi Mangalam Ramnath Chandrashekhar	January 16, 2009	May 8, 2011	Resignation
Mr. Gopi K. Arora	January 7, 1995	November 5, 2009	Death
Mr. S.D. Nailwal	September 25, 2004	January 11, 2010	Resignation
Mr. Narendra Singh	June 12, 1995	January 12, 2010	Resignation
Mr. Rajiv Ranjan Bhardwaj	January 30, 2007	January 12, 2010	Resignation
Mr. J.N. Gaur	March 10, 1995	September 30, 2010	Resignation
Mr. Sarat Kumar Jain	December 21, 1994	August 9, 2011	Resignation
Mr. B.K. Batra (IDBI Bank Limited Nominee)	February 11, 2004	January 13, 2012	Nomination withdrawn
Mr. B.K. Gupta (LIC Nominee)	December 30, 2003	March 1, 2011	Nomination withdrawn
Dr. D.G. Kadkade	February 4, 2000	August 9, 2011	Resignation

Corporate Governance

Our Company is required to comply with applicable corporate governance requirements, including the Listing Agreement and the ICDR Regulations in respect of the constitution of the Board and committees thereof. The Company is compliant with all the requirements of the guidelines on corporate governance as per Clause 49 of the Listing Agreement.

There are primarily three committees in the Company, which have been constituted and function in accordance with the relevant provisions of the Companies Act and the Listing Agreement, namely, (i) the Audit Committee; (ii) the Remuneration Committee; and (iii) the Shareholders'/Investors' Grievance Committee.

Audit Committee

Pursuant to the requirements of Section 292A of the Companies Act and the provisions of Clause 49 of the Listing Agreement, an Audit Committee has been constituted by the Board. Presently, the Audit Committee consists of Mr. Bal Krishna Taparia as the Chairman, Mr. Raj Narain Bhardwaj and Mr. Brij Behari Tandon as the members. All the members (including Chairman) of the Audit Committee are independent Directors. Mr. M.M. Sibbal, Sr. General Manager and Company Secretary of the Company, acts as the secretary of the Audit Committee.

The broad terms of reference/scope of the Audit Committee include:

- Reviewing the quarterly and annual financial statements;
- Reviewing the annual budget and variance reports;
- Reviewing significant related party transactions;
- Reviewing audit reports, statutory reports and internal audit reports;
- Recommending appointment of statutory and cost auditors;
- Appointment and remuneration of internal auditors;
- Reviewing the management discussion and analysis of financial condition and results of operations; and
- Review of financial statements / investments in subsidiary companies

The Audit Committee met 4 times during Fiscal 2012.

Remuneration Committee

The Remuneration Committee consists of Mr. Shanti Sarup Gupta as the Chairman and Mr. Bal Krishna Taparia and Mr. Subhash Chandra Bhargava as the members. All the members of the Remuneration Committee are independent Directors. Mr. M.M. Sibbal, Sr. General Manager and Company Secretary of the Company, acts as the Secretary of the Committee.

The main objective of the Remuneration Committee is to recommend/review the remuneration package payable to the whole-time Directors of the Company.

The Remuneration Committee met once during Fiscal 2012.

Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee currently comprises of Dr. Rangi Lal Gupta as the Chairman and Mr. Dharam Paul Goyal and Mr. Raj Kumar Narang as the members. Mr. M.M. Sibbal, Sr. General Manager and Company Secretary of the Company, acts as the Secretary of the Committee.

The broad terms of reference/scope of the Shareholders'/Investors' Grievance Committee include:

- Redressing Shareholders' and investors' complaints, including but not limited to the transfer of Shares and issue of duplicate Share certificates, non-receipt of balance sheet, and non-receipt of declared dividends; and
- Considering transfers, transmissions, dematerialisation, rematerialisation, splitting, transposition and consolidation of Shares.

The Shareholders'/Investors' Grievance Committee met four times during Fiscal 2012.

As on January 31, 2013, all complaints were solved to the satisfaction of the complainants and there were no pending complaints received from investors.

Committee of Directors

For the purpose of the Issue, the Board pursuant to its resolution dated March 14, 2012 formed a committee of directors comprising of Mr. Brij Behari Tandon as Chairman and Mr. Sunil Kumar Sharma, Mr. Suren Jain and Mr. R. K. Narang as members.

The broad terms of reference/scope of the committee include:

- Appointment of lead managers, merchant bankers, global business coordinators, book runners, underwriters, guarantors, financial and or legal advisors, depositories, custodians, registrars, trustees, bankers, and all other agencies;
- To enter into or execute all agreements, arrangements, memoranda of understanding, documents with any such agencies as may be necessary;
- To approve and finalise the subscription agreement, trust deeds, paying, conversion and transfer agency agreements, offering circulars, placement documents, all such letters, undertakings, documents and also to take steps for listing of securities and / or equity shares to be issued on any Indian and / or foreign stock exchanges.
- To decide issue dates, that is, launching, opening and closing of the issue, size of issue, issue price, rate of interest, conversion premium, coupon rate, yield on maturity and to negotiate, finalise all such terms and conditions in consultation with the intermediaries so appointed including power to modify, amend, alter as also to decide upon the quantum of issue, upsize option, green shoe option etc.

Compensation of the Directors

The following tables set forth the compensation paid by the Company to its Directors for Fiscal 2012:

Non-Executive Directors

The non-executive directors are not paid any remuneration except sitting fees for attending the meetings of the Board of Directors and/or committees thereof. Our non-executive directors are paid sitting fees of Rs. 20,000 per meeting of the Board of Directors and/or committees thereof. The Company does not have material pecuniary relationship or transactions with its non-executive directors. The details of the sitting fees paid during the Fiscal Year 2012 are as follows:

S.No.	Name of the Director	Sitting Fees (in Rs.)
1.	Mr. Manoj Gaur	1,00,000
2.	Mr. S. K. Jain*	20,000
3.	Mr. Brij Behari Tandon	1,80,000
4.	Mr. Bal Krishna Taparia	2,00,000
5.	Dr. Ramesh Chander Vaish	1,00,000
6.	Dr. Rangi Lal Gupta	2,00,000
7.	Mr. Gyan Prakash Gaur	80,000
8.	Mr. Shanti Sarup Gupta	1,20,000
9.	Mr. Raj Narain Bhardwaj	1,60,000
10.	Mr. Subhash Chandra Bhargava	60,000
11.	Mr. Ashwani Kumar Goswami	1,40,000
12.	Mr. Praveen Kumar Singh	20,000
13.	Mr. Bal Krishna Batra**	1,00,000 [#]
14.	Dr. D. G. Kadkade*	60,000

Notes:

* Mr. S.K. Jain and Dr. D. G. Kadkade ceased to be Directors with effect from August 9, 2011, and as such, the sitting fee represents the amount paid up to that date.

** Mr. B. K. Batra ceased to be the Director of the Company with effect from January 13, 2012 consequent upon withdrawal of nomination by IDBI Bank Limited.

Sitting fee was paid directly to IDBI Bank Limited.

Whole-time Directors

Remuneration to the whole-time directors is decided based on the years of experience and contribution made by the respective whole-time directors and is consistent with the existing industry practice. The remuneration paid to the executive directors during Fiscal 2012 is as follows:

(Rs. in millions)

Name of the Director	Salary	Perquisites	Total
Mr. Sunil Kumar Sharma	#	#	#
Mr. Suren Jain	14.23	3.51	17.74
Mr. Dharam Paul Goyal	6.95	0.75	7.70
Lt. Gen. (Retd.) Ravindra Mohan Chadha	6.74	1.01	7.75
Mr. R.K. Narang	6.74	1.68	8.42
Mr. Suresh Chandra	6.91	1.32	8.23
Mr. Praveen Kumar Singh	11.79	1.23	13.01

Notes:

* Mr. Sunil Kumar Sharma is on the board as vice chairman and chief executive officer of the Company but does not draw any remuneration from the Company. He is also the executive vice chairman of JAL and draws remuneration from JAL.

Borrowing Powers of the Board

The Articles of Association authorise the Board of Directors to borrow moneys and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit. The shareholders of the Company, at the annual general meeting dated August 18, 2009, authorised the Board of Directors to borrow to an extent of Rs. 150,000 million. Pursuant to the orders of the Himachal Pradesh High Court approving the merger of (i) erstwhile JPVL with the Company; and (ii) erstwhile BPSCL and JKHCL with the Company, the borrowing limits of the Board of Directors have increased as the authorisation granted to the board of directors of erstwhile JPVL, erstwhile JKHCL and erstwhile BPSCL have been combined with the authorisation granted to the Board of Directors and the Board is now authorised to borrow to the extent of Rs. 480,000 million.

Key Managerial Personnel

The following are the details of the Key Managerial Personnel of our Company:

Mr. G.P. Singh, aged 77 years' holds a bachelors' degree in electrical engineering from Muslim University, Aligarh. He has 53 years' of experience in the operations of hydroelectric projects and thermal power projects in India and abroad. He was the chairman and managing director of National Hydro Power Corporation Limited and also served as the chairman of the Uttar Pradesh State Electricity Board. He has also served as the technical advisor to the Chief Minister of Uttar Pradesh. He has been associated with the Jaypee group since the last eleven years and is currently working as a technical advisor. In his present capacity, he is entrusted with assignments pertaining to designing and construction of transmission system of Company's power projects.

Mr. H.K. Sharma, aged about 58 years', holds a bachelors degree in science (civil engineering) from Punjab University. He was previously the chairman of Satluj Jal Vidyut Nigam Ltd. (formerly Nathpa Jhakri Power Corporation Ltd.). Mr. Sharma has worked in various positions on number of prestigious hydroelectric projects right from the initial stages of construction. The projects includes Baira, Siul and Chamera Stage-I in Chamba District of Himachal Pradesh, Ranjit Hydroelectric Project in Sikkim, Parbati Hydroelectric Project and Nathpa Jhakri Project (1500 MW) in Himachal Pradesh. Presently he is the managing director of PPGCL (Bara thermal project) and Jaypee Powergrid Limited.

Mr. Rakesh Sharma, aged 52 years', holds a bachelors' degree in civil engineering from the University of Roorkee (now known as the Indian Institute of Technology, Roorkee). He has over 32 years' of management experience in civil works, planning and development of manpower and equipment resources.

Mr. S. Sen, aged 67 years', holds a bachelors' degree in electrical engineering from Bengal Engineering College, Shibpur, University of Calcutta. He has over 40 years' of experience in different areas of engineering such as design of turbo generators, thermal power projects with various organizations, such as National Thermal Power Corporation Limited and Bharat Heavy Electricals Limited. He was also the executive director of National Thermal Power Corporation, where he was looking after the engineering and contracting of the thermal power projects of National Thermal Power Corporation Limited. He also looked after the operation and maintenance of the Badarpur thermal power station, Dadri thermal power station and gas power stations at Anta, Auraiya and Dadri. He has been associated with the Jaypee group since the last eight years' and is presently looking after the engineering and project coordination for setting up of Bina TPP and the Nigrie thermal project.

Mr. V. K. Jawada, aged 65 years, is the president (thermal power) of our Company and posted at Nigrie thermal project. He holds a bachelors' degree in electrical engineering from Maulana Azad National Institute of Technology, Bhopal. He has 44 years' of experience in thermal power station design, operations, maintenance, erection and commissioning. He has previously worked with the Madhya Pradesh Electricity Board for a period of nine years and subsequently with National Thermal Power Corporation Limited, wherein he was involved in the implementation of super critical thermal power projects. He has been associated with the Jaypee Group since seven years' and is currently responsible for the overall implementation and co-ordination of the Nigrie thermal project.

Mr. Amit Sharma, aged 44 years', is an engineer and MBA by qualification and has an experience of 21 years' in engineering and marketing. He is involved in the implementation of the Nigrie thermal project.

Mr Vinod Sharma, aged 54 years', holds a bachelors' degree in law. He has an experience of over 32 years' in various capacities with the Jaypee Group. In his present capacity as Executive President, he looks after the matters related to the BASPA II HEP and Karcham-Wangtoo HEP, coordination with HPSEB in regard to the billing matters and HPERC at Shimla in relation to the tariff related matters.

Mr. Radhey Shyam Singh, aged about 61 years', is the president of our Company and posted at Bina TPP. He holds a bachelors degree in science (engineering) from Banaras Hindu University. He has an experience of 38 years' including over nine years' in Bharat Heavy Electricals Limited, about 27 years' in National Thermal Power Corporation Limited and has been with our group for the past two years.

Mr. Suresh Kumar Thakral, aged about 57 years', holds a bachelors' degree in commerce from Kurukshetra University and is also a fellow member of Institute of Chartered Accountants of India. Mr. Thakral is senior joint president (finance) in Jaiprakash Associates Limited and is presently looking after the finance functions of Bina TPP, Nigrie thermal project, Jaypee Nigrie cement grinding unit, Jaypee Powergrid Limited and foreign currency derivative transactions. Mr. Thakral has around 33 years' of vast experience in finance, accounts and commercial functions which includes 28 years' experience at senior management positions before joining Jaypee Group.

Mr. Kanti Prasad, aged 69 years', has been working as senior joint president with our Company and is posted at BASPA II HEP. He holds a bachelors' degree in mechanical engineering from Aligarh Muslim University and has an experience of over 50 years'. He is also a member of the Institution of Engineers (India). Prior to joining our Company, he has worked as a sub divisional officer, Uttar Pradesh Irrigation Department for 10 years. He has also previously worked as project manager with Triveni Structural Limited for four years and with Bharat Heavy Electricals Limited for 23 years. He is currently overseeing the operations of the Karcham-Wangtoo HEP and the BASPA II HEP. He is also involved in liasoning and coordination with the state electricity boards, state load despatch centres, CEA and other regulatory bodies.

Major General (Retd.) Shymadas Chaudhri, aged 57 years', is the joint president of our Company. He holds bachelors' degree in civil engineering from Birla Institute of Technology, Mesra, Ranchi. He had completed a survey engineering and advance geodesy course at Indian Institute of Surveying & Mapping at Hyderabad. He has also completed a global mapping course at Geographical Survey Institute, Tsukuba (Japan). He previously served in the Survey of India for 15 years wherein he carried out field survey at various high altitude/mountainous terrain in Indian and Bhutan including International Boundary Demarcation (Indo-Bangladesh) at Mizoram/Tripura and Chittagong hill tracts. He also served in Indian Army HQ for 15 years as an expert in surveying and mapping and as an administrator at various levels. He has got over 32 years of rich experience of the Indian Army and is presently chief of the project, Jaypee Vishnuprayag hydro electric plant, at Joshimath (Uttarakhand).

Brig.(Retd.) Ranvir Singh, aged 66 years', is the vice president (personnel and administration) of our Company and posted at the Vishnuprayag power plant and is in charge of the human resource and administration department. He holds an intermediate from the Board of High School and Intermediate Education, Allahabad, Uttar Pradesh. He has also attended senior defence management course from the College of Defence Management, Secunderabad, equipment management course from the Military College of Electronics and Mechanical Engineering, Secunderabad, and industrial security and fire management course from the Sam Security and Safety Management Educational Institution, New Delhi. He has over 44 years' of experience in administration, human resource development, security, training, material management and financial management and has previously served with the Indian Army for 34 years.

Mr. Surinder Mohan Dhir, aged 66 years', is the senior vice president (electrical) of our Company and posted at the Vishnuprayag Plant and oversees the power house operation of the plant. He holds a bachelors' degree in science and electrical engineering from the Punjab Engineering College, Chandigarh. He has 41 years' of experience in operation, maintenance, renovation, modernisation and uprating of hydro-power plants and has previously worked with the Punjab State Electricity Board for 30 years in various positions including as engineer-in-chief. During his tenure with the Punjab State Electricity Board he has also been on deputation with Bhakra Vyas Management Board and Kenya Power & Lighting Company for five years as hydro superintendent.

Mr. Ranjit Singh, aged 62 years', is the senior vice president (mechanical) of our Company and posted at Vishnuprayag power plant and is responsible for the mechanical maintainence of the electromechanical system of the power house. He holds a bachelor's degree in mechanical engineering from the Punjabi University, Patiala. He has over 38 years' of experience in the areas of erection, commissioning, operation, maintainence, renovation, manufacturing, assembly and testing of all types of hydro turbines and its auxiliaries. He has previously worked with the Thapar Institute of Engineering for four years' as a lecturer, and with Bharat Heavy Electricals Limited for over 30 years' including as additional general manager (production).

Mr. Vijay Kumar Puri, aged 65 years', is the vice president (electrical) of our Company and posted at Vishnuprayag Plant and oversees operation and maintenance of electromechanical systems of the plant. He holds a bachelors' degree in electrical engineering from the University of Roorkee (now known as Indian Institute of Technology, Roorkee). He has over 40 years' of experience in hydroelectric generation, transmission, design, construction, operation and maintenance and has previously worked with the Uttar Pradesh Power Corporation Limited for 30 years' in various capacities and was last designated as executive engineer.

Mr. M.M. Sibbal, aged 54 years', is the senior general manager, company secretary and compliance officer of our Company. He holds a masters' degree in commerce and a post graduate diploma in personnel management. He is also a certified associate of the Indian Institute of Bankers, a fellow member of the Institute of Company Secretaries of India and an associate of the Institute of Chartered Secretaries and Administrators, London. He has served in various capacities at Punjab National Bank. He has been with the Jaypee group since 1996 with an overall experience of over 30 years.

Mr. Ram Kumar Porwal, aged 49 years', is the senior general manager (finance & accounts) of our Company since the last nine years. He holds a masters' degree in commerce and a bachelor's degree in law from the University of Kanpur, and is a fellow member of the Institute of Chartered Accountants of India. He has 27 years' of experience in finance, accounts, taxation and coordination with lenders. He has previous experience with various other companies of over 12 years.

Mr. Y.K. Sharma aged 58 years', is the vice president (finance & accounts) of our Company. He holds a bachelors degree in law and is a fellow member of the Institute of Charted Accountants of India. He has over 35 years' of experience in the field of finance and accounts of manufacturing companies. He joined the Jaypee group in 2007 and since July 2010, is presently looking after the Company's work.

Mr. Mathuranath Sinhamahapatra, aged 60 years', is the president (finance) of our Company. He holds a graduate degree in science and law and is also an associate member of the Institute of Company Secretaries of India and is a fellow member of the Institute of Cost Accountants of India. He has previously worked as the general manger (finance) at NTPC Ltd for 24 years and has over 35 years' of experience in different areas of finance and accounts.

Mr. Om Prakash, aged 64 years', is the vice-president (materials & contracts) of our Company. He holds a bachelors degree in engineering from the Birsa Institute of Engineering, Sindri, Jharkhand and a diploma in industrial engineering from the Indian Institute of Supervisory Management, Jamshedpur. Additionally he holds a post graduate diploma in business management from the Xavier Labour Relations Institute, Jamshedpur and is a member of the Institution of Engineers. He has over 43 years' of experience in the varied fields of engineering including production, planning and materials management of various engineering companies, like that of Telco Limited, Ballarpur Paper Mills Limited, Hindalco Industries Limited and Jindal Power Limited .

Shareholding of Key Managerial Personnel

S.No.	Name of the Key Managerial Personnel	Number of shares held in our Company as of December 31, 2012
1.	Mr. G.P. Singh	-
2.	Mr. H.K. Sharma	-
3.	Mr. Rakesh Sharma	2,000
4.	Mr. S. Sen	2,850
5.	Mr. V. K. Jawada	2,850
6.	Mr. Amit Sharma	600
7.	Mr. Vinod Sharma	60,370
8.	Mr. Radhey Shyam Singh	600
9.	Mr. Suresh Kumar Thakral	-Nil
10.	Mr. Kanti Prasad	3,450
11.	Major General(Retd.) Shymadas Chaudhri	-
12.	Brig.(Retd.) Ranvir Singh	3,850
13.	Mr. Surinder Mohan Dhir	2,850
14.	Mr. Ranjit Singh	2,850
15.	Mr. Vijay Kumar Puri	1,000
16.	Mr. M. M. Sibbal	3,349
17.	Mr. R. K. Porwal	350
18.	Mr. Y.K Sharma	650
19.	Mr. Mathuranath Sinhamahapatra	-
20.	Mr. Om Prakash	-

Relation of Key Managerial Personnel with the Promoters, Directors and other Key Managerial Personnel

As of the date of the Preliminary Placement Document, none of our Key Managerial Personnel are related with the Promoters, Directors or other Key Managerial Personnel of our Company.

Interest of Key Managerial Personnel

Except to the extent of the remuneration or benefits to which our key managerial personnel are entitled as per the terms of their employment, or reimbursement of their expenses incurred by them in the ordinary course of business, or to the extent of their shareholding in our Company, our key managerial personnel do not have any other interest in our Company.

Changes in Key Managerial Personnel during the last 3 years

Name	Date of Appointment/ Cessation	Reason
Mr. Mathuranath Sinhamahapatra	November 2, 2010	Appointment
Mr. Yogendra Kumar Sharma	April 1, 2012	Appointment
Mr. Om Prakash	June 8, 2010	Appointment
Mr. G.P. Singh	April 1, 2012	Appointment

Name	Date of Appointment/ Cessation	Reason
Maj. Gen. Shyamadas Chaudhuri	September 21, 2011	Appointment
Mr. Radhey Shyam Singh	October 1, 2012	Appointment
Mr. Sidheshwar Sen	July 31, 2010	Appointed as director on the board of SPGCL
Mr. Paramjit Singh Dhadwal	December 31, 2011	Resignation
Mr. R. Krishnamurthy	December 1, 2010	Resignation
Mr. A.B. Chugh	December 31, 2011	Resignation
Mr. J.S. Jassal	June 18, 2011	Retirement
Mr. Pranab Kumar Roy	February 10, 2011	Resignation
Mr. Tarun Kumar Chakraborty	July 18, 2011	Resignation
Mr. Virendra Narayan Choudhary	October 16, 2012	Resignation

Payment of Benefits to Officers of our Company

No officer or other employee of our Company is entitled to any benefit upon termination of his employment in our Company, other than statutory benefits.

Certain officers of our Company have subscribed to equity shares of JAL, our holding company, pursuant to its employee stock purchase schemes of 2005 and 2009. As of the date of this Preliminary Placement Document, our Company has not issued its shares to any officer or employee pursuant to any employee stock option scheme.

Employees

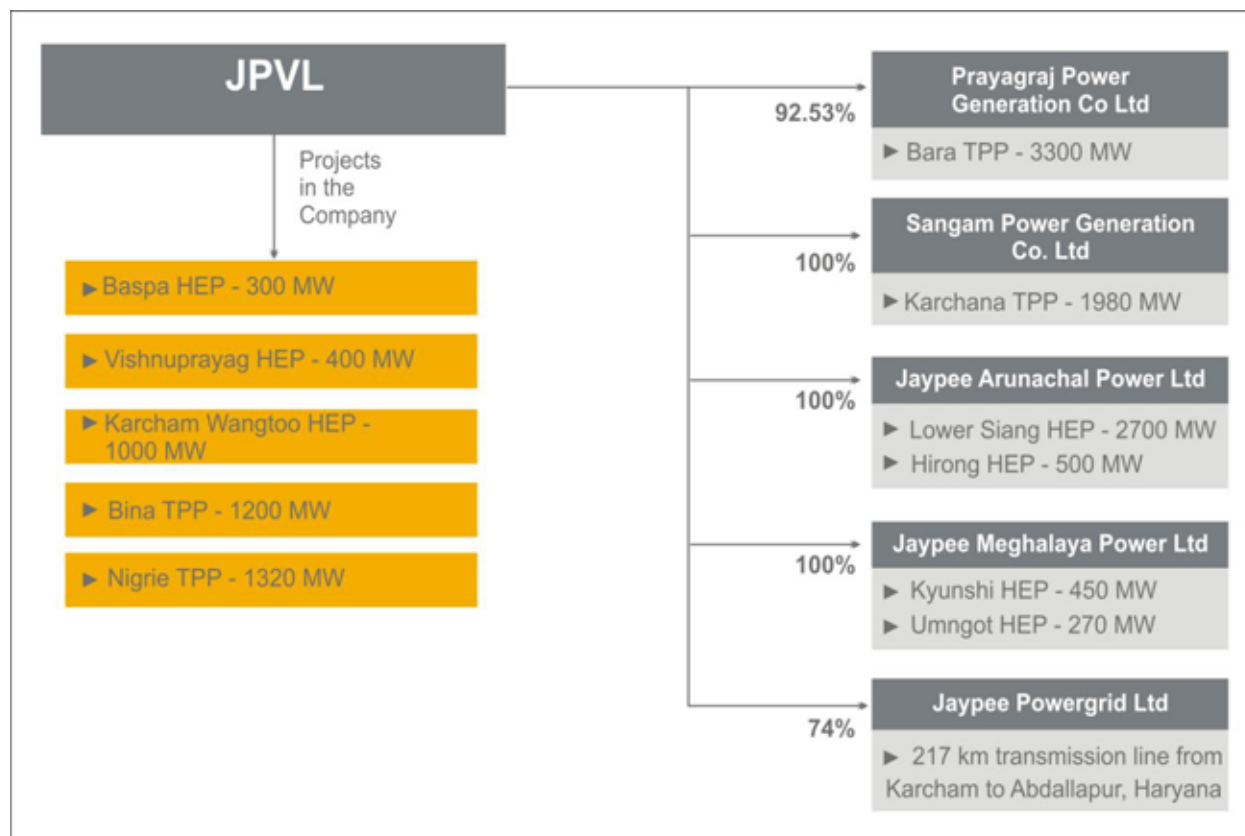
Particulars	As on March 31, 2010	As on March 31, 2011	As on March 31, 2012	As on January 1, 2013
Total number of employees of the Company	721	1,104	1,217	1,704

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

Regulation 12(1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 applies to us and our employees and requires us to implement a code of internal procedures and conduct for the prevention of insider trading. The Company is in compliance with the same and has implemented an employee insider policy in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 1992. Mr. M.M. Sibbal, senior general manager and company secretary of our Company, acts as the compliance officer of our Company.

ORGANISATIONAL STRUCTURE AND MAJOR SHAREHOLDERS

Organisational Structure of the Company as of the date of the Preliminary Placement Document, without giving effect to arrangements pursuant to which third parties are expected to subscribe for interest in certain of our project companies. See “Business – Corporate History and Structure”.



Our Subsidiaries

Our Company has 5 subsidiaries which have been incorporated for the purposes of undertaking the construction, operations and management of the various power projects being currently developed by us:

S.No.	Subsidiaries	Percentage of Shareholding of our Company ⁽¹⁾
1.	Jaypee Powergrid Limited	74%
2.	Jaypee Arunachal Power Limited	100%
3.	Prayagraj Power Generation Company Limited	92.53%
4.	Sangam Power Generation Company Limited	100%
5.	Jaypee Meghalaya Power Limited	100%

(1) As of the date of the Preliminary Placement Document, without giving effect to arrangements pursuant to which third parties are expected to subscribe in certain of our project companies

The details of our subsidiaries are set forth below:

1. Jaypee Powergrid Limited (“JPL”)

JPL was incorporated on October 5, 2006, bearing CIN U40101DL2006PLC154627, and having its registered office at JA House, 63 Basant Lok, Vasant Vihar, New Delhi – 110057. Pursuant to a shareholders’ agreement dated February 22, 2007 between our Company and PGCIL, our Company holds 221,999,400 shares of the face value of Rs. 10 each, while 600 shares are held by individuals, the beneficial interest of which vests with our Company, amounting to 74% of the equity share capital of JPL, while the remaining 26% is owned by PGCIL. The present directors of JPL are as follows:

- (a) Mr. Rabindra Nath Nayak;
- (b) Mr. Sunil Kumar Sharma;
- (c) Mr. Suren Jain;
- (d) Mr. Hemant Kumar Sharma;
- (e) Mr. Gajendra Pal Singh;
- (f) Mr. Vinod Sharma;
- (g) Mr. SC. Singh; and
- (h) Mr. Oommen Chandy;

The main business activity of JPL is to undertake the construction, operation and maintenance of transmission system networks, and to act as an agent of the central or state government(s), public or private sector enterprises and other entities engaged in the planning, development, financing, generation, transmission and distribution of power and for the manufacturers of plant and equipment for power sector in India and abroad.

2. Jaypee Arunachal Power Limited (“JAPL”)

JAPL was incorporated on April 23, 2008, bearing CIN U40105DL2008PLC177067, and having its registered office at JA House, 63 Basant Lok, Vasant Vihar, New Delhi – 110057. Currently, JAPL is a wholly owned subsidiary of our Company and our Company holds 199,999,400 shares of the face value of Rs. 10 each, while 600 shares are held by individuals in the capacity of nominees of our Company. Under two memoranda of agreement dated February 22, 2006, the Company and the Government of Arunachal Pradesh were required to enter into a subscription agreement for the allotment of 11% of the equity share capital to the state government, within three months. The subscription agreement has not yet been entered into. The present directors of JAPL are as follows:

- (a) Mr. Sunil Kumar Sharma;
- (b) Mr. Pankaj Gaur;
- (c) Mr. Shyam Datt Nailwal;
- (d) Mr. Harish Kumar Vaid;
- (e) Mr. Naveen Kumar Singh; and
- (f) Mr. Bhupinder Nath Sharma.

The main business activity of JAPL is to set up power projects, including hydro, thermal, nuclear, wind, solar, gas based, combined cycle or any other power project, directly or indirectly, or to carry on the business of suppliers of electricity, or to carry on the business of manufacturers and dealers of apparatus and other equipment required for or capable of being used in connection with the generation, distribution, supply, accumulation or employment of electricity. JAPL is currently involved in the implementation of the Arunachal Pradesh Projects.

3. Prayagraj Power Generation Company Limited (“PPGCL”)

PPGCL was incorporated on February 12, 2007, bearing CIN U40101UP2007SGC032835, and having its registered office at sector 128, Noida – 201304, Uttar Pradesh. Currently, our Company holds 1,238,189,200 shares of the face value of Rs. 10, JAL holds 100,000,000 shares and 600 shares are held by individuals, the beneficial interest of which vests with our Company. The present directors of PPGCL are as follows:

- (a) Mr. Manoj Gaur;
- (b) Mr. Sunil Kumar Sharma;
- (c) Mr. Sunny Gaur;
- (d) Mr. Sameer Gaur;
- (e) Mr. Rakesh Sharma;
- (f) Mr. Suren Jain; and
- (g) Mr. Hemant Kumar Sharma.

The main business activity of PPGCL is to plan, promote, develop, design, engineer, construct, operate and maintain electricity systems and integrated fuel systems in all aspects, including the construction, operation and maintenance of captive coal mines, and to act as consultants or technical advisors to public or private sector enterprises engaged in power generation, transmission and distribution or any other entity engaged in the design, engineering and research of all forms of power. PPGCL is currently involved in the implementation of the Bara thermal power project.

4. Sangam Power Generation Company Limited (“SPGCL”)

SPGCL was incorporated on February 13, 2007, bearing CIN U40102UP2007SGC032843, and having its registered office at sector 128, Noida, Bhangel – 201304. Currently, SPGCL is a wholly owned subsidiary of our Company and our Company holds 551,976,600 shares of the face value of Rs. 10 each, while 600 shares are held by individuals, the beneficial interest of which vests with our Company. The present directors of SPGCL are as follows:

- (a) Mr. Sunil Kumar Sharma;
- (b) Mr. Pankaj Gaur;
- (c) Mr. Sameer Gaur;
- (d) Mr. Rakesh Sharma;
- (e) Mr. Suren Jain;
- (f) Mr. Naveen Kumar Singh;
- (g) Mr. Gajendra Pal Singh; and
- (h) Mr. Siddheshwar Sen.

The main business activity of SPGCL is to plan, promote, develop, design, engineer, construct, operate and maintain electricity systems and integrated fuel systems in all aspects, including the construction, operation and maintenance of captive coal mines, and to act as consultants or technical advisors to public or private sector enterprises engaged in power generation, transmission and distribution or any other entity engaged in the research, design and engineering of all forms of power. SPGCL is currently involved in the implementation of the Karchana TPP.

5. Jaypee Meghalaya Power Limited (“JMPL”)

JMPL was incorporated on August 26, 2010, bearing CIN U74999DL2010PLC207575, and having its registered office at JA House, 63 Basant Lok, Vasant Vihar, New Delhi – 110057. Currently, JMPL is a wholly owned subsidiary of our Company and our Company holds 49,400 shares of the face value of Rs. 10 each, while 600 shares are held by individuals, the beneficial interest of which vests with our Company. Under two memoranda of agreement dated December 11, 2007 the Company and the Government of Meghalaya were required to enter into a subscription agreement for the allotment of up to 26% of the equity share capital to the state government, within six months. The subscription agreement has not yet been entered into. The present directors of JMPL are as follows:

- (a) Mr. Pankaj Gaur;
- (b) Mr. Basant Kumar Goswami;
- (c) Mr. Suren Jain;
- (d) Mr. Praveen Kumar Singh; and
- (e) Mr. Dharam Paul Goyal

The main business activity of JMPL is to set up power projects, including hydro, thermal, nuclear, wind, solar, gas based, combined cycle or any other power project, directly or indirectly, or to carry on the business of suppliers of electricity, or to carry on the business of manufacturers and dealers of apparatus and other equipment required for or capable of being used in connection with the generation, distribution, supply, accumulation or employment of electricity. JMPL is currently involved in the implementation of the Meghalaya Projects.

Major Shareholders

The Company's shareholding pattern as of February 1, 2013 is as follows:

Category Code (I)	Category of Shareholder (II)	Number of Shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX) = (VIII)/(IV)*100
(A)	Shareholding of Promoter and Promoter Group							
1	Indian							
(a)	Individuals/ Hindu Undivided Family	0	0	0	0.00	0.00	0	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	2	1,908,648,237	1,908,648,237	72.72	72.72	1,354,767,481	70.98
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00	0	0.00
(e)	Any other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub – Total (A) (1)	2	1,908,648,237	1,908,648,237	72.72	72.72	1,354,767,481	70.98
2	Foreign							
(a)	Individuals (Non-Resident/ Individuals/ Foreign Individuals)	0	0	0	0	0	0	0
(b)	Bodies Corporate	0	0	0	0	0	0	0
(c)	Institutions	0	0	0	0	0	0	0
(d)	Any other (specify)	0	0	0	0	0	0	0
	Sub – Total (A) (2)	0	0	0	0	0	0	0
	Total shareholding of Promoter and Promoter Group (A) = (A) (1) + (A) (2)	2	1,908,648,237	1,908,648,237	72.72	72.72	1,354,767,481	70.98
(B)	Public shareholding							

Category Code (I)	Category of Shareholder (II)	Number of Shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX) = (VIII)/(IV)*100
1	Institutions							
(a)	Mutual Funds/ UTI	32	88,762,189	88,762,189	3.38	3.38	-	-
(b)	Financial Institutions/ Banks	17	57,102,232	57,102,232	2.18	2.18	-	-
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00	-	-
(d)	Venture Capital Funds	0	0	0	0.00	0.00	-	-
(e)	Insurance Companies	0	0	0	0.00	0.00	-	-
(f)	Foreign Institutional Investors	41	32,251,091	32,251,091	1.23	1.23	-	-
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	-	-
(h)	Qualified Foreign Investor	0	0	0	0.00	0.00	-	-
(i)	Any other (specify)	0	0	0	0.00	0.00	-	-
	Sub – Total (B) (I)	90	178,115,512	178,115,512	6.79	6.79		
2	Non-Institutions							
(a)	Bodies Corporate	2,580	68,066,431	68,066,431	2.59	2.59	-	-
(b)	Individuals –						-	-
	i. Individual shareholders holding nominal share capital up to Rs. 1 Lakh	300,697	100,133,726	100,114,675	3.82	3.82	-	-
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	475	16,521,304	16,521,304	0.63	0.63	-	-
(c)	Qualified Foreign Investor	0	0	0	0.00	0.00	-	-

Category Code (I)	Category of Shareholder (II)	Number of Shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX) = (VIII)/(IV)*100
(c)	Any other (specify)						-	-
	(1)NRI	1,389	1,742,688	1,742,688	0.07	0.07	-	-
	(2) TRUST	19	351,529,225	351,529,225	13.39	13.39	-	-
	Sub - Total (B) (2)	305,160	537,993,374	537,974,323	20.50	20.50	-	-
	Total Public Shareholding (B) = (B) (1) + (B) (2)	305,250	716,108,886	716,089,835	27.28	27.28	-	-
	TOTAL (A) + (B)	305252	2,624,757,123	2,624,738,072	100.00	100.00	-	-
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0	-	-
	GRAND TOTAL (A) + (B) + (C)	305,252	2,624,757,123	2,624,738,072	100.00	100.00	1,354,767,481	70.98

List of shareholders belonging to the category Promoter and Promoter Group of the Company, as of February 1, 2013:

Sl. No.	Name of the shareholder	Total shares held		Shares pledged or otherwise encumbered		
		Number of shares held (III)	As a % of grand total (A) + (B) + (C) (IV)	Number (V)	As a percentage (VI)=(V)/(III)*100	As a % of grand total (A)+(B)+(C) of sub-clause (I)(a) (VII)
1	Jaiprakash Associates Limited	1,783,000,600	67.93	1,294,509,231	72.60	49.32
2	Jaypee Infra Ventures (A Private Company with unlimited liability).	125,647,637	4.79	60,258,250	47.96	2.30
Total		1,908,648,237	72.72	1,354,767,481	70.98	51.61

List of shareholders, other than our Promoters and Promoter Group, holding more than 1% of the paid up capital of the Company, as of February 1, 2013:

Sl. No.	Name of the shareholder	Number of shares	Percentage
1	HDFC Trustee Company Limited-HDFC Equity Fund	44,153,347	1.68
2.	Naresh Chander Talwar Ravinder Mohan Chadha (JPVL Trust)	344,076,923	13.11
	Total	388,230,270	14.79

Shareholding of securities (including shares, warrants, convertible securities) of persons (together with persons acting in concert) belonging to the category “Public” and holding more than 5% of the total number of Equity Shares of the Company.

Sl. No.	Name of the shareholder	Number of shares	Percentage
1	Naresh Chander Talwar Ravinder Mohan Chadha (JPVL Trust)	344,076,923	13.11

Details of locked-in shares as of the date of this Preliminary Placement Document:

Sl. No.	Name of the shareholder	Number of shares	Percentage
1	-	-	-

Details of Depository Receipts (“DRs”)

Sl. No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	No. of outstanding DRs	No. of Equity Shares underlying outstanding DRs	Shares underlying outstanding DRs as % of total no. of Equity Shares
1	-	-	-	-
	Total			

Holding of DRs, where underlying Equity Shares are in excess of 1% of the total no. of Equity Shares

Sl. No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	No. of outstanding DRs	No. of Equity Shares underlying outstanding DRs	Shares underlying outstanding DRs as % of total no. of Equity Shares
1	-	-	-	-
	Total			

ISSUE PROCEDURE

*Below is a summary intended to present a general outline of the procedure relating to the bidding and payment for, and allocation and allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below and the investors are assumed to have apprised themselves of the same from the Company or the Book Running Lead Manager. The investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. Also, see the sections “**Distribution and Solicitation Restrictions**” and “**Transfer Restrictions**”.*

Qualified Institutions Placement

The Issue is being made to QIBs in reliance upon Chapter VIII of the ICDR Regulations through the mechanism of Qualified Institutions Placement (“**QIP**”) whereunder a listed company may issue and allot equity shares, fully convertible debentures, partly convertible debentures, non-convertible debt instruments along with warrants or any other security (other than warrants), which are convertible into or exchangeable with equity shares at a later date in a qualified institutions placement to QIBs on a private placement basis provided that:

- a special resolution approving the QIP has been passed by the shareholders. Such special resolution must specify that the allotment of securities is proposed to be made pursuant to the QIP;
- equity shares of the same class, which are proposed to be allotted through the QIP or pursuant to conversion or exchange of eligible securities offered through qualified institutions placement, have been listed on a recognized stock exchange in India that has nation-wide trading terminals for a period of at least one year as on the date of issuance of notice to its shareholders for convening the general meeting to consider the proposed QIP; and
- such company is in compliance with the minimum public shareholding requirements set out in the Securities Contracts (Regulation) Rules, 1957.

The Company has applied for and received the in-principle approval of the Stock Exchanges under Clause 24 (a) of the Listing Agreement, for the listing of the Equity Shares proposed to be issued pursuant to the Issue, on the Stock Exchanges. The Company has also filed a copy of the Preliminary Placement Document with the Stock Exchanges.

At least 10% of the equity shares issued to QIBs must be allotted to mutual funds, provided that, if this portion, or any part thereof to be allotted to mutual funds remains unsubscribed, it may be allotted to other QIBs.

Investors are not allowed to withdraw their Bids after the closure of the Issue.

Additionally, there is a minimum pricing requirement under ICDR Regulations. The Issue Price of the Equity Shares, pursuant to a QIP, shall not be less than the average of the weekly high and low of the closing prices of the equity shares of the same class of the issuer quoted on the Stock Exchange during the two weeks preceding the relevant date. Pursuant to an amendment to the ICDR Regulations, an issuer may offer a discount of not more than 5% on the price calculated for the QIP as above, subject to the approval of the shareholders by a special resolution pursuant to Regulation 82(a) of the ICDR Regulations. We are entitled to provide a discount on the issue of Equity Shares.

The ‘relevant date’ referred to above means the date of the meeting in which the Board of the Company or the committee of directors duly authorized by the Board of the Company decides to open the Issue. “Stock exchange” referred above means any of the recognized stock exchanges on which equity shares of the issuer are listed and on which the highest trading volume in such equity shares has been recorded during the two weeks immediately preceding the relevant date.

Equity Shares must be allotted within twelve months from the date of the shareholders resolution approving the QIP. The equity shares issued pursuant to the QIP must be issued on the basis of a placement document that shall contain all material information including the information specified in Schedule XVIII of the ICDR Regulations. The preliminary placement document and the placement document are private documents provided to select investors through serially numbered copies and are required to be placed on the website of the concerned stock exchange and of the issuer with a disclaimer to the effect that they are in connection with an issue to QIBs and no offer is being made to the public or to any other category of investors.

Pursuant to the provisions of Section 67 of the Companies Act, for a transaction that is not a public offering, an invitation or offer may not be made to more than 49 persons.

The minimum number of allottees for each qualified institutional placement shall not be less than:

- two, where the issue size is less than or equal to Rs.2,500 million; and
- five, where the issue size is greater than Rs. 2,500 million.

No single allottee shall be allotted more than 50% of the Issue size. QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee for this purpose.

The aggregate of the proposed qualified institutions placement and all previous qualified institutions placements made in the same financial year shall not exceed five times the net worth of the Issuer as per the audited balance sheet of the previous financial year. The issuer shall furnish a copy of the Placement Document to each stock exchange on which its equity shares are listed.

The Issue has been authorised and approved by the Board of Directors on March 14, 2012 and by the shareholders as a special resolution of our Company on April 27, 2012.

Securities allotted to a QIB pursuant to a qualified institutions placement shall not be sold for a period of one year from the date of allotment except on a recognized stock exchange in India.

Issue Procedure

1. The Issuer and the Book Running Lead Manager shall identify the QIBs and circulate serially numbered copies of the Preliminary Placement Document and the Bid cum Application Form, either in electronic form or physical form, to not more than 49 QIBs.
2. The list of QIBs to whom the Bid cum Application Form is delivered shall be determined by the Book Running Lead Manager in sole and absolute discretion, in consultation with the Company. **Unless a serially numbered Preliminary Placement Document along with the Bid cum Application Form is addressed to a particular QIB, no invitation to subscribe shall be deemed to have been made to such QIBs.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer will be deemed to have been made to such person.
3. QIBs may submit the Bids through the Bid cum Application Form, including any revisions thereof during the Bidding Period to the Book Running Lead Manager.
4. QIBs will be required to indicate the following in the Bid cum Application Form:
 - (a) Complete official name of the QIB to whom the Equity Shares are to be allotted;
 - (b) Number of Equity Shares Bid for;
 - (c) Price at which they are agreeable to subscribe to the Equity Shares, provided that QIBs may also indicate that they are agreeable to submit a Bid at the “Cut-Off Price” which shall be any price as may be determined by the Issuer in consultation with the Book Running Lead Manager at or above the minimum price calculated in accordance with Regulation 85(1) of the ICDR Regulations (the “**Floor Price**”); which for the Issue is Rs. 31.93;
 - (d) That it has agreed to certain representations set forth in Bid cum Application Form and this Preliminary Placement Document;
 - (e) The details of the dematerialized account(s) to which the Equity Shares should be credited; and
 - (f) A representation that it is either (a) a “qualified institutional buyer” (as defined in Rule 144A); or (b) outside the United States and acquiring the Equity Shares in an offshore transaction under Regulation S.

Note: Each eligible sub-account of an FII (where each such sub-account is duly registered with SEBI) will be considered as an individual QIB and separate Bid cum Application Form would be required from each such sub-account for submitting Bids. FIIs or sub-accounts of FIIs are required to indicate the SEBI FII/sub-account

registration number in the Application Form. Applications by various schemes/funds of a mutual fund will be treated as one application from the Mutual Fund.

5. Once the duly filled Bid cum Application Form is submitted by a QIB, such Bid cum Application Form constitutes an irrevocable offer and cannot be withdrawn after the Bid Closing Date. The Bid Closing Date shall be notified to the Stock Exchanges and the QIBs shall be deemed to have been given notice of such date after receipt of the Bid cum Application Form. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. 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 laws.
6. Upon the receipt of the Bid cum Application Form, the Company shall determine the Issue Price which shall be at or above the Floor Price and the number of Equity Shares to be issued in consultation with the Book Running Lead Manager. On determination of the Issue Price, the Book Running Lead Manager will send the CAN to the QIBs who have been allocated Equity Shares. The dispatch of CAN shall be deemed a valid, binding and irrevocable contract for the QIBs to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The CAN shall contain details like the number of Equity Shares allocated to the QIB and payment instructions including the details of the amounts payable by the QIB for Allotment of the Equity Shares in its name and the Pay-In Date as applicable to the respective QIB. Please note that the Allocation will be at the absolute discretion of our Company and will be based on the recommendation of the Book Running Lead Manager.
7. Pursuant to receiving the CAN, the QIBs would have to make the payment of the entire application monies for the Equity Shares indicated in the CAN at the Issue Price through electronic transfer for the application monies to the designated bank account of the Company by the Pay-In Date as specified in the CAN sent to the respective QIBs.
8. Upon receipt of the application monies from the QIBs, the Board will approve the Allotment of Equity Shares pursuant to a Board Resolution and issue and allot Equity Shares as per the details in the CAN to the QIBs. The Company will intimate to the Stock Exchanges the details of the Allotment.
9. After adopting the Allotment resolution and prior to crediting the Equity Shares into the Depository Participant accounts of the QIBs, we shall apply for in-principle approval of the Stock Exchanges for listing of the Equity Shares.
10. After receipt of the in-principle approval of the Stock Exchanges, the Issuer shall credit the Equity Shares into the Depository Participant accounts of the QIBs in accordance with the details submitted by the QIBs in the Application Form..
11. The Issuer shall then apply for the final trading and listing permissions from the Stock Exchanges.
12. The Equity Shares that have been so credited to the Depository Participant accounts of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.
13. The Stock Exchanges shall notify the final trading and listing permissions, which are ordinarily available on their websites, and the Issuer shall communicate the receipt of the final trading and listing permissions from the Stock Exchanges to the QIBs who have received the Allotment. The Issuer shall not be responsible for any delay or non- receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or the Issuer.

Qualified Institutional Buyers

Only QIBs as defined in Regulation 2(1) (zd) of the ICDR Regulations, and not otherwise excluded pursuant to Regulation 86(1)(b) of the ICDR Regulations or other applicable regulations, are eligible to invest in the Issue. Currently under Regulation 2(1)(zd) of the ICDR Regulations, these include:

- Public financial institutions as defined in Section 4A of the Companies Act;
- Scheduled commercial banks;

- Mutual funds registered with SEBI (“**Mutual Funds**”);
- a foreign institutional investor and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
- Multilateral and bilateral development financial institutions;
- Venture capital funds registered with SEBI;
- Alternative investment funds registered with SEBI;
- Foreign venture capital investors registered with SEBI;
- State industrial development corporations;
- Insurance companies registered with the Insurance Regulatory and Development Authority of India;
- Provident Funds with minimum corpus of Rs.250.00 million;
- Pension Funds with minimum corpus of Rs.250.00 million;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India, published in the Gazette of India;
- Insurance funds set up and managed by army, navy or air force of the Union of India; and
- Insurance funds set up and managed by the Department of Posts, India

Only QIBs which are FIIs are permitted to participate through the Portfolio Investment Scheme (“PIS”) in this Issue. FIIs are permitted to participate in the QIP subject to compliance with all applicable laws and such that the shareholding of the FIIs does not exceed specified limits as prescribed under applicable laws in this regard.

The issue of Equity Shares to a single FII should not exceed 10% of the post-Issue issued capital of the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of the Company or 5% of the total issued capital of the Company in case such sub-account is a foreign corporate or an individual. FII holding in the Company cannot exceed 24% of the total issued capital of the Company. However, this limit of 24% may be increased up to the statutory ceiling as applicable, by passing a resolution by the Board followed by the passing of a special resolution to the same effect by its shareholders.

No allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being our Promoter or any person related to our Promoter(s). QIBs which have all or any of the following rights shall be deemed to be persons related to Promoter(s):

- a) rights under a shareholders’ agreement or voting agreement entered into with our Promoters or persons related to our Promoters;
- b) veto rights; or
- c) right to appoint any nominee director on the Board.

provided that a QIB which does not hold any shares in the Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoters.

The Issuer and the Book Running Lead Manager and any of their respective shareholders, directors, partners, officers, employees, counsel, advisors, representatives, agents or affiliates are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to Bid. QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering an open offer under the Takeover Code. The QIB shall be solely responsible for compliance with the provisions of the Takeover Code, the SEBI Insider Trading Regulations and other applicable laws, rules, regulations, guidelines, notifications and circulars.

A minimum of 10% of the Equity Shares in this Issue shall be available for Allocation to Mutual Funds. In case of under-subscription in the portion available for Allocation only to Mutual Funds, such portion or part thereof may be allotted to other QIBs.

Note: Affiliates or associates of the Book Running Lead Manager who are QIBs may participate in the Issue in compliance with applicable laws.

Bidding

Bid cum Application Form

QIBs shall only use the specified and serially numbered Bid cum Application Form supplied by the Book Running Lead Manager in either electronic form or by physical delivery for the purpose of making a Bid (including revision of Bid) in terms of this Preliminary Placement Document and the Placement Document.

By making a Bid (including revisions thereof) for Equity Shares pursuant to the terms of this Preliminary Placement Document, the QIB will be deemed to have made the following representations and warranties and the representations, warranties and agreements made under “Notice to Investors”, “Representations by Investors” and “Transfer Restrictions”:

1. The QIB confirms that it is a Qualified Institutional Buyer in terms of Regulation 2(1)(zd) of the ICDR Regulations and is eligible to participate in this Issue;
2. The QIB confirms that it is not a Promoter and is not a person related to the Promoters, either directly or indirectly, and its Bid does not, directly or indirectly, represent the Promoter or Promoter Group of the Issuer, or a person related to the Promoter;
3. The QIB confirms that it has no rights under a shareholders’ agreement or voting agreement with the Promoters or persons related to the Promoters, no veto rights or right to appoint any nominee director on the Board of the Issuer other than that acquired in the capacity of a lender, which shall not be deemed to be a person related to the Promoters;
4. The QIB acknowledges that it has no right to withdraw its Bid after the Bid Closing Date;
5. The QIB confirms that if allotted Equity Shares pursuant to this Issue, the QIB shall not, for a period of one year from allotment, sell the Equity Shares so acquired except on the Stock Exchanges;
6. The QIB confirms that the QIB is eligible to apply for and hold Equity Shares so allotted together with any equity shares held by the QIB prior to the Issue. The QIB further confirms that the holding of the QIB does not, and shall not, exceed the level permissible as per any applicable regulations;
7. The QIB confirms that the Bid would not eventually result in triggering an open offer under the Takeover Code; and
8. The QIB confirms that to the best of its knowledge and belief together with other QIBs in the Issue that belong to the same group or are under common control, the Allotment to the QIB shall not exceed 50% of the Issue size. For the purposes of this statement:
 - (a) The expression ‘belongs to the same group’ shall derive meaning from the concept of “companies under the same group” as provided in sub-section (11) of Section 372 of the Companies Act; and
 - (b) ‘control’ shall have the same meaning as is assigned to it by clause 1(e) of Regulation 2 of the Takeover Code.
9. The QIBs shall not undertake any trade in the Equity Shares credited to its Depository Participant account until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

QIBS WOULD NEED TO PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, THEIR DEPOSITORY PARTICIPANT’S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. QIBS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. FOR THIS PURPOSE, SUB-ACCOUNTS OF AN FII WOULD EACH BE CONSIDERED INDEPENDENT QIBS.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGER, A QIB MAY ALSO BE REQUIRED TO SUBMIT REQUISITE DOCUMENT(S) ALONG WITH THE APPLICATION FORM TO BOOK RUNNING LEAD MANAGER TO EVIDENCE THEIR STATUS AS A “QIB” AS DEFINED HEREIN.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of a Bid cum Application Form by the QIBs shall be deemed a valid, binding and irrevocable offer by the QIB to pay the entire Issue Price for its share of Allotment (as indicated by the CAN) and becomes a binding contract on the QIB, upon issuance of the CAN by the Company in favour of the QIB.

Bids by Mutual Funds

The Bids submitted by the asset management companies or custodians of mutual funds shall specifically state the names of the concerned schemes for which the Bids are made. Each scheme or fund of a mutual fund will be required to submit a separate Application Form. Such applications will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. However, for the purpose of calculating the number of allottees or applicants, various schemes of the same mutual fund will be considered as a single allottee or applicant.

Under 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 Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

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 laws.

Submission of Bid cum Application Form

All Bid cum Application Forms shall be duly completed with information including the name of the QIB, the price and the number of Equity Shares applied for. The Bid cum Application Form shall be submitted to the Book Running Lead Manager either through electronic form or through physical delivery at the following address:

Credit Suisse Securities (India) Private Limited

9th Floor, Ceejay House

Plot F, Shivsagar Estate

Dr. Annie Besant Road, Worli

Mumbai 400 018

Tel: +91 22 6777 3777

Fax: +91 22 6777 3820

E-mail: ashish.agarwal@credit-suisse.com

Contact person: Mr. Ashish Agarwal

The Book Running Lead Manager shall not be required to provide any written acknowledgement of the same.

Permanent Account Number or PAN

Each QIB should mention its PAN.. Bids without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that the applicant should not submit the GIR number instead of the PAN as the Bid cum Application Form is liable to be rejected on this ground.

Pricing and Allocation

Build up of the Book

The QIBs shall submit their Bids (including any revisions) within the Bidding Period to the Book Running Lead Manager who shall maintain the book. The QIBs cannot withdraw their Bids after the Bid / Issue Closing Date.

Price discovery and allocation

The Issuer, in consultation with the Book Running Lead Manager, shall finalize the Issue Price for the Equity Shares which shall be at or above the Floor Price. The Issuer may offer a discount of not more than 5% on the Floor Price in terms of Regulation 85 of the ICDR Regulations.

After finalization of the Issue Price, the Issuer shall update the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges and SEBI as the Placement Document.

Method of Allocation

The Issuer shall determine the allocation for the purpose of inviting CANs in consultation with the Book Running Lead Manager on a discretionary basis and in compliance with Chapter VIII of the ICDR Regulations.

Bids received from the QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such QIBs will be made at the Issue Price. Allocation shall be determined at our sole and absolute discretion in consultation with the Book Running Lead Manager to a maximum of 49 QIBs. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF THE ISSUER AND THE BOOK RUNNING LEAD MANAGER IN RESPECT OF ALLOCATION SHALL BE BINDING ON ALL QIBs. QIBs MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF THE ISSUER AND THE BOOK RUNNING LEAD MANAGER AND QIBs MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID BIDS AT OR ABOVE THE ISSUE PRICE. NEITHER THE ISSUER NOR THE BOOK RUNNING LEAD MANAGER ARE OBLIGED TO ASSIGN ANY REASONS FOR SUCH NON-ALLOCATION.

Number of Allottees

The minimum number of Allottees in the Issue shall not be less than:

- (a) two, where the Issue size is less than or equal to Rs.2,500 million;
- (b) five, where the Issue size is greater than Rs.2,500 million.

Provided that no single Allottee shall be allotted more than 50% of the aggregate amount of the Issue.

Provided further that QIBs belonging to the same group or those who are under common control shall be deemed to be a single Allottee for the purpose of this clause. For details of what constitutes 'same group' or 'common control' see "***Application Process – Bid cum Application Form***".

Bidding – Bid cum Application Form.

The maximum number of allottees of the Equity Shares shall not be greater than 49. Further, the Equity Shares will be allotted within twelve months from the date of the shareholder resolution approving the Issue.

CAN

Based on the Bid cum Application Forms received, the Company and the Book Running Lead Manager may, in their sole and absolute discretion, decide the list of QIBs to whom the serially numbered 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 QIBs. Additionally, the CAN will include details of the bank account(s) for transfer of funds if done electronically, address where the application money needs to be sent, Pay-In Date as well as the probable designated date (the "**Designated Date**"), being the date of credit of the Equity Shares to the QIB's account, as applicable to the respective QIBs.

The eligible QIBs would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Placement Document and the CAN to the QIB shall be deemed a valid, binding and irrevocable contract for the QIB to furnish all details that may be required by the Book Running Lead Manager and to pay the entire Issue Price for all the Equity Shares Allocated to such QIB.

QIBs WOULD NEED TO PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. QIBs MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. FOR THIS PURPOSE, EACH SUB-ACCOUNT OF AN FII WOULD BE CONSIDERED AS AN INDEPENDENT QIB.

By submitting the Bid Cum Application Form, the QIB will be deemed to have made the representations and warranties as specified under the section “Notice to Investors” and further that such QIB shall not undertake any trade in the Equity Shares credited to its Depository Participant account until such time as the final listing and trading approval for the Equity Shares is issued by the BSE and the NSE.

QIBs ARE ADVISED TO INSTRUCT THEIR DEPOSITORY PARTICIPANT TO ACCEPT THE EQUITY SHARES THAT MAY BE ALLOCATED/ALLOTTED TO THEM PURSUANT TO THIS ISSUE.

Escrow Account for Payment of Application Money

The Issuer has opened a special bank account (the “**Escrow Account**”) with [●] (the “**Bank**”) in terms of the arrangement between the Issuer, the Book Running Lead Manager and the Bank. The QIB will be required to deposit the entire amount payable for the Equity Shares allocated to it by the Pay-In Date as mentioned in the respective CAN.

If the payment is not made favouring the Escrow Account within the time stipulated in the CAN, the Application of the QIB, the Bid cum Application Form and the CAN is liable to be cancelled.

In case of cancellations or default by the QIBs, the Company and the Book Running Lead Manager have the right to reallocate the Equity Shares at the Issue Price among existing or new QIBs at their sole and absolute discretion, subject to compliance with the requirement of ensuring the Bid cum Application Forms and CANs are sent to not more than 49 QIBs.

Payment Instructions

The payment of application money shall be made by the QIBs in the name of “[●]” as per the payment instructions provided in the CAN.

QIBs may make payment only through electronic fund transfer.

Designated Date and Allotment of Equity Shares

1. We will endeavour to complete the allotment of Equity Shares by the probable Designated Date for those QIBs who have paid subscription money as stipulated in the respective CANs. The Equity Shares will not be Allotted to a QIB unless such QIB pays the amount for the Equity Shares allocated to them calculated at the Issue Price to the Escrow Account as stated above.
2. In accordance with the ICDR Regulations, Equity Shares will be issued and the Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.
3. The Issuer reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.
4. Following the Allotment of Equity Shares pursuant to this Issue, we will apply to the Stock Exchanges for listing approval. After receipt of such listing approval from the Stock Exchanges, we shall credit the Equity Shares into the Depository Participant accounts of the QIBs.
5. Post Allotment and credit of Equity Shares into the QIBs Depository Participant account, the Issuer would apply for trading/listing approvals from the Stock Exchanges.
6. In the unlikely event of any delay in the Allotment or credit of Equity Shares or receipt of trading or listing approvals, or of cancellation of the Issue, no interest or penalty would be payable by the Issuer.
7. The Escrow Bank shall not release the monies lying to the credit of the Escrow Account to the Company, until such time as the Company delivers to the Escrow Bank, documentation regarding the approval of the Stock Exchanges, for the listing and trading of the Equity Shares.

Submission to SEBI

After finalization of the Issue Price, the Issuer shall update the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Pursuant to a circular dated March 5, 2010 issued by the SEBI, the Stock Exchanges are required to make available on their websites, the details of those Allottees in the Issue who have been allotted more than 5% of

the Equity Shares offered, viz, the names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of the Company in the format specified in clause 35 of the Listing Agreement along with the Placement Document.

Other Instructions

Our Right to Reject Bids

The Issuer, in consultation with the Book Running Lead Manager, may reject Bids, in part or in full, without assigning any reasons whatsoever. The decision of the Issuer and the Book Running Lead Manager in relation to the rejection of a Bid shall be final and binding.

Equity Shares in dematerialised form with NSDL or CDSL

The allotment of the 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).

1. A QIB applying for Equity Shares must have at least one beneficiary account with either of the Depository Participant of either NSDL or CDSL prior to making the Bid.
2. Allotment to a successful QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the QIB.
3. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
4. The trading of the Equity Shares of the Issuer would be in dematerialized form only for all QIBs in the demat segment of the respective stock exchanges.
5. The Issuer will not be responsible or liable for the delay in the credit of Equity Shares due to errors in the Bid cum Application Form or on part of the QIBs.

PLACEMENT

Placement Agreement

On February 19, 2013, the Book Running Lead Manager entered into a placement agreement with the Company, (the “**Placement Agreement**”) pursuant to which the Book Running Lead Manager has agreed to place on a best efforts basis up to such number of the Company’s Equity Shares to QIBs, pursuant to Chapter VIII of the ICDR Regulations, in the United States to “qualified institutional buyers” (as defined in Rule 144A) and outside the United States in reliance on Regulation S under the Securities Act.

The Placement Agreement provides that the Issuer will indemnify the Book Running Lead Manager against certain liabilities including liabilities under securities laws. Application shall be made to list the Equity Shares and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for the Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Preliminary Placement Document has not been, and will not be, registered as a prospectus with the Registrar of Companies in India. No Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors other than QIBs.

The Book Running Lead Manager and its respective affiliates may engage in transactions with, and perform services for, the Company and its Subsidiaries in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with the Company, for which they have received, and may in the future receive, customary compensation.

Lock-up

The Company undertakes that it will not for a period commencing the date hereof and ending 60 days from the date of Allotment, without the prior written consent of the BRLM, directly or indirectly:

- (a) purchase, offer, issue, lend, sell, grant any option or contract to purchase, purchase any option or contract to offer, issue, lend, sell, grant any option, right or warrant to purchase, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned by the undersigned) or file any registration statement under the Securities Act, with respect to any of the foregoing, or
- (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or
- (c) deposit Equity Shares with any other depository in connection with a depository receipt facility, or
- (d) enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of the Equity Shares in any depository receipt facility; or
- (e) publicly announce any intention to enter into any transaction falling within (a) to (d) above or enter into any transaction falling within (a) to (d) above.

Provided, however, that the foregoing restrictions do not apply to the issuance of any Issue Shares and the above clauses shall not restrict the Company from raising foreign currency convertible bonds in this period.

DISTRIBUTION AND SOLICITATION RESTRICTIONS

The distribution of this Preliminary Placement Document and the offer, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Persons who come into possession of this Preliminary Placement Document are advised to take legal advice with regard to any restrictions that may be applicable to them and to observe such restrictions. This Preliminary Placement Document may not be used for the purpose of an offer or sale in any circumstances in which such offer or sale is not authorized or permitted.

General

No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction, or the possession, circulation or distribution of this Preliminary Placement Document or any other material relating to the Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI Guidelines. Each purchaser of the Equity Shares in the Issue will be required to make, or be deemed to have made, as applicable, the acknowledgments and agreements as described under “Transfer Restrictions”.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) an offer to the public of any Equity Shares which are the subject of the placement contemplated by this Preliminary Placement Document may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any Equity Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last (or, in Sweden, in its last two) annual or consolidated accounts;
- (c) by the Book Running Lead Manager to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Book Running Lead Manager for any such offer; or
- (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Equity Shares shall result in a requirement for the publication by the Book Running Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

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

This offer is for the intended recipients only and may not in any way be forwarded to the public in Sweden. Accordingly, the Book Running Lead Manager represents, warrants and agrees that it has not offered or sold and will not offer or sell the Equity Shares in Sweden in a manner that would require the registration of a prospectus by the Swedish Financial Supervisory Authority according to the Financial Instruments Trading Act.

Hong Kong

No Equity Shares have been offered or sold, and no Equity Shares may be offered or sold, by means of any document, other than to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance, or in other circumstances which do not result in the

document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong. No document, invitation or advertisement relating to the Equity Shares has been issued or may be issued, whether in Hong Kong or otherwise, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the laws of Hong Kong) other than with respect to Equity Shares which are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Japan

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Law (the “Financial Instruments and Exchange Law”). No Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and in compliance with any Financial Instruments and Exchange Law other relevant laws, regulations and governmental guidelines of Japan.

United Kingdom

The Book Running Lead Manager has represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Market Act 2000 (the “FSMA”) received by it in connection with the issue or sale of the Equity Shares in circumstances in which Section 21(1) of the FSMA does not apply to it; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom.

United States

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered or sold within the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold in the United States only to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A and outside the United States in compliance with the Regulation S and the applicable laws of the jurisdiction where those offer and sales occur. Terms used in this paragraph have the meanings given to them by Regulation S and Rule 144A.

The Placement Agreement provides that each Lead Manager may directly or through its U.S. broker-dealer affiliate arrange for the offer and resale of the Equity Shares within the United States only to qualified institutional buyers in reliance on Rule 144A. In addition, until 40 days after the commencement of the Issue, an offer or sale of Equity Shares within the United States by a dealer that is not participating in the Issue may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Singapore

The Book Running Lead Manager has acknowledged that this Preliminary Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Book Running Lead Manager has represented and agreed that it has not offered or sold any Equity Shares or caused such Equity Shares to be made the subject of an invitation for subscription or purchase and will not offer or sell such Equity Shares or cause such Equity Shares to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Preliminary Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Equity Shares, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a

relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This Preliminary Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Preliminary Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Shares may not be circulated or distributed, nor may any Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:
 - (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
 - (ii) where no consideration is or will be given for the transfer;
 - (iii) where the transfer is by operation of law; or
 - (iv) as specified in Section 276(7) of the SFA.

TRANSFER RESTRICTIONS

Subscribers of the Equity Shares in this Issue are not permitted to sell the Equity Shares for a period of one year from the date of Allotment except through the Stock Exchanges. Investors are advised to consult legal counsel prior to making any resale, pledge or transfer of the Company's Equity Shares, and also to refer to the section "Distribution and Solicitation Restrictions".

Subject to the foregoing, each purchaser acquiring Equity Shares issued pursuant to this Issue, and each person, if any, for whose account or benefit such purchaser is acquiring Equity Shares or any interest therein, by such purchaser's acceptance of this Preliminary Placement Document or of the Equity Shares, will be deemed to have acknowledged, represented to and agreed with the Company and the Book Running Lead Manager that such purchaser has received a copy of this Preliminary Placement Document and such other information as such purchaser and each other such person deems necessary to make an informed investment decision.

U.S. Offer Transfer Restrictions

Each purchaser of the Equity Shares in the United States will be deemed to have represented and agreed as follows:

- It is (A) a "qualified institutional buyer" (as defined in Rule 144A) and, (B) acquiring such Equity Shares for its own account or for the account of a qualified institutional buyer.
- It understands that the Equity Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the Equity Shares have not been and will not be registered under the Securities Act and that if in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares, such Equity Shares may be offered, resold, pledged or otherwise transferred only on a non-public basis (A) to a person that it and any person acting on its behalf reasonably believes is a sophisticated investor who could have participated in this Issue and who are buying for investment and not with a view to distribution, (B) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act or (C) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable federal and state securities laws of the United States.

Global Offer Transfer Restrictions

Each purchaser of the Equity Shares outside the United States pursuant to Regulation S will be deemed to have represented and agreed as follows:

- It is authorized to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations.
- It acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that such Equity Shares have not been and will not be registered under the U.S. Securities Act.
- It certifies that either (A) it is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares and it is located outside the United States (within the meaning of Regulation S) or (B) it is a broker-dealer acting on behalf of its customer and its customer has confirmed to it that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S).
- It agrees that it will not offer, sell, pledge or otherwise transfer such Equity Shares except in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act and in accordance with all applicable federal and state securities laws of United States and any other jurisdiction, including India.

Any resale or other transfer or attempted resale or other transfer made other than in compliance with the above-stated restrictions will not be recognized by us.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the SEBI, the BSE and the NSE, and has not been prepared or independently verified by the Company or the Book Running Lead Manager or any of their respective affiliates or advisers.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai.

Stock Exchange Regulations

India's stock exchanges are regulated primarily by the SEBI, as well as by the Government of India acting through the MoF, Capital Markets Division, under the Securities Contracts (Regulation) Act, 1956 (the "SCRA"), as amended, the Securities Contracts (Regulation) Rules, 1957 ("SCR Rules"), as amended, the SEBI Act the Depositories Act, 1996 (the "Depositories Act"), the Companies Act, and various rules and regulations framed there under. The SCR Rules, along with the rules, by-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner in which contracts are entered into and enforced between members. Pursuant to amendments to the SCRA in 2004, all stock exchanges in India are required to be corporatized (from a non-corporate structure to a 'for-profit' corporate structure) and demutualised (where the ownership, the management and the trading rights at the stock exchange are segregated from one another).

The SEBI Act grants the SEBI powers to protect the interests of investors in securities and to promote the development of, and to regulate the business of, Indian securities markets, including stock exchanges and other financial intermediaries, promote and monitor self-regulatory organisations, prohibit fraudulent and unfair trade practices and insider trading, and regulate substantial acquisitions of shares and takeovers of companies, call for information, undertake inspections and conduct inquiries and audits of stock exchanges, self-regulatory organisations, intermediaries and other capital market participants. SEBI may direct an exchange to amend its by-laws and rules, overrule an exchange's governing body and withdraw recognition of an exchange. The SEBI has also issued guidelines concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeovers of companies, buy-backs of securities, delisting of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants. SEBI has framed other regulations and issued circulars which govern different aspects of the securities market including regulations governing issue of capital and disclosure requirement for companies accessing the capital markets and substantial acquisitions of shares and takeover of listed companies. The Companies Act also gives SEBI the power to administer certain aspects relating to listed companies, issue and transfer of securities and non-payment of dividend.

Listing

The listing of securities on a recognised Indian stock exchange is regulated by the Companies Act, the SCRA, the SCR Rules, the SEBI Act and various guidelines issued by the SEBI and the listing agreements of the respective stock exchanges. In particular, the SEBI has issued detailed regulations, through the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, inter alia, concerning disclosures and investor protection by public companies making a public offering of securities, rights issues, preferential allotments, etc.

Under the SCR Rules, the governing body of each stock exchange is empowered to suspend trading of or dealing in a listed security for breach of an issuer's obligations under such listing agreement or for any other reason, subject to the issuer receiving prior notice of the intent of the exchange and upon granting of a hearing in the matter. In the event that a suspension of a company's securities continues for a period in excess of three months, the company may appeal to the Securities Appellate Tribunal ("SAT") established under the SEBI Act to set aside the suspension. The SEBI has the power to veto stock exchange decisions in this regard. The SEBI also has power to amend such listing agreements and the by-laws of the stock exchanges in India. However, all orders or directions issued by SEBI are appealable in the SAT and orders of SAT are further appealable in the Supreme Court of India.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (the "Delisting Regulations") in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCR Rules have also been notified in relation to delisting.

Pursuant to an amendment of the SCR Rules in June 2010, all listed companies (except public sector undertakings) are required to maintain a minimum public shareholding of 25% and have been given a period of three years to comply with such requirement.

Pursuant to a notification dated January 30, 2012 and a circular dated February 1, 2012, SEBI has introduced two new mechanisms for listed Indian companies and their controlling shareholders to meet minimum public shareholding requirements, i.e., (i) the institutional placement programme; and (ii) an offer for sale (secondary offering) by the promoters and promoter group through the relevant stock exchange.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers for most stocks, which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement: at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place varying individual scrip-wise price bands. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

Delisting

The Central Government, on June 10, 2009, amended the SCR Rules in relation to voluntary and compulsory delisting providing, inter-alia, that delisting of securities from the stock exchange shall be done in accordance with the regulations made by the SEBI.

A listed company can be delisted under the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (the “**Delisting Regulations**”), as amended, which govern voluntary and compulsory delisting of shares of Indian companies from the Indian stock exchanges.

A company may be delisted through voluntary delisting or compulsory delisting by the stock exchange(s) concerned.

A company (whose shares of a class have been listed for a minimum period of three years on any stock exchange) may voluntarily delist its shares of that class from the Indian stock exchanges. A company may voluntarily delist its equity shares from one or more recognised stock exchanges where they are listed and continue their listing on one or more other recognised stock exchanges. A company desirous of delisting its equity shares from all the recognised stock exchanges where they are listed shall do so after obtaining in-principle approval from the concerned recognised stock exchange(s) and by providing an exit opportunity to the public shareholders (i.e. shareholders other than the promoters and parties acting in concert with the promoters) (the “**Delisting Offer**”). This exit opportunity involves a price discovery process known as the “**book building process**”. A Delisting Offer can be launched by any promoter or acquirer desirous of delisting the company’s securities. This process is undertaken by a registered merchant banker (i.e. investment banker) on behalf of the promoters. The appointment of a merchant banker is a mandatory requirement under the Delisting Regulations. The Delisting Offer, however, needs to be supported by a resolution passed by the Board. Further, a resolution has to be approved by three-quarters of the shareholders of the listed company, through postal ballot is also required. However, the special resolution should be acted upon if, and only if, the votes cast by public shareholders in favour of the proposal amount are at least two times the number of votes cast by public shareholders against it. Further, the above mentioned in-principle approval from the concerned recognised stock exchange(s) has to be obtained after the shareholders’ approval. Following the in-principle approval, the promoter or acquirer would issue a public announcement (i.e. a public notice) in relation to the Delisting Offer. This is typically construed as the date on which the Delisting Offer is launched. The offer price shall be determined through book building, after fixation of the floor price and disclosure of the same in the public announcement and the letter of offer. The floor price shall be determined in the manner below:

- (i) Where the equity shares are frequently traded in all the recognised stock exchanges where they are listed, the average of the weekly high and low of the closing prices of the equity shares of the company during the 26 weeks or two weeks preceding the date on which the recognised stock exchanges were notified of the board meeting in which the delisting proposal was considered, whichever is higher;

- (ii) For infrequently traded shares, the floor price will be determined by taking into account the following factors:
 - (a) the highest price paid for the equity shares of the class sought to be delisted by the promoter for acquisitions, including by way of allotment in a public or rights issue or preferential allotment, during the 26-week period prior to the date on which the recognised stock exchanges were notified of the board meeting in which the delisting proposal was considered and after that date, up to the date of the public announcement; and
 - (b) other parameters, including return on net worth, book value of the shares of the company, earnings per share and price earnings multiple vis-à-vis the industry average.
- (iii) Where the equity shares are frequently traded in some stock exchanges and infrequently traded in some other stock exchanges, the highest prices arrived at in accordance with (i) and (ii) above.

A company may also be compulsorily delisted by the stock exchange due to any acquisition of shares of the company or other arrangement or consolidation of holdings which results in the public shareholding of the company falling below the minimum level specified in the listing conditions or in the listing agreements.

The Delisting Regulations permit stock exchanges to delist the securities of companies that have not complied with the relevant provisions of the SCRA after giving the company a reasonable opportunity of being heard. The Delisting Regulations also provides that in the event that the securities of a company are delisted by a stock exchange, the fair value of securities shall be determined by persons appointed by the stock exchange out of a panel of experts, which shall also be selected by the stock exchange. If a listed company is delisted by the stock exchange, the listed company may file an appeal before the SAT against the stock exchange's decision.

Disclosures under the Companies Act and Securities Regulations

Under the Companies Act, a public offering of securities in India must be made by means of a prospectus, which must contain information specified in the Companies Act and the ICDR Regulations and be filed with the Registrar of Companies having jurisdiction over the place where a company's registered office is situated. A company's directors and promoters may be subject to civil and criminal liability for misstatements in a prospectus. The Companies Act, along with the ICDR Regulations, also sets forth procedures for the acceptance of subscriptions and the allotment of securities among subscribers and establishes maximum commission rates for the sale of securities. Pursuant to the provisions of the SEBI Act, the SEBI has issued detailed regulations concerning disclosures by public companies and to further investor protection. The ICDR Regulations permit companies to freely price their issues of securities.

All companies, including public limited companies, are required under the Companies Act to prepare, file with the Registrar of Companies and circulate to their shareholders audited annual accounts which comply with the disclosure requirements of the Companies Act and regulations governing their manner of presentation, which include, as per the provisions of the listing agreement, sections pertaining to corporate governance, related party transactions and management's discussion and analysis. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of its listing agreement with the relevant stock exchange, including the requirement to publish unaudited financial statements subject to a limited review by its auditors on a quarterly basis, and is required to inform stock exchanges immediately regarding any stock price-sensitive information.

The Companies Act further requires mandatory compliance with several accounting standards issued by the Institute of Chartered Accountants of India.

The ICAI and the SEBI have implemented changes which require Indian companies to account for deferred taxation, consolidate their accounts (subsidiaries only), to provide segment-wise reporting and disclosure of related party transactions from April 1, 2001 and accounting for investments in affiliated companies and joint ventures in consolidated accounts and interim financial reporting from April 1, 2002.

As of April 1, 2003, accounting of intangible assets is also regulated by accounting standards set by the ICAI and as of April 1, 2004 accounting standards set by the ICAI will regulate accounting for impairment of assets.

The ICAI has recently announced that all listed companies and public interest entities have to comply with International Financial Reporting Standards from April 1, 2011.

Indian Stock Exchanges

There are currently 22 recognised stock exchanges in India. Most of the stock exchanges have their own governing board for self-regulation. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

NSE

The NSE was established by financial institutions and banks to provide nationwide, online, satellite-linked, screen-based trading facilities for market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. For the year 2011-12, the traded value of the capital market segment was Rs. 28,108,930 million. As of March 31, 2012, there were 1,563 companies trading on the NSE and the estimated market capitalisation of stocks trading on the NSE was approximately Rs. 60,965.18 billion. The NSE launched the NSE 50 index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996. With a wide network in major metropolitan cities, screen-based trading, a central monitoring system and greater transparency, the NSE has lately recorded high volumes of trading.

BSE

The BSE, established in 1875, is the oldest stock exchange in India. In 1956 it became the first stock exchange in India to obtain permanent recognition from the Government of India under the SCRA. It has evolved over the years into its present status as the premier stock exchange of India. Recently, pursuant to the SEBI's BSE (Corporatisation and Demutualisation) Scheme, 2005, with effect from August 20, 2005 the BSE has been corporatised and demutualised and is now a company under the Companies Act. The BSE switched over from an open outcry trading system to an online trading network in May 1995 and has today expanded this network to over 347 cities in India.

As of December 31, 2012, the BSE had 1,388 members comprising 209 individual members, 1,150 Indian companies and 29 foreign institutional investors. As of December 31, 2012, there were 5,191 listed companies on the BSE and the estimated market capitalisation of stocks trading on the BSE was Rs. 69,218.15 billion (approximately U.S.\$ 1,266.62 billion).

Internet-based Securities Trading and Services

The SEBI approved internet trading in January 2000. Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by the SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Listing Agreements

The Company has entered into Listing Agreements with each of the Indian stock exchanges on which the Company's equity shares are listed i.e. the BSE and the NSE. The Listing Agreements provide that whenever a take-over offer is made or there is any change in the control of the management of the company, the person who secures the control of the management of the company and the company whose shares have been acquired shall comply with the relevant provisions of the Takeover Code. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of its listing agreement with the relevant stock exchange, including the requirement to publish unaudited financial statements on a quarterly basis and to inform stock exchanges immediately of all events which will have a bearing on the performance/operations of the company as well as any stock price-sensitive information.

Trading Hours

Trading on both the BSE and the NSE occurs from Monday through Friday, from 9.15 a.m. to 3.30 p.m. IST (excluding the 15 minutes pre-open session from 9.00 a.m. to 9.15 a.m. introduced recently). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m.

and 5.00 p.m.; and (ii) the stock exchange has in place risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

Electronic trading was introduced in India by NSE, which developed its technology in-house. NSE introduced for the first time in India, fully automated screen based trading, which uses a modern, fully computerised trading system designed to offer investors across the length and breadth of the country a safe and easy way to invest. The NSE trading system called 'National Exchange for Automated Trading' (NEAT) is a fully automated screen based trading system, which adopts the principle of an order driven market.

In order to facilitate smooth transactions, in 1995, BSE replaced its open outcry system with BSE On-line Trading (BOLT) facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

Takeover Code

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the specific regulations in relation to substantial acquisition of shares and takeover being the Takeover Code. Since our Company is an Indian listed company, the provisions of the Takeover Code apply to our Company.

SEBI Insider Trading Regulations

The SEBI Insider Trading Regulations have been notified by SEBI to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information. The SEBI Insider Trading Regulations also provide disclosure obligations for shareholders holding more than a pre-defined percentage, and directors and officers, with respect to their shareholding in the company, and the changes therein. The definition of "insider" includes any person who has received or has had access to unpublished price sensitive information of the company.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. Further, SEBI framed the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended, which among other things provide regulations in relation to the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCR Rules and the SEBI Act. The SCRA was amended in February 2000 and derivative contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivative exchange or derivative segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI. Derivatives products were introduced in phases in India, starting with futures contracts in June 2000 and index options, stock options and stock futures in June 2000, July 2001 and November 2001, respectively.

DESCRIPTION OF THE SHARES

Set forth below is certain information relating to the share capital of the Company, including a brief summary of some of the provisions of the Memorandum and Articles and the Companies Act relating to the rights attached to the Equity Shares.

General

As on the date of this Preliminary Placement Document, the Company's authorized share capital is Rs. 113,000 million divided into 8,300,000,000 equity shares of Rs. 10 each and 300,000,000 preference shares of Rs.100 each. As of January 31, 2013, the Company's issued, subscribed and paid-up capital totaled 26,247.6 million divided into 2,624,757,123 equity shares of Rs. 10 each. The Equity Shares are listed on the BSE and the NSE.

The security identification codes for the equity shares are as follows:

ISIN INE351F01018

BSE Code 532627

NSE Code JPPOWER

Articles of Association

The Company is governed by its Articles. Table A of the Companies Act is not applicable to the Company.

Dividend

Under the Companies Act, unless the board of directors recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 205 of the Companies Act, no dividend can be declared or paid by a company for any financial year except out of the profits of the company for that year calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous financial year(s) remaining undistributed and arrived at as laid down by the Companies Act or out of both. Subject to certain conditions contained in the Companies Act, dividend may also be payable out of moneys provided by the Government of India or State Government for payment of dividend in pursuance of a guarantee given by that government.

Under the Articles of Association, the Shareholders at a general meeting may declare a lower, but not higher, dividend than that recommended by the Board. In light of the decisions taken by SEBI at its board meeting held on February 2, 2009, listed companies may declare dividend on a per share basis only, and not as a percentage of the face value of shares. The dividend recommended by the Board and approved by the Shareholders at a general meeting is distributed and paid to shareholders in proportion to the paid-up value of their Shares as on the record date for which such dividend is payable. In addition, as is permitted by the Articles of Association, the Board may declare and pay interim dividends. Under the Companies Act, dividends can only be paid in cash to shareholders listed on the register of shareholders on the date which is specified as the "book closure date" or "record date". No shareholder is entitled to a dividend while any lien in respect of unpaid calls on any of his/her shares is outstanding.

The Equity Shares will rank *pari passu*, subject to listing, with the existing Equity Shares of the Company in all respects including entitlement to dividends declared.

Any dividend declared must be deposited in a separate bank account within five days from the date of the declaration of such dividend. Dividends must be paid within 30 days from the date of the declaration and any dividend which remains unpaid or unclaimed after that period must be transferred within seven days to a special unpaid dividend account held at a scheduled bank. Any money which remains unpaid or unclaimed for seven years from the date of such transfer must be transferred by the Company to the Investor Education and Protection Fund established by the Government of India pursuant to which no claim shall lie against the Company or said Fund. Directors may be held criminally liable for any default of the aforementioned provisions.

Under the Companies Act, the Company may pay a dividend in excess of 10 % of paid-up capital in respect of any financial year out of the profits of that year only after it has transferred to the general reserves of the Company a percentage of its profits for that year an amount ranging between 2.5 % and 10 % depending on the rate of dividend proposed to be declared in that year. The Companies Act further provides that, if the profit for a year is inadequate or absent, the dividend for that year may be declared out of the accumulated profits earned by it in its previous years and transferred by it to reserves, subject to the following conditions: (i) the rate of dividend declared shall not exceed the average of the rates at which dividends were declared by it in the five years immediately preceding that year, or 10 per cent. of its paid-up capital, whichever is less; (ii) the total

amount to be drawn from accumulated profits from previous years and transferred to reserves may not exceed an amount equivalent to 10 % of paid-up capital and free reserves and the amount so drawn is first to be used to set off the losses incurred in the financial year before any dividend in respect of preference or equity shares is declared; and (iii) the balance of reserves after withdrawals must not be below 15 % of paid-up share capital.

Capitalisation of Reserves and Issue of Bonus Shares

The Company's Articles of Association permit a resolution of the shareholders in a general meeting to resolve, in certain circumstances, that certain amounts standing to the credit of the share premium account or capital redemption reserve account or any moneys, investments or other assets forming part of the undivided profits of the Company (including profits or surplus moneys realised on sale of capital assets of the Company) standing to the credit fund or reserves of the Company or in the hands of the Company can be capitalised and distributed by way of bonus shares. Bonus issues must be issued pro rata to the amount of capital paid-up on existing shareholdings.

Any issue of bonus shares would be subject to the regulations issued by the SEBI in this regard. The relevant ICDR Regulations prescribe that no company shall, pending conversion of convertible debt instruments, issue any shares by way of bonus unless similar benefit is extended to the holders of such convertible debt instruments, through reservation of shares in proportion to such convertible part of the convertible debt instruments falling due for conversion. The bonus issue shares shall be made out of free reserves built out of the genuine profits or securities premium collected in cash only and reserves created by revaluation of fixed assets shall not be capitalised for the purpose of issuing bonus shares. The bonus issue cannot be made unless the partly-paid shares, if any, are made fully paid-up. Further, for the issuance of such bonus shares a company should not have defaulted in the payment of interest or principal in respect of fixed deposits or debt securities issued by it. The declaration of bonus shares in lieu of a dividend cannot be made. Further, a company should have sufficient reason to believe that it has not defaulted in respect of the payment of statutory dues of its employees, such as contributions to the provident fund, gratuities and/or bonuses. The issuance of bonus shares must be implemented within 15 days from the date of approval by the Board and, where Shareholders' approval is required, the issue shall be completed within two months from the date of the meeting of the Board where the decision to announce the bonus issue was taken subject to Shareholders' approval.

Pre-emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, the Company may increase its share capital by issuing new Shares. In accordance with the provisions of Section 81 of the Companies Act, these new Shares shall be offered to existing Shareholders listed on the members' register or the records of the Depository on the record date in proportion to the amount paid-up on those Shares at that date. The offer shall be made by notice specifying the number of Shares offered and the date (being not less than 15 days from the date of the offer) after which the offer, if not accepted, will be deemed to have been declined. After such date, the Board of Directors may dispose of the Shares offered in respect of which no acceptance has been received in such manner as the Board of Directors may consider to be most beneficial to the Company. The offer is deemed to include a right exercisable by the person concerned to renounce the Shares offered to him/her in favour of any other person.

Under the provisions of the Companies Act, new shares may be offered to any persons, whether or not those persons include existing shareholders, if a special resolution to that effect is passed by the shareholders of the company in a general meeting or, where only a simple majority of shareholders present and voting have passed the resolution, the Government of India's permission has been obtained.

The issuance of the Equity Shares has been duly approved by a special resolution of the shareholders dated April 27, 2012 and the shareholders have waived their pre-emptive rights with respect to such Equity Shares.

The Company's issued share capital may be, *inter alia*, increased by the exercise of warrants attached to any securities of the Company, or individually issued, entitling the holder to subscribe for the Company's Shares, or upon the conversion of convertible debentures issued. The issue of any convertible debentures or the taking of any convertible loans, other than from the Government of India and financial institutions, requires the approval of a special resolution of Shareholders.

The Company can also alter its share capital by way of a reduction of capital or by undertaking a buyback of Shares under the Companies Act and the prescribed SEBI regulations.

The Articles provide that the Company may in a general meeting, from time to time, increase its capital by the creation of new Shares, consolidate or subdivide its share capital and cancel Shares which have not been taken up by any person. The Company may also from time to time by special resolution reduce its capital.

The Articles also provide that if at any time its share capital is divided into different classes of Shares, the rights attached to any one class (unless otherwise provided by the terms of issue of the Shares of that class) may be

varied with the consent in writing of the holders of three-fourths of the issued Shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the Shares of that class.

Preference Shares

Preference share capital is that part of the paid-up capital of a company, which fulfils the following requirements:

- (i) that, with respect to dividend, it carries or will carry a preferential right to be paid a fixed amount or an amount calculated at a fixed rate; and
- (ii) that, with respect to capital, it carries or will carry on a winding-up of the company a preferential right to be repaid the amount of the capital paid-up or deemed to have been paid-up.

Preference shares do not confer any further rights to participate in a company's profits or assets. Holders of preference shares are not entitled to vote at a general meeting except in cases, which directly affect the rights, attached to their preference shares and also where the dividend due on such capital has remained unpaid:

- (a) in the case of cumulative preference shares, in respect of an aggregate period of not less than two years preceding the date of commencement of the meeting; and
- (b) in the case of non-cumulative preference shares, either in respect of a period of not less than two years ending with the expiry of the financial year immediately preceding the commencement of the meeting or in respect of an aggregate period of not less than three years comprised in the six years ending with the expiry of the financial year immediately preceding the commencement of the meeting.

Under the Companies Act, the Company may issue redeemable preference shares, but (i) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividends or out of the proceeds of a fresh issue of shares made for the purposes of the redemption; (ii) no such shares shall be redeemed unless they are fully paid; (iii) the premium, if any, payable on redemption shall have been provided for out of profits of the Company or out of the Company's securities premium account before the shares are redeemed; (iv) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividends, be transferred to a reserve fund, to be called the Company's capital redemption reserve account, a sum equal to the nominal amount of the shares redeemed; and (v) the provisions of the Companies Act relating to the reduction of the share capital of a company shall apply as if the capital redemption reserve account were paid-up share capital of the Company. Preference shares must be redeemable before the expiry of a period of 20 years from the date of their issue.

General Meetings of Shareholders

There are two types of general meetings of shareholders:

- (i) annual general meetings; and
- (ii) extraordinary general meetings.

The Company must hold its annual general meeting each year within 15 months of the previous annual general meeting, and in any event not later than six months after the end of each accounting year unless extended by the Registrar of Companies (the "RoC"), at the Company's request, for any special reason for a period not exceeding three months.

The Board of Directors may in accordance with the Articles of Association convene an extraordinary general meeting of shareholders when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than 10 per cent. of the paid-up capital of the Company (carrying a right to vote in respect of the relevant matter on the date of the deposit of the requisition).

A general meeting of the Shareholders is generally convened by the Secretary of the Company in accordance with a resolution of the Board. Written notices convening a meeting setting out the date, place and agenda of the meeting must be given to members at least 21 clear days (excluding the days of mailing, and receipt, and such service shall be deemed to have been effected on the expiry of 48 hours after the same is posted) prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received from all shareholders in the case of an annual general meeting and from shareholders holding not less than 95 per cent. of the paid-up capital of the Company in the case of any other general meeting. Currently, the Company gives written notices to all members and, in addition, gives public notice of general meetings of shareholders in a daily newspaper of general circulation in the region of the registered office of the Company. General meetings are generally held at the Company's registered office. The quorum for a general meeting of

the Company is five shareholders attending in person. No business shall be transacted at any general meeting without the appropriate quorum.

A company intending to pass a resolution relating to matters such as, but not limited to, the amendment of the objects clause of the memorandum of association, the issuing of shares with different voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, a buyback of shares under the Companies Act or the giving of loans or the extending of guarantees in excess of limits prescribed under the Companies Act and guidelines issued thereunder, is required to have the resolution passed by means of a postal ballot instead of transacting the business in the general meeting of the Company. A notice to all shareholders shall be sent along with a draft resolution explaining the reasons therefor and requesting each shareholder to send his/her assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

At a general meeting upon a show of hands, every member holding Shares and entitled to vote and present in person has one vote. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy are in the same proportion as the capital paid up-on each Share held by such shareholder bears to the total paid-up capital of the Company. Voting is by a show of hands, unless a poll is ordered by the chairman of the meeting demanded by a shareholder or shareholders holding at least 10 per cent. of the voting rights in respect of the resolution or by those holding Shares on which an aggregate sum of not less than Rs.50,000 has been paid-up. Unless otherwise specified in the Articles, the chairman of the meeting has a casting vote.

Ordinary resolutions may be passed by a simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution by those present and voting must be at least three times the votes cast against the resolution. Under the Companies Act, matters that require special resolution include amendments to the articles of association, a member's voluntary winding-up, dissolution, merger or consolidation, and the issue of shares to persons other than existing shareholders. Furthermore, under the Companies Act, the approval of a scheme of compromise or arrangement requires the approval of a majority of at least 75 per cent. in value of the shareholders or creditors present and voting.

A shareholder may exercise his voting rights by proxy to be given in the form required by the Articles of Association. The instrument appointing a proxy is required to be lodged with the Company at least 48 hours before the time of the meeting. A shareholder may, by a single power of attorney, grant a general power of representation regarding several general meetings of shareholders. Any shareholder of the Company may appoint a proxy. A corporate shareholder is also entitled to nominate a representative to attend and vote on its behalf at general meetings, subject to the necessary resolution having been passed by the corporate shareholder. A proxy may not vote except on a poll and does not have a right to speak at meetings. A shareholder which is a legal entity may appoint an authorised representative who can vote in all respects as if a member both by a show of hands and by a poll.

The Companies Act allows for a company to issue shares with differential rights as to dividends, voting or otherwise, subject to certain conditions prescribed under applicable law. In this regard, the laws require that, for a public company to issue shares with differential voting rights: (i) the company must have had distributable profits in accordance with the Companies Act for the three financial years preceding the years in which it was decided to issue such shares; (ii) the company must not have defaulted in filing annual accounts and annual returns for the three financial years immediately preceding the financial year in which the company proposes to issue such shares; (iii) the articles of association of the company must allow for the issuance of shares with differential voting rights; and (iv) the conditions as set forth in the Companies (Issue of Share Capital with Differential Voting Rights) Rules, 2001 must be complied with.

Postal Ballot

Under the provisions of the Companies Act, the Government of India has framed rules for listed companies for voting by postal ballot instead of transacting the business in general meeting of the company, in the case of resolutions, including resolutions for alteration of the objects clause in the company's memorandum of association, buyback of shares, issue of shares with differential voting rights, a sale of the whole or substantially the whole of an undertaking of a company, giving loans and extending guarantees in excess of prescribed limits, for change of the registered office of the Company in certain circumstances and for variation in the rights attached to a class of shares or debentures or other securities. The resolution passed by means of postal ballot shall be deemed to have been duly passed at a general meeting physically convened. A notice to all the shareholders has to be sent along with a draft resolution explaining the reasons thereof and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the notice. Postal voting includes voting in electronic form.

Convertible Securities and Warrants

The Company, in accordance with the provisions of applicable law, may from time to time issue debt instruments that are partly and fully convertible into Shares and warrants to purchase Shares.

Register of Shareholders and Record Dates

The Company is obliged to maintain a register of shareholders at its registered office or, with the approval of its shareholders by way of a special resolution and with prior intimation to the Registrar of Companies, at some other place in the same city. The register and index of beneficial owners maintained by a depository under the Depositories Act is deemed to be an index of members and register and index of debenture holders. The Company recognises as shareholders only those persons who appear on its register of shareholders and it cannot recognise any person holding any Share or part of it upon any trust, express, implied or constructive, except as permitted by law.

In the case of Shares held in physical form, the Company, through its registrar and share transfer agent, registers transfers of Shares on the register of shareholders upon lodgment of the duly stamped share transfer form executed by or on behalf of the transferor and by or on behalf of the transferee and duly completed in all respects, accompanied by a share certificate or, if there is no certificate, the letter of allotment in respect of Shares transferred. In respect of the transfer of Shares in dematerialised form, the depository transfers Shares by entering the name of the purchaser in its books as the beneficial owner of the Shares. In turn, the Company enters the name of the depository in its records as the registered owner of the Shares. The beneficial owner is entitled to all the rights and benefits, as well as the liabilities, attached to the Shares that are held by the depository. Transfer of beneficial ownership through a depository is exempt from any stamp duty but each Depository Participant may be subject to certain charges. A transfer of shares by way of share transfer form attracts stamp duty at the rate of 0.25 per cent. of the transfer price.

For the purpose of determining the shareholders, the Company may, after giving not less than seven days' previous notice by advertisement in a newspaper circulating in the district where the registered office of the Company is situated, close the register for periods not exceeding in the aggregate 45 days in any one year or 30 days at any one time. In order to determine the shareholders entitled to dividends the Company keeps the register of shareholders closed for approximately 10 to 20 days, generally before the annual general meeting. Under the listing regulations of the stock exchanges on which the Company's outstanding Shares are listed, the Company may, upon at least 15 days' advance notice (or 21 days' advance notice in the event the Company's Shares are traded on the stock exchanges in physical form) to such stock exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders. The trading of Shares and the delivery of certificates in respect thereof may continue while the register of Shareholders is closed.

Under the Companies Act, the Company is also required to maintain a register of debenture holders.

Annual Reports and Financial Results

The Company's audited financial statements for the relevant Fiscal Year, the directors' report and the auditors' report (collectively the "Annual Report") must be laid before the annual general meeting. These also include certain other financial information of the Company, a corporate governance section and management's discussion and analysis and are made available for inspection at the Company's registered office during normal working hours for 21 days prior to the annual general meeting.

Under the Companies Act, the Company must file its Annual Report with the RoC within 30 days from the date of the relevant annual general meeting. Under the Listing Agreements, six copies are required to be simultaneously sent to the BSE and the NSE. The Company must file an Annual Return which includes a list of the Shareholders, debenture holders, its indebtedness and other information within 60 days of the conclusion of its annual general meeting.

The Company must also publish its financial results in at least one English-language daily newspaper circulating in the whole or substantially the whole of India and also in a newspaper published in the language of the region where the Company's registered office is situated.

The Company files certain information online, including its annual report, interim financial statements, report on corporate governance, shareholding pattern statement, and such other statements, information or reports as may be specified by the SEBI from time to time or in accordance with the requirements of its Listing Agreements.

Transfer of Shares

Following the introduction of the Depositories Act and the repeal of erstwhile Section 22A of the Securities Contract Regulation Act, 1956, the equity shares of a public company became freely transferable, subject only to the provisions of Section 111A of the Companies Act. Since the Company is a public company, the

provisions of Section 111A of the Companies Act will apply to it. In accordance with the provisions of Section 111A(2) of the Companies Act, the Board may refuse to register a transfer of Shares within two months from the date on which the instrument of transfer or intimation of transfer, as the case may be, is delivered to the Company, if it has sufficient cause to do so. If the Board refuses to register a transfer of Shares, the Shareholder wishing to transfer his, her or its Shares may file an appeal with the Indian company law board (the “Company Law Board”) and the Company Law Board can direct the Company to register such transfer.

Pursuant to Section 111A(3) of the Companies Act, if a transfer of shares contravenes any of the provisions of the SEBI Act or the regulations issued thereunder, the Sick Industrial Companies (Special Provisions) Act, 1985 or any other laws in India, the Company Law Board may, on an application made by the Company, a depository, a participant, an investor or the SEBI, within two months from the date of transfer of any shares or debentures held by a depository or from the date on which the instrument of transfer or the intimation of the transmission was delivered to the Company, as the case may be, direct the rectification of the register of records after such inquiry as it thinks fit. The Company Law Board may, at its discretion, issue an interim order suspending the voting rights attached to the relevant shares before making or completing its enquiry into the alleged contravention. Furthermore, the provisions of Section 111A of the Companies Act do not restrict the right of a holder of shares or debentures to transfer such shares or debentures and any person acquiring such shares or debentures shall be entitled to voting rights, unless the voting rights have been suspended by the Company Law Board. By the Companies (Second Amendment) Act, 2002, the Company Law Board is proposed to be replaced by the National Company Law Tribunal which is expected to be set up shortly. Furthermore, the SICA is sought to be repealed by the Sick Industrial Companies (Special Provisions) Repeal Act, 2003, although the same is yet to be notified and hence not yet in force.

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by the SEBI. These regulations provide the regime for the functioning of the depositories and the participants, and set out the manner in which the records are to be kept and maintained, and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. The Company has entered into an agreement for such depository services with National Securities Depository Limited and Central Depository Services (India) Limited.

The SEBI requires that, for trading and settlement purposes, the Company’s Shares be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange.

Pursuant to its Listing Agreements, in the event that the Company has not effected the transfer of Shares within one month, or where the Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of one month, it is required to compensate the aggrieved party for the loss of opportunity caused by the delay.

The Companies Act provides that the shares or debentures of a public listed company (such as the Company) shall be freely transferable.

Acquisition by the Company of its Own Shares

The Company is prohibited from acquiring its own Shares unless the consequent reduction of capital is effected by an approval of at least 75 per cent. of its Shareholders voting on the matter in accordance with the Companies Act. Moreover, subject to certain conditions, the Company is prohibited from giving, whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any Shares in the Company or its holding company. Pursuant to the insertion of Section 77A in the Companies Act, a company has been empowered to purchase its own shares or other specified securities out of its free reserves, the securities premium account or the proceeds of any shares or other specified securities (other than the kind of shares or other specified securities proposed to be bought back), subject to certain conditions, including:

- (i) the buyback should be authorised by the articles of association of the company;
- (ii) a special resolution should have been passed in a general meeting of the company authorising the buyback;
- (iii) the buyback is for less than 25 per cent. of the total paid-up capital and free reserves, provided that the buyback of equity shares in any financial year shall not exceed 25 per cent. of the total paid-up equity share capital in that year;

- (iv) the ratio of the debt (including all amounts of unsecured and secured debt) owed by the company is not more than twice the capital and free reserves after such buyback;
- (v) all the shares or other specified securities for buyback are fully-paid up; and
- (vi) the buyback is in accordance with the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

The second condition mentioned above would not be applicable if the buyback is for less than 10 per cent. of the total paid-up equity capital and free reserves of the company and provided that such buyback has been authorised by the board of directors of the company. Further, a company, after buying back its securities, is not permitted to buy back any securities for a period of 365 days from the buyback or to issue new securities for six months from the buyback date except by way of bonus issue or the conversion of warrants, preference shares or debentures into equity shares. Each buyback has to be completed within a period of 12 months from the date of the passing of the special resolution or the resolution of the board of directors, as the case may be.

A company buying back its securities is required to extinguish and physically destroy the securities bought back within seven days of the last date of completion of the buyback. Further, a company buying back its securities is not permitted to buyback any securities for a period of one year from the buyback and to issue securities for six months except by way of bonus issue or in discharge of subsisting obligations such as conversion of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into equity shares.

A company is also prohibited from purchasing its own shares or specified securities through any subsidiary company, including its own subsidiary companies, or through any investment company or group of investment companies (other than a purchase of shares in accordance with a scheme for the purchase or subscription of shares by trustees of, or for shares to be held by or for the benefit of employees of, the company) or if the company is defaulting on the repayment of deposit or interest, redemption of debentures or preference shares or payment of dividend to a shareholder or repayment of any term loan or interest payable thereon to any financial institution or bank, if the company is listed and wishes to buy back its shares or specified securities for the purpose of delisting its shares or specified securities or in the event of non-compliance with certain other provisions of the Companies Act.

The buyback of securities can be from existing security holders on a proportionate basis or from the open market or from odd lots or by purchasing securities issued to the employees of the company pursuant to a scheme of stock option or sweat equity.

Disclosure of Ownership Interest

The provisions of the Companies Act generally require beneficial owners of equity shares of Indian companies that are not holders on record to declare to the company details of the holder on record and the holder on record to declare the details of the beneficial owner. Any person who fails to make the required declaration within 30 days from the date beneficial interest in the shares is acquired may be liable for a fine of up to Rs.1,000 for each day the declaration is not made. Any charge, promissory note or other collateral agreement created, executed or entered into with respect to any share by the registered owner thereof, or any hypothecation by the registered owner of any share pursuant to which a declaration is required to be made under Section 187C of the Companies Act, shall not be enforceable by the beneficial owner or any person claiming through the beneficial owner if such declaration has not been made. Failure to comply with Section 187C of the Companies Act will, *inter alia*, not affect the obligation of the Company to register a transfer of equity shares or to pay any dividends to the registered holder of any equity shares in respect of which this declaration has not been made.

Liquidation Rights

Subject to the provisions of the Companies Act (including the rights of employees, the requirement to pay statutory dues and the rights of creditors as contained in Sections 529A and 530 thereof) and the rights of the holders of any other shares entitled by their terms of issue to preferential repayment over the Shares, in the event of the Company's winding-up, the holders of the Shares are entitled to be repaid the amounts of capital paid up or credited as paid-up on such Shares or, in the case of a shortfall, proportionately. All surplus assets after payments due to workmen, statutory creditors, and secured and unsecured creditors belong to the holders of the equity shares in proportion to the amount paid-up or credited as paid-up on such shares, respectively, at the commencement of the winding-up

TAXATION

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

The statement of tax benefits has been certified by Auditors, R. Nagpal Associates, Chartered Accountants vide their letter dated February 12, 2013. As per the present provisions of Income-tax Act, 1961 (hereinafter referred to as ("the **I.T. Act**")) and other laws as applicable for the time being in force in India, the following tax benefits are available to the company and to the shareholders of the company, subject to fulfillment of prescribed conditions:

A. To the company under the Income Tax Act, 1961 ('the I. T. Act')

- 1) Under section 32 of the I.T. Act, the company is entitled to claim depreciation allowance at the prescribed rates on all its tangible and intangible assets acquired and put to use for its business.
- 2) The Company is entitled for a tax Holiday under Section 80 IA of the Income Tax Act for a period of 10 consecutive assessment years out of any 15 years beginning from the year in which generation of power is commenced. Under this Section the Company is entitled to a deduction of 100% of the Profits and Gains derived from the eligible business of Power Generation from its total income in respect of all Captive Power Plants of the Company.
- 3) Under section 10(34) of the Act, dividend income (whether interim or final) received by the company from any other domestic company (in which the company has invested) is exempt from tax in the hands of the company.
- 4) The income received by the company in respect of Units from distribution made by any mutual fund specified under section 10(23D) of the I.T. Act or from the Administrator of the specified undertaking or from the specified company is exempt from tax in the hands of the company under section 10(35) of the Act.
- 5) In accordance with and subject to the provisions of section 35, the company would be entitled to deduction in respect of expenditure laid out or expended on scientific research related to the business.
- 6) Under section 10(38) of the Act, the long-term capital gains arising from transfer of equity shares in any other company or units of equity oriented mutual funds, which are chargeable to securities transaction tax (0.1 %), are exempt from tax in the hands of the company. However, the said exemption will not be allowable as deduction from book profits under section 115JB of the Act.
- 7) As per the provisions of section 112(1)(b) of the Act, other long-term capital gains arising to the company are subject to tax at the rate of 20% (plus applicable surcharge and education 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 are subject to tax at the rate of 20% worked out after considering indexation benefit (plus applicable surcharge and education cess), which would be restricted to 10% worked out without considering indexation benefit (plus applicable surcharge and education cess).
- 8) As per the provisions of section 111A of the Act, short-term capital gains arising to the company from transfer of equity shares in any other company or of units of any equity oriented fund (as defined in section 10(38) of the Act), are subject to tax @ 15% (plus applicable surcharge and education cess), if such a transaction is subjected to securities transaction tax.
- 9) In accordance with and subject to the conditions specified in section 54EC of the Act, the company would be entitled to exemption from tax on long-term capital gain if such capital gain is invested maximum investment permitted is rupees fifty lakhs, 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. However if the new asset is transferred or converted into money or takes any loan or advance on the security of such specified assets 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.

- 10) The Company as to pay taxes under Section 115 JB of the Act if the tax computed under Section 115 JB (which is 18.5 % plus applicable surcharge and education cess) is higher than the tax under the normal provisions of the Act. Under section 115JAA(1A) of the Act, credit is allowed in respect of any minimum alternate tax ('MAT') paid under section 115JB of the Act for any assessment year commencing on or after April 1, 2006. Tax credit eligible to be allowed will be the difference between MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes for up to 10 years succeeding the year in which the MAT credit is allowed.

B. To the shareholders of the Company

I. Mutual Funds

In case of a shareholder being a mutual fund, as per the provisions of section 10(23D) of the Act, any income of mutual funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made thereunder, mutual funds set up by public sector banks or public financial institutions and mutual funds authorised by the Reserve Bank of India are exempt from income-tax, subject to the conditions notified by Central Government in this regard.

II. Venture Capital Companies /Funds

In case of a shareholder being a Venture capital company / fund, any income of venture capital companies / funds registered with the Securities and Exchange Board of India, are exempt from income-tax, subject to the conditions specified in section 10(23FB) of the Act.

III. Non-Resident / Non-Resident Indian Member

- 1) Dividend (both interim and final) income, if any, received by the non-resident/non-resident Indian shareholders from the domestic company shall be exempt under section 10(34) of the Act.
- 2) Under section 10(38) of the Act, the long-term capital gain arising from transfer of equity shares in the company, which is chargeable to securities transaction tax, is exempt from tax in the hands of the shareholders.
- 3) As per the provisions of section 112(1)(a) of the Act, other long-term capital gains are subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per proviso to that section, the long-term capital gains arising from transfer of listed securities are subject to tax at the rate of 20% after considering the indexation benefit (plus applicable surcharge and education cess), which would be restricted to 10% of long term capital gains without considering the indexation benefit (plus applicable surcharge and education cess).
- 4) As per the provisions of section 111A of the Act, short-term capital gains arising to the shareholders from the transfer of equity shares in a company defined in section 10(38) of the act, are subject to tax @ 15% (plus applicable surcharge and education cess) if such a transaction is subjected to Securities Transaction Tax.
- 5) As per the provisions of section 88E of the Act, where the business income of an assessee includes profits and gains from sale of securities liable to securities transaction tax, a rebate is allowable from the amount of income tax on such business income, to the extent of securities transaction tax paid on such transactions. The amount of rebate shall, however, be limited to the amount of income tax arrived at by applying the average rate of income tax on such business income.
- 6) In accordance with and subject to the conditions specified in section 54EC of the Act, the shareholders would be entitled to exemption from tax on long-term capital gains if such capital gains are invested maximum investment permitted is rupees fifty lakhs, 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 sections. If the new asset is transferred or converted into money or takes loan or advance on the security of such specified assets 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.

- 7) 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 Act, the shareholder is entitled to exemption from long-term capital gains arising from the transfer of any long term capital asset, not being on residential house 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 in the year in which such residential house is transferred.
- 8) As per section 74, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.
- 9) Under first proviso to section 48 of the Act, the capital gains arising on transfer of capital assets being shares of an Indian company to a non-resident/non-resident Indian shareholder, 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.
- 10) As per section 90(2) of the Act, the provisions of the I.T.Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident/nonresident Indian shareholder. Thus, a non resident/ non-resident Indian shareholder can opt to be governed by the beneficial provisions of an applicable tax treaty.

IV. Foreign Institutional Investors (FIIs)

- 1) Dividend (both interim and final) income, if any, received by the shareholder from the domestic company shall be exempt under section 10(34) of the Act.
- 2) Capital gains
 - Under section 115AD, income (other than income by way of dividends referred in section 115-O) received in respect of securities (other than units referred to in section 115AB) shall be taxable at the rate of 20% (plus applicable surcharge on tax and education cess on tax and surcharge).
 - Under section 115AD, capital gains arising from transfer of securities (other than units referred to in section 115AB) which are not exempt under section 10(38), shall be taxable as follows:
 - Securities which are held for the period of up to or less than twelve months and where such transaction is chargeable to securities transaction tax, capital gain shall be taxable at the rate of 15% (plus applicable surcharge on tax and education cess on tax and surcharge). Securities other than those held for the period of up to or less than twelve months and where such transaction is not chargeable to securities transaction tax, capital gain shall be taxable at the rate of 30% (plus applicable surcharge on tax and education cess on tax and surcharge); Securities which are held for the period of more than twelve months shall be taxable at the rate of 10% (plus applicable surcharge on tax and education cess on tax and surcharge). Such capital gains would be computed without giving effect of first proviso and without indexation as provided in the second proviso to section 48.
- 3) Long-term capital gains arising on transfer of Equity Shares of our Company, which is held for the period of more than twelve months and where such transaction is chargeable to securities transaction tax, shall be exempt from tax under section 10(38) of the Act.
- 4) Benefit of exemption under section 54EC shall be available as outlined in paragraph B(III)(6) above.
- 5) Benefit as outlined in paragraph A(8) above are also available to FIIs.

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

Note: There is a legal uncertainty over whether a FII can elect to be governed by the normal provisions of the Act, instead of the provisions of section 115AD. Investors are advised to consult their tax advisors in this regard.

C Tax Treaties

The provisions of the Agreement for Avoidance of Double Taxation entered into by the Government with the country of residence of the non-resident investor will be applicable to the extent they are more beneficial to the non-resident investor. The non-resident investor claiming the beneficial provisions of the tax treaty would be required to demonstrate its tax residency on the basis of appropriate documentation. Further, subsequent to the changes introduced by the Finance Act 2012, it may be necessary for a non-resident tax payer to submit a tax residency certificate containing prescribed particulars in order to claim the benefits of the tax treaty (in addition to other documents which may be required). The Finance Act 2012 has also introduced GAAR provisions which give powers to tax authorities to override tax treaties to prevent treaty abuse and bring certain cross border transactions under the taxation regime. However, it cannot be said with any reasonable certainty as to when the proposed GAAR provisions will be applicable.

D Stamp Duty

Under the laws of India, the transfer of ordinary shares in physical form would be subject to Indian stamp duty at the rate of 0.25 per cent. of the market value of the ordinary shares on the trade date, and such stamp duty is customarily borne by the transferee, that is, the purchaser. In order to register a transfer of shares in physical form, it is necessary to present a stamped deed of transfer. However, since the Shares are compulsorily deliverable in dematerialised form there would be no stamp duty payable in India on the transfer of these Shares in dematerialised form. There is no stamp duty liability on the sale or transfer of Bonds outside India.

E. Service Tax

Brokerage or commissions paid to stock brokers in connection with the sale or purchase of shares listed on a recognised stock exchange in India are subject to a service tax of 12 per cent. plus education cess of 2 per cent. and secondary and higher education cess of 1 per cent. The stockbroker is responsible for collecting the service tax and paying it to the relevant authority.

F. Benefits available under the Wealth Tax Act, 1957

‘Asset’ as defined under Section 2(ea) of the Wealth Tax Act, 1957, does not include share in companies. Hence, the shares in companies are not liable to Wealth Tax.

G. Benefits available under the 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.

Notes:

- 1) All the above benefits are as per the current tax law. Shareholder is advised to consider in their case, the tax implications of any new enactments, which may change / modify the law.
- 2) In view of the nature of tax consequences, being based on all the facts, in totality, of the investors, each investor is advised to consult his/her/its own tax advisor with respect to specific tax consequences.
- 3) The 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 respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the double taxation avoidance agreements, if any, between India and the country in which the non-resident has physical domicile.

Certain United States Federal Income Tax Considerations

The following is a summary of certain United States federal income tax considerations relating to the acquisition, ownership, and disposition of Equity Shares by U.S. Holders (as defined below) that will hold Equity Shares as “capital assets” (generally, property held for investment) under the United States Internal Revenue Code of 1986, as amended (the “Code”). This summary is based upon existing United States federal income tax law, which is subject to differing interpretations or change, possibly with retroactive effect. This summary does not discuss all aspects of United States federal income taxation that may be important to particular investors in light of their individual circumstances, and does not address the tax consequences to investors subject to special tax rules (for example, financial institutions, insurance companies, broker-dealers, partnerships and their partners, regulated investment companies, real estate investment trusts, and tax-exempt organizations (including private foundations)), holders who are not U.S. Holders, holders who own (directly, indirectly, or constructively) 10% or more of our voting stock, investors that will hold Equity Shares as part of a straddle, hedge, conversion, constructive sale, or other integrated security transaction for United States federal income tax purposes, or investors that have a functional currency other than the United States dollar, all of whom may be subject to tax rules that differ significantly from those summarized below. In addition, this summary does not discuss any non-United States, state, or local tax considerations. Investors are urged to consult their tax advisors regarding the United States federal, state, local, and non-United States income and other tax considerations of an investment in the Equity Shares.

TO ENSURE COMPLIANCE WITH UNITED STATES TREASURY DEPARTMENT CIRCULAR 230, HOLDERS OF EQUITY SHARES ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS PRELIMINARY PLACEMENT DOCUMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS OF EQUITY SHARES FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS OF EQUITY SHARES UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) OF THE TRANSACTION DESCRIBED HEREIN; AND (C) HOLDERS OF EQUITY SHARES SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

General

For purposes of this summary, a “U.S. Holder” is a beneficial owner of Equity Shares that is, for United States federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation, or other entity taxable as a corporation for United States federal income tax purposes, created in, or organized under the laws of, the United States or any State or political subdivision thereof, (iii) an estate the income of which is includible in gross income for United States federal income tax purposes regardless of its source, or (iv) a trust (A) the administration of which is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise elected to be treated as a United States person under the Code.

If a partnership is a beneficial owner of the Equity Shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding Equity Shares and partners in such partnerships are urged to consult their tax advisors as to the particular United States federal income tax consequences of an investment in the Equity Shares.

Threshold PFIC Classification Matters

A non-United States corporation, such as the Company, will be treated as a “passive foreign investment company” (a “PFIC”), for United States federal income tax purposes, if, in any particular taxable year, either (i) 75% or more of its gross income for such year consists of certain types of “passive” income or (ii) 50% or more of the quarterly average of its assets (as determined on the basis of fair market value) during such year produce or are held for the production of passive income. For this purpose, cash is categorized as a passive asset and passive income generally includes, among other things, dividends, interest, rents, royalties, and gains from the disposition of passive assets. For purposes of these tests, a non-U.S. corporation will be treated as owning a proportionate share of the assets and income of any other corporation in which it owns, directly or indirectly, more than 25% (by value) of the stock.

Based upon an analysis of our current income and assets and taking into consideration this offering, we presently do not believe that we should be classified as a PFIC for the current taxable year. While we do not anticipate becoming a PFIC in future taxable years, the composition of our income and our assets will be

affected by how, and how quickly, we spend our liquid assets and the cash raised in this offering. Under circumstances where we determine not to deploy significant amounts of cash for capital expenditures on expanding operations or on fleet expansion, our risk of becoming classified as a PFIC may substantially increase.

Because PFIC status is a fact-intensive determination made on an annual basis, no assurance can be given that we are not or will not become classified as a PFIC. The discussion below under “– Dividends” and “— Sale or Other Disposition of Equity Shares” is written on the basis that we will not be classified as a PFIC for United States federal income tax purposes. If we are classified as a PFIC for any year during which a U.S. Holder holds Equity Shares, we generally will continue to be treated as a PFIC for such U.S. Holder for all succeeding years during which such U.S. Holder holds Equity Shares.

Dividends

Any cash distributions paid on the Equity Shares out of our earnings and profits, as determined under United States federal income tax principles, will be includible in the gross income of a U.S. Holder as dividend income. Because the Company does not intend to determine its earnings and profits on the basis of United States federal income tax principles, any distribution paid will generally be treated as a “dividend” for United States federal income tax purposes. For taxable years beginning before January 1, 2013, a non-corporate U.S. Holder will generally be subject to tax on dividend income from a “qualified foreign corporation” at a maximum United States federal tax rate of 15% rather than the marginal tax rates generally applicable to ordinary income provided that certain holding period requirements are met. A non-United States corporation (other than a PFIC or a corporation that was a PFIC in the year preceding the taxable year in which a dividend is paid) generally will be considered to be a qualified foreign corporation (i) if it is eligible for the benefits of a comprehensive tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and which includes an exchange of information program or (ii) with respect to any dividend it pays on stock which is readily tradable on an established securities market in the United States. There is currently a tax treaty in effect between the United States and India which the Secretary of Treasury has determined is satisfactory for these purposes and we believe we should be eligible for the benefits of the treaty. Dividends received on the Equity Shares will not be eligible for the dividends received deduction allowed to corporations.

The amount of any cash distribution paid in Rupees should equal the U.S. dollar value of the Rupees on the date of receipt of the distribution, regardless of whether such Rupees are actually converted into United States dollars at that time. Gain or loss, if any, recognized on a subsequent sale, conversion, or other disposition of Rupees generally will be United States source ordinary income or loss.

Dividends generally will be treated as income from foreign sources for United States foreign tax credit purposes. A U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any foreign withholding taxes imposed on dividends received on the Equity Shares. A U.S. Holder that does not elect to claim a foreign tax credit for foreign income tax withheld may instead claim a deduction for United States federal income tax purposes, in respect of such withholdings, but only for a year in which such U.S. Holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex and their outcome depends in large part on the U.S. Holder’s individual facts and circumstances. Accordingly, U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Disposition of Equity Shares

A U.S. Holder will generally recognize capital gain or loss upon the sale or other taxable disposition of the Equity Shares in an amount equal to the difference between the United States dollar value of the amount realized upon the disposition and the holder’s adjusted tax basis in such shares. Any such capital gain or loss will be long-term if such shares have been held for more than one year prior to disposition and generally will be United States source gain or loss for United States foreign tax credit purposes. The deductibility of a capital loss may be subject to limitations.

If the disposition of Equity Shares by a U.S. Holder is subject to Indian tax, a U.S. Holder may not be able to credit such taxes against their United States federal income tax liability under the United States foreign tax credit limitations of the Code since such gain generally would be United States source income, unless such tax can be credited (subject to applicable limitations) against tax due on other income treated as derived from foreign sources. The rules governing the foreign tax credit are complex and their outcome depends in large part

on the U.S. Holder's individual facts and circumstances. Accordingly, U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Passive Foreign Investment Company Considerations

If we were to be classified as a PFIC in any taxable year, a U.S. Holder would be subject to special rules generally intended to reduce or eliminate any benefits from the deferral of United States federal income tax that a U.S. Holder could derive from investing in a non-United States company that does not distribute all of its earnings on a current basis. In such event, a U.S. Holder may be subject to tax at ordinary income tax rates on (i) any gain recognized on the sale of Equity Shares and (ii) any "excess distribution" paid on Equity Shares (generally, a distribution in excess of 125% of the average annual distributions paid by us in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for such shares). In addition, a U.S. Holder may be subject to an interest charge on such gain or excess distribution. Finally, the 15% maximum rate on our dividends (see discussion above under "Dividends") for taxable years beginning before January 1, 2013 would not apply if we are classified as a PFIC (or were classified as a PFIC in our prior taxable year). Each U.S. Holder is urged to consult its tax advisor regarding the potential tax consequences to such holder if the Company is or becomes classified as a PFIC, as well as certain elections that may be available to mitigate such consequences.

Backup Withholding and Information Reporting

Certain U.S. Holders who are individuals are required to report information relating to an interest in "specified foreign financial assets," including shares issued by a non-United States corporation, for any year in which the aggregate value of all specified foreign financial assets exceeds \$50,000, subject to certain exceptions (including an exception for ordinary shares held in custodial accounts maintained with a United States financial institution). A U.S. Holder who fails to timely furnish the required information may be subject to a penalty. In addition, U.S. Holders may be subject to certain information reporting to the Internal Revenue Service with respect to dividends on and proceeds from the sale or other disposition of Equity Shares. Dividend payments with respect to the Equity Shares and proceeds from the sale or other disposition of the Equity Shares are not generally subject to United States backup withholding (provided that certain certification requirements are satisfied). U.S. Holders are urged to consult their tax advisors regarding the application of the United States information reporting and backup rules to their particular circumstances.

LEGAL PROCEEDINGS AND DISPUTES

Except as described below, the Company and its Subsidiaries are not involved in any legal proceedings and disputes, and no proceedings are threatened, which may have, or have had, a material adverse effect on the business, financial condition or operations of the Company and its Subsidiaries. The Company believes that the number of proceedings and disputes in which the Company and its Subsidiaries is involved in is not unusual for a company of its size in the context of doing business in India and in international market. Civil cases involving an amount of Rs. 50 million or more have been disclosed below. Additionally all material cases pertaining to the Company and the Subsidiaries being public interest litigations, environmental cases, criminal cases and land-disputes relating to important project sites, have also been disclosed below.

I(A) Against the Company

Civil Cases

1. The state of Himachal Pradesh has filed a case (7/10) against the Company before the sub – divisional magistrate (Bhabha nagar district, Kinnaur, Himachal Pradesh) for encroachment of land, by the Company under the Himachal Pradesh Public Premises and Land (Eviction and Rent Recovery) Act, 1971 for the site of the dam near national highway 22, situated at Mohal Runnang, Nichla Khasra number 346 / 1 and 346 / 2. The matter is currently pending.
2. The state of Himachal Pradesh has filed a case (2/10) against the Company before the sub – divisional magistrate (Bhabha nagar district, Kinnaur, Himachal Pradesh) for encroachment of land, by the Company under the Himachal Pradesh Roadside Land Control Act, 1968 for constructing the outfall structure of flashing tunnel, situated at Mohal Runnang, Nichla khasra number 595/2 measuring 0-23-95 hectares. The matter is currently pending.
3. PTC India Limited (“PTCIL”) has filed a special leave petition (civil number 26883 / 2010) before the Supreme Court of India. PTCIL had entered into a power purchase agreement dated March 21, 2006 (the “PPA”) with the Company for purchase of 704 MW out of Karcham-Wangtoo HEP for a period of 35 years. The PPA stated that the tariff for sale of power shall be such as approved by the CERC based on the completion cost to be approved by the CEA/ CERC. The Company, based on legal advise, concluded that the PPA was void as the Electricity Act, 2003 did not provide powers to the CERC to determine the tariff for sale of power by a power generating company to a power trading company. PTCIL subsequently approached the Delhi High Court to restrain the Company from entering into a power purchase agreement with a third party. The Delhi High Court rejected PTCIL’s application. PTCIL has filed the aforesaid special leave petition against the order of the Delhi High Court. The matter is currently pending.

PTCIL, on the basis of the aforesaid facts has also filed a petition (140/MP/2012) before the CERC against the Company and others. On the basis of the PPA, PTCIL had entered into four power sale agreements (“PSAs”) with the states of Punjab, Haryana, Uttar Pradesh and Rajasthan for sale of 704 MW power contracted with the Company. PTCIL also entered into a bulk power transmission agreement (“BPTA”) on July 20, 2007 for transmission of the aforesaid power to the buying states with PGCIL. PGCIL raised the invoice on PTCIL for transmission of power from April 2012 under the BPTA. PTCIL filed the present petition before the CERC with the following prayers:

- (a) To exempt PTCIL from payment of Long Term Open Access (LTOA) charges under BPTA and exempt PTCIL from any penalty/compensation as PTCIL has acted in accordance with law; and
- (b) In view of Company’s stand that PPA is void, direct Company to pay LTOA charges for evacuation of power from the project;

The Company had in response to the petition of PTCIL filed an interlocutory application (IA) before CERC for deletion of name of Company from array of respondents as Company was not a party to the BPTA. The CERC vide its order dated November 19, 2012 concluded that PTCIL’s prayer regarding direction to Company to pay the LTOA charges is not maintainable and rejected the same at admission stage itself. However, CERC rejected the Company’s application for deletion of its name from the names of the respondents as it concluded that certain issues raised in the petition are of general nature, for decision on which the assistance of the Company may prove fruitful. Besides, PTCIL has made averments qua the Company and it may be necessary to hear Company on those matters. The matter is currently pending.

4. The Company has filed a case (FAO (OS) 244/2012) against PTC India Limited (“**PTCIL**”). PTCIL had entered into a power purchase agreement dated March 21, 2006 (the “**PPA**”) with the Company for sale of 704 MW out of the Karcham-Wangtoo HEP for a period of 35 years. The PPA stated that the tariff for sale of power shall be such as approved by the CERC based on the completion cost to be approved by the CEA and the CERC. The Company, based on legal advice, declared the PPA to be void as the Electricity Act, 2003 did not provide powers to the CERC to determine the tariff for sale of power by a power generating company to a power trading company. PTCIL thereafter invoked the arbitration clause of the PPA and an arbitral tribunal consisting of three members (the “**Tribunal**”) was thereafter constituted wherein PTCIL sought a declaration that the PPA was valid or in the alternative damages to the tune of Rs. 9,004 million. The Tribunal vide its order dated April 28, 2011 dismissed the claim of PTCIL and declared the PPA to be void (the “**Tribunal Award**”). PTCIL thereafter challenged the Tribunal Award before the single bench of the Delhi High Court. The single bench of the Delhi High Court vide its order dated May 15, 2012 set aside the Tribunal Award and stated that the PPA was not void and directed the Company to approach CERC for fixation of the tariff for supply of electricity to the PTCIL within a period of four weeks from the date of its order dated May 15, 2012. On an appeal of the High Court Order by the Company, the division bench of the Delhi High Court had vide its interim order dated May 29, 2012 stated that the Company is not required to approach the CERC for fixation of tariff. The matter is currently pending.
5. Haryana Power Generation Company Limited (HPGCL), with whom PTC India Limited (“**PTCIL**”) had entered into power sale agreement (“**PSA**”) for sale of part power (200MW out of 704MW) from the Karcham-Wangtoo HEP, filed a petition on May 24, 2011 before Haryana Electricity Regulatory Commission (“**HERC**”) praying that PTCIL and Company should comply with their contractual obligation in favor of HPGCL with respect to the sale of 200 MW power under the PSA and restrain PTCIL and Company from selling the contracted capacity to any third party. The Company filed an application on June 22, 2011 before HERC for dismissal of the petition filed by HPGCL contending that there was no privity of contract between HPGCL and itself and consequently HERC did not have jurisdiction to entertain the petition. On July 12, 2011, HPGCL filed its reply to the Company’s application for dismissal and insisted that HERC has the jurisdiction. After hearing the parties, HERC vide its order on August 25, 2011 held that it had jurisdiction to adjudicate the matter. On September 9, 2011, the Company filed an appeal before the APTEL challenging HERC’s order dated August 25, 2011. APTEL vide its judgment dated July 20, 2012 set aside the HERC’s order dated August 25, 2011 and held that HERC has no jurisdiction in the matter. PTCIL has filed a civil appeal (C.A. no. 92 of 2013) before Supreme Court of India with a prayer to set aside the APTEL’s judgment dated July 20, 2012. The matter is currently pending.
6. The Income Tax Department has filed income tax appeal number 594/Chandigarh/2012 before the Income Tax Appellate Tribunal against the order of the Commissioner of Income Tax (Appeal), Shimla in relation to the deletion of the addition of Rs. 241.84 million made to the taxable income of Jaypee Powergrid Limited for the assessment year 2006-07, in the assessment under section 143(3) of the Income Tax Act. The Company has already paid the tax in relation to this matter. The matter is currently pending.
7. The Income Tax Department has filed income tax appeal number 595/Chandigarh/2012 before the Income Tax Appellate Tribunal against the order of the Commissioner of Income Tax (Appeal), Shimla in relation to the deletion of the addition of Rs. 259.22 million made in the assessment under section 143(3) of the Income Tax Act. The Company has already paid the tax in relation to this matter. The matter is currently pending.
8. The Income Tax Department has filed income tax appeal number 7143/Mumbai/2010 before the Income Tax Appellate Tribunal, Mumbai challenging the order of the Commissioner of Income Tax (Appeal) – 7, Mumbai deleting the addition of Rs. 250.00 million made in the assessment under section 143(3) of the Income Tax Act of the erstwhile BPSCL (now the Company). The matter is currently pending.
8. The Executive Engineer, Irrigation Department, Government of Uttarakhand had filed a case (case number 84/2002-2003) before the court of the additional revenue commissioner, Dehradun against an initial order dated October 31, 2003 (“**Order**”) passed by the Assistant Collector, Chamoli, by which he granted approval for conversion and transfer of a piece of “agricultural land” into “non-agricultural land” so that the Company could avail of certain loan in relation to a particular project of the Company on that piece of land. The Order was also upheld by Commissioner pursuant to which the Irrigation Department filed the current case. The Company had also contended that the additional revenue commissioner is not authorised to hear the matter. The Commissioner accordingly upheld the contention of the Company and

decided that a Board of Revenue be constituted to hear the matter. The Board of Revenue is currently in the process of being constituted.

9. Mr. Anwarul Haq and others have filed a writ petition (No. 61695/2012) against the Company and others before the Allahabad High Court praying for (i) a CBI enquiry to verify whether any favours were extended by the Chairman of UP State Electricity Regulatory Commission (UPERC) in accepting the rate of tariff of the Bara thermal power project and Karchana thermal power project (“**Projects**”) (ii) quashing the order dated August 27, 2010 of the Chairman fixing the tariff and (iii) issuing a writ against Jaypee Group to reimburse the loss alleged to have been caused and to award cost etc. The petitioners allege that a favour was extended to the Company as the Company’s higher rate of tariff was approved in the bidding process in comparison to earlier bids called which were available at a lesser rate. Further the petitioners allege that the Chairman of UPERC showed favoured treatment to Jaypee in accepting the rate of tariff of the Projects. Hence, the petitioners pray for a CBI examination. The matter is currently pending.
10. Mr. Mangal Adivasi has filed a case (case number 91 A / 11) before the civil judge – II, Bina, against the Company objecting and seeking a stay to the construction of a walk way on land bearing khasra number 81, village Jodh near the Jodh railway crossing on the grounds of encroachment by the Company on the plaintiff’s land. The Company has contended that there has been no encroachment by the Company on the plaintiff’s land as the walk way is being constructed on government land. The matter is currently pending.
11. KT Constructions, Pune (“**KT Constructions**”) have a filed a recovery suit (1117 of 2012) against the Company before the Bombay High Court for recovery of any amount of Rs. 214.50 million towards costs incurred for execution of work, involving construction of road to the site of the Bina TPP, and non payment of same by the Company, along with damages. KT Constructions have also filed a suit at the district court, Pune (case no. 536/2010) challenging the invocation of bank guarantee of Rs. 5 million, furnished by KT Constructions, by the Company as illegal and have claimed recovery of Rs.5 million bank guarantee invoked by the Company alongwith interest thereon from the date of disbursement of bank guarantee. The Company is in the process of completion of pleadings in both of these cases.
12. Mr. Govind Singh has filed a writ petition (21245 / 2011) against the government of Madhya Pradesh, the Company and others in the Madhya Pradesh High Court objecting to the construction of cement grinding unit by the Company on the land acquired for the Bina TPP on the ground that such cement grinding unit would cause pollution in the area. The Company has contended that it has obtained the necessary permission from the Madhya Pradesh Pollution Control Board (“**MPPCB**”) to setup the unit and the MPPCB has asked the Company to utilise dry fly ash to manufacture the cement. The Company has also contended that the use of dry fly ash will also reduce the pollution in the surrounding area. The matter is currently pending.
13. The state of Madhya Pradesh has filed a case (116/B-105/2010-11) against the Company before the Collector of Stamps claiming that the stamp duty on a share purchase agreement between the Company, the erstwhile BPSCL and Aditya Birla Power Company Limited is subject to a stamp duty of sevenpercent of the consideration of Rs. 749.4 million paid to Aditya Birla Power Company Limited. The Company has submitted its written submissions before the Collector of Stamps. The matter is currently pending.
14. Mr. Rama Nand Negi has filed a public interest litigation (case no. CWP No. 244/07) against the erstwhile Jaypee Karcham Hydro Corporation Limited (now the Company) and others before the Himachal Pradesh High Court, alleging that certain “bartandari rights” as regards the forest on which the Karcham Wangtoo hydroelectric project was ongoing, adversely affected villagers rights. The matter is currently pending.
15. Mr. Parmeshwar Singh Negi and others have filed a case (CWP 1580/2010) against the erstwhile Jaypee Karcham Hydro Corporation Limited (now the Company) and others before the Himachal Pradesh High Court, alleging that the Company was guilty of violation of various environmental, mining and other related laws. Additionally it is alleged that the Company committed grave irregularities and encroached upon forest land and did not comply with the conditions of permission given while executing the construction works at the project site at the Karcham-Wangtoo HEP, as a result of which the environment was adversely affected and certain rights some tribal residents were violated. The High Court has combined the hearing of this case along with the case numbered CWP (PIL) No. 24/2009, (the facts of which have been reported below). For both cases the High Court has decided to constitute a High Level

Committee consisting of prominent members involved in the study of socio, economic and environmental effects of hydro-electric projects in the region. The matter is currently pending.

16. The Himachal Pradesh High Court on its own motion has initiated a case (CWP (PIL) No. 24/2009) against the Principal Secretary (Industries) to the Government of Himachal Pradesh, Shimla, Karcham-Wangtoo HEP and others, pursuant to a news report in the Indian Express Daily dated November 19, 2009 stating how legalized hydel projects were destroying one million green trees in the state of Himachal Pradesh and were in violation of the Forest Conservation Act 1980. The High Court appointed a one man committee to submit a compliance report regarding various issues relating to hydroelectric projects in the State. The Committee in its report stated that the Karcham Wangtoo HEP was “predominantly compliant and was doing a fair job given the difficult working environment.” Also in this regard, an affidavit regarding the control and monitoring of mandatory 15% discharge of downstream water of the dam has been submitted by the Company to the the High Court. Further the High Court has issued notices to most of the organisations executing such hydro electric projects in Himachal Pradesh and the matter is currently pending.
17. A show-cause notice dated January 16, 2007 was issued by the member secretary of the Himachal Pradesh State Electricity and Pollution Control Board to Jaiprakash Hydro-Power Limited (now the Company) for the Company’s alleged failure to release water at all times to the extent of 15% of the minimum inflow observed in the lean season in contravention of notifications dated July 16, 2005 and September 9, 2005 issued by the Department of Pollution Control, Government of Himachal Pradesh which mandated all hydroelectric power projects to release water at all times to the extent of 15% of the minimum inflow observed in the lean season. Thereafter the Company filed a civil writ petition (CWP 843/2011) against the State of Himachal Pradesh and others before the Himachal Pradesh High Court praying for quashing of the notifications dated July 16, 2005 and September 9, 2005. The Himachal Pradesh High Court thereafter passed a stay order in the matter on March 9, 2011 subject to the condition that the Company continues to release five cusecs of water as per the power purchase agreement between the Company and Himachal Pradesh State Electricity Board. Thereafter the High Court on November 15, 2011 directed the power secretary to furnish details of all hydro- electric projects in the State of 5 MW and above capacity with regard to the quantum of water being released and its control and monitoring mechanism which was filed by them. However the Himachal Pradesh Government through its Chief Secretary has not yet filed their reply to the Court and the matter is currently pending.
18. The Himachal Pradesh High Court on its own motion has filed a case (CWP (PIL) 8 of 2010) against the State of Himachal Pradesh and others, pursuant to certain complaints by villagers in Kamru, Chansu and Sangla about alleged violations by the Company of the Himachal Pradesh (Transfer of Land Regulation) Act, 1968, Land Acquisition Act 1894, Himachal Pradesh Mines & Mineral (Regulation & Development) Act, 1957, and provision of the rehabilitation and re-settlement plan and also violation of directions of the Supreme Court of India stated out in the case of *Samantha v State of Andhra Pradesh*, (AIR 1997 Supreme Court 3297). The High Court has combined the hearing of this case alongwith civil writ petition number 5138/2010 (*Mr. Ranjeet Singh and others v The State of Himachal Pradesh*), facts of which have been reported below. The matter is currently pending for arguments.
19. Mr. Ranjeet Singh and others have filed a case (5138/2010) against the Company, Union of India and others before the Himachal Pradesh High Court praying for ceasing of operation of certain stone crushers, hot mix plants, ceasing of certain alleged illegal mining operations and dumping activities and in lieu thereof also praying for adequate compensation to villagers on whose land such activities of the Company took place. The petitioner also alleges that the Company caused damage to various houses of villagers and cultivated land and prays for issuance of appropriate directions to the Company such that the area where excessive mining activities were carried on by the Company can be re-claimed at the cost of the Company, so that the environment and the land areas of the petitioners can be saved. The matter is currently pending.
20. Mr. Himmat Singh and others have filed a special leave petition (SLP No. 25216/2010) against the erstwhile Jaypee Karcham Hydro Corporation Limited (now the Company), the Union of India and others before the Supreme Court of India praying for cancellation of the Karcham-Wangtoo HEP of the Company, as was also recommended by the Deputy Commissioner, Kinnaur by a report dated July 31, 2008. The petitioners also pray for ceasing of operation of certain stone crushers, hot mix plants, ceasing of certain alleged illegal mining operations and dumping activities and in lieu thereof also praying for adequate compensation towards local area development and to the petitioners on whose land such activities of the Company took place, on the basis of the “polluter’s pay” principle. The matter is currently pending.

21. Mr. Barang Sain and others have filed a special leave petition (SLP No. 9370-76/2010) against the erstwhile Jaypee Karcham Hydro Corporation Limited (now the Company), the Union of India and others before the Supreme Court of India praying for cancellation of the Karcham-Wangtoo HEP of the Company, as was also recommended by the Deputy Commissioner, Kinnaur by a report dated July 31, 2008. The petitioners also pray for ceasing of operation of certain stone crushers, hot mix plants, ceasing of certain alleged illegal mining operations and dumping activities and in lieu thereof also praying for adequate compensation towards local area development and to the petitioners on whose land such activities of the Company took place, on the basis of the “polluter’s pay” principle. The matter is currently pending.
22. Mr. Subhash Singh, Secretary of a non-governmental organisation called Matra Prakrate Prayavaran Vid Sanjay Tiger Reserve Sidhi, dist. Sidhi has filed a writ petition (4848/2011) against the State of Madhya Pradesh, the Company and others before the Madhya Pradesh High Court, as regards an environmental clearance in relation to establishment of thermal power plants at Nigrie, Mahuagaon and Nidhpuri by various corporate entities and its effect on the wild life including flora and fauna especially the Tiger Reserve. The Company had filed its reply in the matter on July 24, 2011. The matter is currently pending.
23. The State of Himachal Pradesh has filed a case (8/2009) against Madan Singh Kaith, consultant of the Karcham-Wangtoo HEP, before the court of the chief judicial magistrate alleging that the Company had encroached on the dumping area located at number “B” location, of land comprised in khasra no. 1342/518/1. The matter is currently pending.
24. Mr. Chain Ram has filed an appeal, against dismissal of a suit which was filed against the erstwhile Jaypee Karcham Hydro Corporation Limited (now the Company) and others before the district judge, Kinnaur camp at Reckong Peo, for a permanent injunction restraining the defendants, possession and mesne profit over the land bearing khasra nos. 522,523,524, 607/580, 516 and 527 located in village Baltrang. It is alleged that the Company illegally without written or implied consent encroached upon the said land bearing the above khasra numbers. The matter is currently pending.
25. The HPSEB has filed an appeal (civil appeal number D4980/2012) against an order dated October 21, 2011 (the “**APTEL Order**”) of APTEL with the Supreme Court of India. The APTEL Order was passed by APTEL in favour of the Company allowing the Company to take the entitlement of minimum alternate tax under the provisions of the power purchase agreement between the Company and HPSEB (the “**Baspa PPA**”) as per actuals during tax holiday period available to the Company under section 80 IA of the Income Tax Act. The APTEL Order further stated that after the expiry of the tax holiday period, the Company would be entitled to pay income tax as per the provisions of the Baspa PPA. An application was filed with the HPERC by the Company for correction of the tariff in accordance with the APTEL Order. HPSEB has filed the current appeal against the APTEL Order and asked HPERC to stay the proceedings with respect to the application pending before it. The HPERC has by its order dated April 23, 2012 decided to proceed with the application subject to the decision of the Supreme Court of India. The HPERC vide its Order dated September 6, 2012 has determined the amount of minimum alternate tax up to financial year 2011 as per the APTEL Order at Rs. 336.30 million and directed HPSEB to pay the amount in two installments on September 30, 2012 and December 31, 2012. HPSEB has paid Rs 336.30 million along with interest of Rs 76.13 million.

HPSEB’s appeal has been admitted by the Supreme Court of India although no stay was granted. The matter is currently pending.
26. HPSEB has filed an appeal (civil appeal number 4185 / 2012) with the Supreme Court of India against an order dated February 6, 2012 of APTEL wherein APTEL had dismissed HPSEB’s appeal against an order dated January 24, 2011 passed by the HPERC wherein it among other things:
 - (i) approved the additional capital expenditure of Rs. 958.8 million incurred by the Company on the BASPA II HEP for the determination of tariff on consequential non-functioning of the project from January 19, 2006;
 - (ii) determined the tariff accordingly for the period between financial years 2007 and 2011; and
 - (iii) directed HPSEB to make a payment of Rs. 651.2 million to the Company by March 31, 2011.

HPSEB's appeal has been admitted by the Supreme Court of India although no stay was granted. The next date of hearing is yet to be fixed.

HPERC subsequently vide its order dated April 23, 2012 has trued up the tariff for the period up to March 31, 2011 which inter alia included the tariff on additional capital expenditure of Rs. 958.8 million and vide its Order dated September 6, 2012 determined the tariff additional capital expenditure for the period April 1, 2011 to March 31, 2014. HPSEB has paid Rs. 952.1 million alongwith interest of Rs 119.2 million against the Tariff determined by HPERC on the additional expenditure of Rs. 958.8 million.

27. HPSEB has filed an appeal with the Supreme Court of India against an order dated April 19, 2012 of APTEL (the "**APTEL Order**"). The APTEL Order was passed in an appeal filed by the Company against an order dated June 23, 2010 passed by the HPERC wherein while approving the tariff and arrears thereof of the BASPA II HEP, HPERC had allowed interest @ 8% p.a till October 31, 2009 and @11.75% p.a thereafter on the arrears against the rate of State Bank of India's prime lending rate ("**SBI PLR**") + 3 % in terms of power purchase agreement of the BASPA II HEP. APTEL had further allowed interest on arrears due from HPSEB to be in line PPA at SBI PLR up to financial year 2007 and at the rate of SBI PLR + 3% with effect from April 1, 2007 onwards. The appeal has been admitted and a stay has been granted in the matter by the Supreme Court of India.

An application was also filed by the Company with the HPERC to correction of the interest on arrears in accordance with the APTEL Order. The said application was admitted by the HPERC but adjourned sine die subject to further order of Supreme Court of India

28. Essar Steel India Limited ("**Essar**") has filed a special suit (473 of 2012) against the Company and others before the principal senior civil judge, Surat, in relation to the wrongful encashment of a standby letter of credit and short supply of electricity. Essar on June 7, 2012 issued a letter of intent ("**LOI**") to the Company for purchasing 150 MW power from its Karcham Wangtoo generating station on a short term basis for 3 months from July 2012 to September 2012. The Company accepted the LOI on June 8, 2012. The LOI contained a term by which Essar was required to open a stand-by letter of credit of Rs. 221 million (the "**Essar LC**") within seven days from the date of acceptance of LOI by the Company. Essar failed to open the Essar LC despite reminders by the Company within the stipulated time as provided in the LOI. The Company despite this failure obtained open access for the month of July 2012 with an understanding that once the Essar LC is opened by Essar the open access for August 2012 and September 2012 would also be obtained. Essar opened the Essar LC only on July 25, 2012 which was received by the Company on July 27, 2012. In the meantime the Company indicated that it will only be able to supply a quantum of power available with it when the Essar LC is opened by Essar. Thereafter on July 28, 2012 after discussions it was agreed that the Company will supply 75 Mw power to Essar for the months of August 2012 and September 2012. Essar continued to receive 75 MW power for the month of August, 2012. On September 10, 2012 Essar sent a letter to the Company raising a claim of Rs. 51.6 million towards compensation for short supply of power as agreed in the LOI. The Company denied the said claim of Essar. Essar maintained a position that it will not pay the electricity supply bills raised by the Company for the power supplied to Essar and will adjust the same against its untenable claim. Since Essar failed to make the payment within the due date, the Company on September 21, 2012 sought to encash the Essar LC furnished by Essar to the extent of Rs. 18.1 million before State Bank of India, Hazira ("**SBI Hazira**"). Essar issued instructions to SBI Hazira not to encash the Essar LC and also issued a legal notice to the Company as well as to SBI, Hazira and State Bank of Patiala, Mumbai (issuing bank) urging them not to encash the Essar LC. On September 24, 2012, the Company terminated the LOI with effect from September 27, 2012. On September 26, 2012, Essar filed a the present suit raising a claim of Rs. 84.72 million with interest @ 18% for short supply of power for the months of August 2012 and September 2012. Further, Essar also prayed for injunction restraining the Company and the banks from encashing the Essar LC. Essar also filed an application for interim injunction before the civil judge. The second additional senior civil judge, Surat by its order dated September 26, 2012 in issued summons to the respondents before passing any interim order. Essar being aggrieved challenged the said order in the Gujarat High Court. The Gujarat High Court issued notice to the respondents on September 28, 2012 and listed the matter on October 1, 2012. On October 1, 2012, the Company appeared and objected to the maintainability of the appeal. Essar during the pendency of the said appeal filed a writ petition. The said writ petition was listed on October 5, 2012. Essar later withdrew the said writ petition and the Gujarat High Court disposed of the said writ petition with a direction that the interim application filed by Essar before the second additional senior civil judge, Surat may be decided expeditiously and before October 30, 2012. Essar also withdrew its appeal on October 5, 2012. The civil suit was listed for hearing on October 10, 2012 which was dismissed. In the meantime JPVL encashed the Essar LC and recovered all its pending bills towards power supply. Essar had filed

an application for return of plaint before the civil judge, Surat on the ground that since Essar LC have been encashed the remaining dispute regarding compensation will have to be adjudicated at Bombay High Court as per the jurisdiction clause of LOI. The civil judge, Surat vide its order dated December 18, 2012 has allowed the said application and has returned the plaint to be presented before Bombay High Court on January 22, 2013 after informing all concerned parties. The Company is awaiting information from Essar about presentation of the plaint before the Bombay High Court and has not received any summons from the Bombay High Court. The civil suit is currently pending.

29. Sankarshanacharya Chela Shri Tridandi Keshvacharya Paramhans had filed a case (case no. 11 / 2010-11) against the Company before the court of the assistant collector (first class) Joshimath alleging that the water tank in khasra no. 1473, taken over by the Company from the irrigation department in relation to its project, for supply of perennial water was illegally and forcefully taken over by the Company, without permission of Mr. Parhansi. The matter is currently pending.
30. Eight writ petitions have been filed by the farmers of Tahsil Bara and Tahsil Karchana of Allahabad district against the government of Uttar Pradesh and Uttar Pradesh Power Corporation Limited (“UPPCL”), before the Allahabad High Court, challenging the acquisition of their agricultural land for the establishment of two thermal power plants; one at Tahsil Bara and one at Tahsil Karchana. Amongst these eight writ petitions, writ petition (no. 3689/2010), Anand Prasad & Ors v. State of Uttar Pradesh and Others, and five other writ petitions relate to land acquisition proceedings of Tehsil Karchana (“**Karchana Writ Petition**”) and writ petition no. 32270 of 2010 related to the acquisition proceedings at Tehsil Bara (“**Bara Writ Petition**”). Earlier the UPPCL as per the Uttar Pradesh Power Policy of 2003 and the power policy of the Indian Government got incorporated a special purpose vehicle, Sangam Power Generation Company Limited on February 13, 2007 and a proposal for acquisition of land was formulated. Thereafter various notifications were issued by the Government, namely under, Sections 6, and Sections 4(1) read with Sections 17(1) and 17(4) of the Land Acquisition Act 1894 in relation to Tehsil Karchana (“**Notifications**”) for acquiring of land from the relevant land-owners pursuant to which many farmers agitated specifically with regard to the compensation amount awarded and the acquisition of the land. On April 13, 2012 the Allahabad High Court allowed the Karchana Writ Petition and quashed the Notifications, subject to deposit of compensation that had already been handed out to the relevant land-owners and stated that it shall be open for the State Government to proceed afresh for acquisition of land relating to relevant villages of Tahsil Karchana, in accordance with law. Additionally the Allahabad High Court dismissed the Bara Writ Petition *inter alia* on the grounds that the project had reached an advanced stage. Mr. Anwarul Haq Mohammad has filed two special leave petitions before the Supreme Court of India being SLP No. CC 17482/2012 & CC 17397 / 2012 challenging the dismissal of the Bara Writ Petition. The matter is currently pending.
31. Haryana Power Generation Company Limited (HPGCL), with whom PTC India Limited (“**PTCIL**”) had entered into power sale agreement (“**PSA**”) for sale of part power (200MW out of 704MW) from the Karcham-Wangtoo HEP, filed a petition on May 24, 2011 before Haryana Electricity Regulatory Commission (“**HERC**”) praying that PTCIL and Company should comply with their contractual obligation in favor of HPGCL with respect to the sale of 200 MW power under the PSA and restrain PTCIL and Company from selling the contracted capacity to any third party. The Company filed an application on June 22, 2011 before HERC for dismissal of the petition filed by HPGCL contending that there was no privity of contract between HPGCL and itself and consequently HERC did not have jurisdiction to entertain the petition. On July 12, 2011, HPGCL filed its reply to the Company’s application for dismissal and insisted that HERC has the jurisdiction. After hearing the parties, HERC vide its order on August 25, 2011 held that it had jurisdiction to adjudicate the matter. On September 9, 2011, the Company filed an appeal before the APTEL challenging HERC’s order dated August 25, 2011. APTEL vide its judgment dated July 20, 2012 set aside the HERC’s order dated August 25, 2011 and held that HERC has no jurisdiction in the matter. PTCIL has filed a civil appeal (C.A. no. 92 of 2013) before Supreme Court of India with a prayer to set aside the APTEL’s judgment dated July 20, 2012. The matter is currently pending.
32. Mr. Bhim Singh and others have filed a case (case no.1 of 2009) against the erstwhile Jaypee Karcham Hydro Corporation Limited (now the Company) before the Civil Judge at Reckong Peo, praying for a permanent injunction restraining the Company from interfering with the cremation ground and the “bartandhari rights” in relation to the land situated at kasra nos. 851/160 in Upmohal Punang, Tehsil Nichar, Kinnaur district, Himachal Pradesh on a part of which the bio-medical waste treatment plant of the Company is situated. The matter is currently pending.

Criminal Cases

1. There are 18 criminal cases filed against the Company and its Subsidiaries and drivers engaged on behalf of the Company and its Subsidiaries, before different lower courts in India. *Amongst others*, cases have been filed by relatives of individuals who lost their lives due to alleged on-site negligence or in road accidents or other form of accidents while they were employed in the business of the Company and its Subsidiaries. Some cases also involve death of individuals by alleged rash and negligent driving of drivers employed by the Company and its Subsidiaries. Generally the cases have been filed under sections 279, 304A, 336, 337, 338 of the Indian Penal Code, 1860 and the matters are currently pending.

I(B) By the Company

Civil Cases

1. The Company has filed a first information report against Mr. Baldev Singh and Mr. Bhagat Singh for constructing a temporary shed on the land at Wangtoo which had been diverted to the Company for dumping. The matter is currently pending.
2. The Company has filed an appeal (21-10 of 2008) against Mr. Ram Lachh Negi and others before the district judge at Rampur against the order of the civil judge (senior division) at Reckong Peo for permanent prohibitory injunction and to restrain the respondents from doing any construction on the land comprised in khewat number 86 min / 77 m, khatoni number 224, khasra number 162 measuring 0-02-40 hectares situated in Mohal Punang Khas, Tehsil Nichar, district Kinnaur, Himachal Pradesh alongwith consequential relief of possession of the aforesaid land. The matter is currently pending.
3. The Company has filed income tax appeal (number 3025/Delhi/2012) for the assessment year 2008 – 2009 before the Income Tax Appellate Tribunal against the order of the Commissioner of Income Tax, (Appeal) – I, Dehradun in relation to the disallowance of Rs. 139.8 million under section 80IA of the Income Tax Act. The Company has already paid the tax in relation to this matter. The matter is currently pending.
4. The Company has filed income tax appeal (number 237/CIT(A)-1/DDN/2011-12) for the assessment year 2009 – 2010 before the Commissioner of Income Tax (Appeal) - Dehradun against the order of the Deputy Commissioner of Income Tax, Circle – 2, Dehradun in relation to the disallowance of Rs. 742.90 million under section 80IA of the Income Tax Act. The Company has already paid the tax in relation to this matter. The matter is currently pending.
5. The Company has filed a case (5934 / 2010) against the state of Himachal Pradesh in the Himachal Pradesh High Court challenging the validity of the Entry Tax Act, 2010. The Himachal Pradesh High Court had passed an interim order dated September 22, 2010 directing the Company to deposit 1/3rd of the assessed liability and 2/3rd subject to furnishing of security. The matter is currently pending.
6. The Company has filed a case (6706/2010) against Labour Department, Bhopal and others, before the Jabalpur High disputing the amount of cess to be deposited by it under the Building and Other Construction Workers Welfare Cess Act, 1996 (“**Act**”) under order dated March 25, 2010 (“**Order**”). The High Court passed an order dated May 20, 2010 that the respondents should not take coercive steps pursuant to the Order but shall be at liberty to effect the recovery towards cess under the provisions of the Act. Thereafter an amendment application was filed which was admitted by the High Court of Jabalpur on October 19, 2011. The amount involved is one percent of the construction cost of the Company’s Nigrie TPP. The matter is currently pending.
7. The Company had filed an appeal (178/ 2010) against the HPSEB, before the APTEL, praying that the rate of interest on arrears due from HPSEB be in line with the provisions of article 10.11 of the power purchase agreement executed between the Company and HPSEB (“**PPA**”) in respect of the BASPA II HEP. Article 10.11 of the PPA provides for interest rate to be the prime lending interest rate being charged by the State Bank of India (“**SBI**”) for 90 days with regard to unsecured loans provided to commercial borrowers plus three percent per annum. As such the Company contended that an interest rate of 8% with effect from fiscal year 2004 to October 31, 2009 and an interest rate of 11.75% per annum thereafter as was allowed by the Himachal Pradesh Electricity Regulatory Commission (“**HPERC**”) by order dated June 23, 2010 was not justified. The APTEL ordered in favour of the Company and directed HPERC to allow interest on the arrears at the SBI prime lending rate up to fiscal

year 2007 and at the SBI prime lending rate plus an interest of three percent with effect from April 1, 2007 onwards (“**Order**”). Thereafter on May 4, 2012 the Company filed an application with the HPERC for implementation of the Order passed by the APTEL. The said application was admitted by the HPERC but adjourned the proceedings sine die subject to further orders of Supreme Court of India

8. The Company has filed an application (19/2011) before the Himachal Pradesh Electricity Regulatory Commission (“**HPERC**”) for review of tariff order dated January 24, 2011, (“**Order**”), in respect of the BASPA II HEP, *inter alia*, with respect to the (i) additional compensation of Rs. 79.3 million towards land, (ii) increase of applicable rate of interest on loan in fiscal year 2010 from 7.59% per annum to 11.17% per annum, (iii) payment of service tax on operations and maintenance and additional operations and maintenance paid to SJVNL Limited, (iv) applicable rate of minimum alternate tax in fiscal year 2011 from 16.995% to 19.93% and (v) payment of interest till the date of the actual payment of arrears by Himachal Pradesh State Electricity Board Limited (“**HPSEB Limited**”). Earlier HPERC by letter dated April 18, 2011 had not admitted the application, as HPSEB Limited’s appeal no. 43 of 2011 against the Order was pending before the APTEL. Since the appeal was later dismissed by APTEL, the Company filed the current application. The matter is currently pending.
9. The Company has filed an application (120/2011) before the Himachal Pradesh Electricity Regulatory Commission (“**HPERC**”) for issuance of suitable directions to the HPSEB to expedite its approvals in accordance with the power purchase agreement dated June 4, 1997 between HPSEB and the Company in relation to the capital expenditure of Rs. 678.8 million incurred by the Company on restoration and protection works of the barrage of BASPA II HEP located at Kuppa (Kinnaur district, Himachal Pradesh) (“**Barrage**”) on account of a force majeure event caused due to flash flood in the Baspa river on July 5, 2005. In this relation HPSEB filed a reply informing the HPERC that when it reconsidered the matter, its whole time directors withdrew the decision accepting the event as a *force majeure*, pursuant to which the Company filed a fresh application with the HPERC challenging the decision of the HPSEB and requesting HPERC to direct HPSEB to constitute a committee for determination of the quantum of claim for restoration and protection of the Barrage on account of a *force majeure* event. Thereafter the HPERC by order dated March 30, 2012 sought a legal opinion on the matter from a retired high court judge. HPERC vide its Order dated September 21, 2012 has dismissed the Company’s application. The Company has filed an appeal (254 /2012) against the order of HPERC with APTEL. The matter is currently pending.
10. The Company had filed two electricity petitions (one against tariff application of construction power and the another against charging of rate as per schedule LMV-2 + 25% on connections meant for light and fan / domestic power for residential colonies situated at Marwari and Lambagarh areas) before the arbitrator nominated by the Uttarakhand Power Corporation Limited on the directions of the Supreme Court of India. The arbitral award was issued on August 31, 2012 in favour of the Company. Thereafter, Uttarakhand Power Corporation Limited has filed two petitions numbers 78/2012 and 79/2012 on November 23, 2012 in the court of District Judge Chamoli at Gopeshwar against the arbitral award. The matter is currently pending. The total amount involved in the case is Rs. 98.7 million and the likely financial adverse effect of the matter would be approximately Rs. 178.7 million.
11. Erstwhile Jaypee Karcham Hydro Corporation Limited (now the Company) has filed a civil suit before the civil judge (senior division) at Reckongpo, against Mr. Virender Singh and others, for possession of land comprised in khata khatoni no. 18/36 min (now 23/83 min khasra no. 179 measuring 0-04-07 hectares, situated in Mohal Punang Khas. As per the revenue records, the mutation of khasra no. 179 was attested in favor of M/s Jaiprakash Industries Limited. As per relevant records the defendant received Rs. 343,558.60 as compensation for the land and house, in addition to receiving assistance under clause 2.1(2) of the Resettlement and Rehabilitation Scheme to the tune of Rs. 90,000. However the defendant did not hand over the possession of the land to the Company and the matter is currently pending.
12. The Company along with the State of Himachal Pradesh has filed a case against Mr. Ram Lachh and others before the sub divisional magistrate, Bhabanagar in relation to a land meaning 0-02-40 hectares and situated at khewat no. 86 min, khatauni no.224, khasra no.162, measuring 0-02-40 hectares, in Muhal Punang Khas, Tehsil Nichar of Kinnaur district, in Himachal Pradesh. The land was diverted by the GoI to form part of a certain colony but the land remained under the unauthorized occupation of Mr. Ram Lachh and others. Therefore the Company filed a civil suit for permanent prohibitory injunction against the defendants and an eviction suit. The matter is currently pending.
13. Erstwhile Jaypee Karcham Hydro Corporation Limited (now the Company) has filed an appeal before the

sub-divisional magistrate, Bhabanagar against the order of the Assistant Commissioner (1st grade) Nichar dated October 20, 2011, which upheld the notice under section 163 of the Himachal Pradesh Land Revenue Act, 1954 sent by the State of Himachal Pradesh to the erstwhile Jaypee Karcham Hydro Corporation Limited (now the Company) alleging encroachment upon a government land located at khasra no. 61 measuring 0-01-09 hectares and situated in Mohal Punang. The matter is currently pending.

With the exception of the above, there are no other material cases pending against the Company or filed by the Company.

II. Against the Subsidiaries

1. Mr. Anwarul Haq Mohammad and others have filed two public interest litigations (C.Misc PIL No. 31130/2011 and 51385/2011) before the Allahabad High Court against the State of Uttar Pradesh, UPPCL, Collector of the Allahabad district, PPGCL and others praying that the respondents not be allowed to encroach the road located at gata nos. 103, 168,233,246, 262, 283, 285, 286 and 190, village Bemra and Khan Semra, Tehsil- Bara, Allahabad, as recorded on the revenue records (“**Road**”) and allow the petitioners and general villagers to use the Road for their own purpose. On July 7, 2011 the High Court directed that the matter be heard afresh. The matter is currently pending.
2. Mr. Anwarul Haq and others have filed two public interest litigation (C.Misc PIL No. 30319/2011 and 51455) before the Allahabad High Court against the State of Uttar Pradesh, UPPCL, District Magistrate Allahabad, PPGCL and others praying that the respondents not be allowed to encroach the pond located at plot nos. 311, 380/1, 380/2, 380/3 and 176 of Khan Semra and Kapari villages, Tehsil, Bara at Allahabad, as recorded on the revenue records (“**Pond**”) and allow the petitioners and general villagers to use the Pond for their own purpose. More specifically the petitioners have prayed for the issuance of a writ order or direction to the District Magistrate for removal of encroachment/unauthorized possession of various ponds located at the Land. The matter is currently pending.
3. Mr. Nand Lal has filed a writ petition (Civil Misc. W.P. No. 28708/2012) before the Allahabad High Court against the State of Uttar Pradesh, District Magistrate Allahabad and others, praying for quashing of the notifications dated July 27, 2007 and April 2, 2008 under sections 4 and 6 of the Land Acquisition Act, 1894 in relation to acquisition of land located at gata nos. 292 & 299, in Khan Semra village of Tehsil Bara, at Allahabad (“**Land**”) and return of such Land to him, as such Land was allegedly forcibly taken from him without payment of adequate compensation. The matter is currently pending.
4. 14 writ petitions have been filed against PPGCL, by owners of various parcels of land, before the Allahabad High Court and additional 9 separate writ petitions challenging the acquisition of land under sections 4 and 6 of the Land Acquisition Act, 1894, for the construction of a railway line which was to be used for transportation of coal to the Bara TPP are currently pending before the Allahabad High Court. Thus in total 23 writ petitions are currently pending before the Allahabad High Court in relation to the PPGCL project.

With the exception of the above, there are no other material cases pending against the Subsidiaries or filed by the Subsidiaries.

III. Against the Directors

Criminal Matters

1. Mr. Brij Behari Tandon is an independent director of Birla Corporation Limited and is also an independent Director on our Board. A criminal complaint was filed against some directors and officers of Birla Corporation Limited, including Mr. Brij Behari Tandon before the Chief Metropolitan Magistrate, Kolkata (“**CMM**”), on June 1, 2010 for alleged commission of offences under sections 477A/409/406/120B of the Indian Penal Code, 1860 read with sections 58A(6)(b) / 149(2A) / 209(5) / 211(8) / 217(5) / 221(4) / 292(1)(b) / 292A(11) / 628 / 629A of the Companies Act. It is alleged amongst others, that Birla Corporation Limited privately placed MIBOR linked debentures at a very nominal rate of interest, and such activity was not covered in the object clause of the constitution documents of the company. The object clause of the constitutional documents of the company only provided for carrying out manufacturing activities and not money market operations. The CMM after taking cognizance transferred the matter to the metropolitan magistrate, 10th court, Kolkata and on June 3, 2010 process was issued against the accused persons challenging the order issuing process and a revision application was

filed by one of the accused before the city sessions judge, Kolkata. The said revision application was allowed by an order dated February 28, 2011. The city sessions judge, Calcutta set aside the order issuing process and remanded the case back to the magistrate for fresh consideration. On April 29, 2011, the magistrate directed the relevant police station to investigate the matter and submit a report. On the conclusion of such investigation, the police agency stated in its report, *inter alia*, that the matter is of civil nature. The report was forwarded to the magistrate's court. However the magistrate by an order dated September 21, 2011 issued summons once again against the accused persons. One of the accused again has filed a criminal revision application before the city sessions court. The city sessions court judge by an order dated November 28, 2011 admitted the applications and stayed further proceedings in the matter till disposal of the application. The matter is currently pending.

2. Mr. Sarvesh Singh and others have filed a writ petition in the year 2007 against the State of Madhya Pradesh and others before the Madhya Pradesh High Court, against JAL including Mr. Manoj Gaur and Mr. Sunny Gaur, alleging negligence of the respondents in relation to a demonstration of certain villagers which took place at the premises of a factory owned by the Company, wherein a shooting took place and resulted in the accidental death of Mr. Raghvendra Singh Patel on September 22, 2007. The petitioners prayed for a direction to arrest Mr. Manoj Gaur and Mr. Sunny Gaur in relation to the incident for the alleged abuse of power. JAL has filed its response in the matter stating that, as was concluded post the police investigation, the death was caused accidentally due to action taken by two security guards in its employment in their effort to control the demonstration which had turned violent and the allegations against Mr. Manoj Gaur and Mr. Sunny Gaur are false. Further, the respondents have also submitted that the investigation conducted by the police show that allegations against the respondents are not true. The matter is currently pending.

With the exception of the above, there are no other material cases pending against the Directors or filed by the Directors.

GENERAL INFORMATION

1. The Company is incorporated in India under the Companies Act. The corporate identity number of the Company is L40101HP1994PLC015483. The registered office of the Company is at JUIT Complex, Waknaghat, P.O. Dumehar Bani, Kandaghat-173215, Distt. Solan, Himachal Pradesh, India.
2. The Issue was authorized and approved by our Board on March 14, 2012 and approved by the shareholders as a special resolution on April 27, 2012 by way of postal ballot.
3. We have received in-principle approvals from the Stock Exchanges under Clause 24(a) of the listing agreements with the Stock Exchanges for the issue of the Equity Shares. We will apply for in-principle listing and final listing and trading approvals to list our Equity Shares to be issued in the Issue on the BSE and the NSE
4. Copies of our Memorandum and Articles will be available for inspection during usual business hours (between 11:00 a.m. and 1:00 p.m.) on any day (except Sundays and public holidays) at the Company's registered office.
5. The Company has obtained all consents, approvals and authorizations required in connection with this Issue, except as disclosed in this Preliminary Placement Document.
6. Except as disclosed in this Preliminary Placement Document, there has been no material change in our financial or trading position since December 31, 2012, the date of our last published unaudited financial statements.
7. Except as disclosed in this Preliminary Placement Document, there are no litigation or arbitration proceedings against or affecting us or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue of Equity Shares.
8. The Auditors have audited our Company's Audited Consolidated Financial Statements as of and for the years ended March 31, 2010, 2011 and 2012, reviewed our Interim Consolidated Financial Statements as of and for the six month periods ended September 30, 2012 and 2011, reviewed the Interim Standalone Financial Statements as of and for the nine month periods ended December 31, 2012 and 2011 and have reviewed the Interim Standalone Quarterly Financial Statements as of and for the three month periods ended December 31, 2012 and 2011; and have consented to the inclusion of their reports in this Preliminary Placement Document.
9. We confirm that we are in compliance with the minimum public shareholding requirements as required under the terms of the Listing Agreement with the Stock Exchanges and as per Rule 19A of the Securities Contracts (Regulation) Rules, 1957.
10. The Floor Price for the Issue is Rs. 31.93, calculated in accordance with Regulation 85(1) of the ICDR Regulations, as certified by the Auditors.

SUMMARY OF PRINCIPAL DIFFERENCES BETWEEN INDIAN GAAP AND U.S. GAAP

Subject	Indian GAAP	U.S. GAAP
Contents of Financial Statements	<p>As per the requirements of Schedule VI (Revised) to the Companies Act and Accounting Standards issued by the Institute of Chartered Accountants of India and notified under the Companies Accounting Standard Rules, 2006, the financial statements comprise of:</p> <p>(a) Balance sheet; (b) Statement of Profit and Loss; (c) Cash flow statement (mandatory only for companies which are not SMEs); and (d) Notes to financial statements,</p> <p>including summary of accounting policies and the necessary explanatory notes thereon.</p> <p>Single entity parent company (standalone) required to present two years' statements mentioned above. Public listed companies are required to additionally prepare consolidated financial statements alongwith standalone financial statements.</p>	<p>Except Balance Sheet all Statements are required for three years for SEC registrants (Public Companies).</p>
Balance Sheet	<p>Accounting standards do not prescribe any particular format of balance sheet. However, the Companies Act and other industry regulations like banking, insurance etc. prescribe the form and content of the balance sheet. For companies, Schedule VI (Revised) lays down a specific format of balance sheet specifying the order in which various items are presented on its face as well as in the Notes. The format of balance sheet given in Schedule VI (Revised) is based on current and non-current classification.</p>	<p>Entities may present either a Classified or Non Classified Balance Sheet.</p> <p>Items on the face of the Balance sheet are generally presented in decreasing order of liquidity.</p> <p>US public companies should follow SEC regulations.</p>
Income Statement	<p>Accounting standards do not prescribe any particular format of Income Statement. However, Schedule VI (Revised) to the Companies Act prescribes various requirements for the presentation of an Income Statement (known as "Statement of Profit and Loss"). As per these requirements, an entity presents an analysis of expenses by their nature in the Statement of Profit and Loss. Profit or loss attributable to minority interests is disclosed as a deduction from or added to the profit or loss for the period as an item of expense or income.</p>	<p>Present as either a single step or multiple step format.</p> <p>Expenditures are presented by function.</p> <p>US public companies should follow SEC regulations.</p>

Subject	Indian GAAP	U.S. GAAP
Statement of Comprehensive Income (“SOI”); and Statement of Changes in Equity (“SOCIE”)	<p>Industry specific formats are prescribed by industry regulations.</p> <p>SOCI/SOCIE is not applicable under Indian GAAP. All items are recognised in the income statement in accordance with AS 5, unless required otherwise by any accounting standard. Considering these requirements, credits for certain items are directly taken to reserves and surplus, for example, revaluation of fixed assets. The transitional provisions of certain standards require first time adjustment and their consequential tax effect to be made directly into reserves and surplus. A Note is given for Equity and Reserves and Surplus showing opening and closing positions as on the balance sheet date and movements along with other disclosures prescribed by Schedule VI (Revised) to the Companies Act. The information relating to appropriation of profit is presented through Note on “Reserve and Surplus”.</p>	Total comprehensive Income and accumulated other comprehensive income are disclosed, presented either as a separate primary statement or combined with the Income statement or with the Income statement or with the statement of changes in shareholder’s equity.
Extraordinary items	<p>Extraordinary items are defined as events or transactions that are clearly distinct from the ordinary activities of the entity and are not expected to recur frequently and regularly.</p> <p>Extraordinary items are included in determination of net profit or loss for the period and disclosed separately in the Statement of Profit and Loss. The nature and amount of each extraordinary item is separately disclosed so that its impact on current profit or loss is clearly perceived.</p>	Defined as being both infrequent and unusual and are rare. Negative goodwill is presented as an extraordinary Item.
Changes in accounting policies	AS 5 does not specifically provide whether a change in an accounting policy should be retrospective or prospective. It also does not specify the manner of adjustment of the effect of a change in an accounting policy. It merely requires separate disclosure of the impact of, and the adjustments resulting from, the change in accounting policy, where ascertainable.	With the adoption of FAS 154, it is similar to IFRS. Prior to FAS 154, the effect of change, net of tax, was included in current year income statement. Proforma comparatives were disclosed. Retrospective adjustment was required for specific items.
Errors/prior period items	AS 5 covers only items of income and expenses under the definition of prior period items. Balance sheet misclassifications which do not have an income statement impact are not included in the definition of an error. Material prior period items are included in determination of profit or loss for the period in which the error is discovered and are reported as a	Comparatives are restated and if the error occurred before the earliest prior period presented, the opening balances of assets, liabilities and equity for earliest prior period presented are restated.

Subject	Indian GAAP	U.S. GAAP
	prior period adjustment in the current year's Statement of Profit and Loss.	
Cash Flow Statement Definition of cash and cash equivalents	Similar to US GAAP.	Similar to Indian GAAP.
Cash Flow Statement Formats and Method	Standard headings, However, indirect method is required for listed companies and direct method for insurance companies.	Similar headings to Indian GAAP, but more specific guidance for items included in each category. Direct or indirect method is used; SEC encourages the direct method.
Accounting for Fixed Assets - Property, plant and equipment	Same except it uses the term fixed assets rather than PPE.	Property, plant and equipment (PPE) are tangible assets that are held by an entity for use in the production or supply of goods or services, for rental to others, or for administrative purposes. They are expected to be used during more than one reporting period.
Depreciation	The depreciable amount of an item of Fixed Asset is allocated on a systematic basis over its useful life, but a governing statute may provide rates for depreciation and those rates would prevail. However, where the useful life determined by management is shorter than that envisaged under the relevant statute, the depreciation is computed by applying a higher rate. For example, a company provides depreciation at the rates specified in Schedule XIV to the Companies Act or as determined based on estimated useful lives of assets, whichever is higher. Further, the impact of change in depreciation method is determined by retrospectively computing depreciation under the new method and is recorded in the period of change; whereas on revision of asset life, the unamortized depreciable amount is charged over the revised remaining asset life.	The depreciable amount of an item of PPE is allocated on a systematic basis over its useful life, reflecting the pattern in which the entity consumes the asset's benefits. Any change in the depreciation method used is treated as a change in accounting estimate reflected in the depreciation charge for the current and prospective periods. The depreciation methods are reviewed periodically; residual values and useful lives are reviewed at each balance sheet date. FAS 154, 'Accounting Changes and Error Corrections', requires that a change in depreciation method be accounted for as a change in accounting estimate affected by a change in accounting principle. Regarding periodic reviews of depreciation methods, residual values and useful lives, the appropriateness of these decisions should be assessed at each reporting date.
Subsequent expenditure	Cost incurred for replacement of parts is capitalised only if it increases the future benefits from the asset beyond its previously assessed standard performance.	Subsequent maintenance expenditure is expensed as incurred. Replacement of parts may be capitalised when general recognition criteria are met. The cost of a major inspection or overhaul occurring at regular intervals is capitalised where the recognition criteria are satisfied. The net book value of any replaced component would be expensed at the time of overhaul
Revaluation of fixed assets	Revaluation of fixed assets is permitted. On revaluation, an entire class of assets is revalued, or selection of assets is made on a systematic basis. Regular updating of revaluation is not required.	Revaluation not permitted.

Subject	Indian GAAP	U.S. GAAP
	Depreciation on the revaluation portion can be recouped out of the revaluation reserve.	
Impairment of assets	<p>An entity is required to assess whether there is any indication that an asset is impaired at each balance sheet date. If so, impairment loss (if any) is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price (fair value less cost to sell) or its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.</p> <p>An impairment loss recognised for an asset in prior accounting periods should be reversed if there has been a change in the estimates of cash inflows, cash outflows or discount rates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset should be increased to its recoverable amount.</p> <p>An impairment loss recognised for goodwill should not be reversed in a subsequent period unless the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.</p>	Tested for impairment whenever events or changes in circumstances indicates that its carrying amount may not be recoverable.
Investments	Investments are classified as Non-Current and current, based on the management's intention at the time of purchase. Non Current Investments are carried at cost less provision for other-than-temporary diminution in value. Current investments are carried at the lower of cost or fair value.	Depends on classification of investment – if held to maturity or loans and receivables, they are carried at amortised cost; otherwise at fair value. Unrealised gains/losses on fair value through profit or loss classification (including trading instruments) is recognised in income statement. Unrealised gains and losses on available-for-sale investments are recognised in equity, but with detailed differences in application. for example, no ability to designate financial assets at fair value through profit or loss except certain hybrid financial instruments with the adoption of FAS 155.
Post employment defined benefit plans such as pension, gratuity	The discount rate to be used for determining defined benefit obligation is by reference to market	The discount rate to be used for determining defined benefit obligation is by reference to market

Subject	Indian GAAP	U.S. GAAP
	yields at the balance sheet date on government bonds of a currency and term consistent with the currency and term of the post-employment benefit obligations. Actuarial gain or loss should be recognised immediately in the Statement of Profit and Loss .	<p>yields at the balance sheet date on high quality corporate bonds (or, in countries where there is no deep market in such bonds, government bonds) of a currency and term consistent with the currency and term of the post-employment benefit obligations.</p> <p>All actuarial gains and losses are amortised over the remaining life expectancy of the plan participants if all or almost all plan participants are inactive. However, with the adoption of FAS 158, the unamortized actuarial gains and losses will be recognised in other comprehensive income.</p>
Employee share-based payment	As per the Guidance Note issued by the ICAI as well as SEBI Guidelines on the subject, share-based payments granted to employees can be accounted for either as per the intrinsic value method or as per the fair value method. When the intrinsic method is applied, fair value-related disclosures are required to be made in the notes to accounts.	The fair value of the stock-based compensation is recognised over the requisite service period, which may be explicit, implicit or derived depending on the terms of the awards (service condition, market condition, performance condition, or a combination of conditions).
Consolidated Financial Statements	<p>AS 21 does not specify entities that are required to present consolidated financial statements. The accounting standard is required to be followed if consolidated financial statements are presented. SEBI requires all listed entities to present consolidated financial statements.</p> <p>Control exists when (a) the parent owns, directly or indirectly through subsidiaries, more than one-half of an entity's voting power or (b) it controls the composition of an entity's board of directors so as to obtain economic benefits from its activities.</p> <p>The existence of currently exercisable potential voting rights is not taken into consideration.</p>	<p>There is no exemption for general purpose financial statements. Consolidated financial statements are presumed to be more meaningful and are required for public companies. Specific rules apply for certain industries.</p> <p>Uses a bipolar consolidation model. All consolidation decisions are evaluated first under the variable interest entity (VIE) model. If the entity is a VIE, management should follow the guidance below, under 'Special purpose entities'. Entities controlled by voting rights are consolidated as subsidiaries.</p> <p>US GAAP contains a similar notion of de facto control, referred to as 'effective control'. This concept is rarely employed in practice.</p>
Special Purpose Entities ("SPE")	No specific guidance on Special purpose entities (SPEs).	The consolidation of an SPE is required by its primary beneficiary when the SPE meets the definition of a VIE and the primary beneficiary has a variable interest in the entity that will cause it to absorb a majority of the VIE's expected losses, receive a majority of the VIE's expected residual returns, or both. There are several

Subject	Indian GAAP	U.S. GAAP
		scope exceptions to this rule (such as pension, post-retirement or post-employment plans). Specific criteria also permit the transfer of financial assets to an SPE that is not consolidated by the transferor. The SPE should be a qualifying SPE (QSPE, as defined), and the assets should be financial assets (as defined).
Method of consolidation	<p>Goodwill/capital reserve arising on consolidation is calculated based on carrying amounts of assets and liabilities.</p> <p>Goodwill is tested for impairment whenever an indication of impairment exists at the CGU (Cash Generating Unit) level. Though amortisation of goodwill arising on consolidation is not mandatory, it can be amortised on a systematic basis over its useful life.</p> <p>If the cost to the parent of its investment in a subsidiary is less than the parent's portion of equity of the subsidiary at the date on which investment in the subsidiary is made, then the difference should be treated as a capital reserve in the consolidated financial statements.</p> <p>Similar to IFRS except that if it is impracticable to use uniform accounting policies, this fact and the line items and amounts to which different accounting policies have been applied are disclosed. Minority interests are presented in the consolidated balance sheet separately from liabilities and equity.</p>	<p>Goodwill/negative goodwill is calculated based on the fair values of assets and liabilities.</p> <p>Goodwill is tested for impairment annually or more frequently at either CGU level/group of CGUs as applicable if there are indicators of impairment. Goodwill is not amortised.</p> <p>If the parent's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost, the parent shall (i) re-assess the identification and measurement of the assets, liabilities and contingent liabilities and the measurement of the cost; and (ii) recognise immediately in profit or loss as extraordinary gain any excess remaining after that reassessment.</p> <p>Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Minority interests, rechristened as "Non-Controlling Interests", are presented in the consolidated balance sheet within equity, separately from the equity of the owners of the parent.</p>
Exclusion of subsidiaries from consolidation	A subsidiary is excluded from consolidation if it was acquired with the intent to dispose of within the near future (12 months) or if it operates under severe long-term restrictions which significantly impair its ability to transfer funds to the parent.	A subsidiary held-for-sale will be consolidated until sold.
Reporting dates	The difference between the reporting date of the subsidiary and that of the parent shall be no more than six months.	The difference between the reporting date of the subsidiary and that of the parent shall be no more than three months, further adjustments are generally not made for transactions that occur in the gap period.
Accounting for Associates-	The equity method is required to be	Goodwill or capital reserves within

Subject	Indian GAAP	U.S. GAAP
Identification of goodwill	applied only if the entity prepares Consolidated Financial Statements (CFS). Where the reporting entity is not a parent, but has associates, it need not apply the equity method to its associates.	the investment amount are not required to be separately identified.
Reporting dates	The maximum difference between the reporting dates of the associate and the parent is not specified.	The difference between the reporting dates of the associate and the investor shall be no more than three months.
JV (Jointly controlled) assets or corporation	Allows proportionate consolidation	Generally only uses Equity method of accounting except certain specified industries such as Oil and Gas.
Segment Information	Specific requirements govern the format and content of a reportable segment and the basis of identification of a reportable segment. The information for disclosure is to be prepared in conformity with the accounting standards used for the company as a whole.	Disclose revenues, profits and assets identified by product and geographically of each reportable segment. Segments based on information reviewed by CODM (Chief Operating Decision Maker)
Provisions	Similar to US GAAP, except that discounting is not permitted.	Provisions relating to present obligations from past events recorded if outflow of resources is probable and can be reliably estimated. Provisions are discounted to present value where the effect of the time value of money is material with rules for specific situations such as environmental liabilities, loss contingencies, etc.
Contingent gains	Contingent gains are neither recognised nor disclosed.	Disclose unrecognised possible losses and probable gains.
Restructuring provision	Restructuring provision should be made based on general recognition criteria for “Provisions”.	The acquirer may recognise a restructuring provision at the acquisition date if specific criteria are met. Management begins to assess and formulate a plan to exit an activity of the acquired entity as of the acquisition date. The plan should be completed in detail as soon as possible, but no more than one year after the date of the business combination. Management should communicate the termination or relocation arrangements to the employees of the acquired company. The restructuring provision should meet the definition of a liability in order to be recorded.
Deferred income taxes	Deferred tax is accounted using the income statement approach or the timing differences approach. Timing differences are differences between the taxable income and accounting income for a period that originate in one period and are capable of reversal	Full provision method is used (some exceptions) driven by balance sheet temporary differences. Deferred tax assets are recognised if recovery is probable (more likely than not), but specific differences in application.

Subject	Indian GAAP	U.S. GAAP
	<p>in one or more subsequent periods.</p> <p>Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, deferred tax assets in situations of brought forward losses or unabsorbed depreciation are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which the deferred tax assets can be realised.</p>	
Recognition of deferred tax on investment made in subsidiaries, branches, associates and joint ventures (undistributed profits)	No deferred tax is recognised.	<p>Deferred tax is required on temporary differences arising after 1992 that relate to investments in domestic subsidiaries, domestic corporate joint ventures unless such amounts can be recovered tax-free and the entity expects to use that method. No deferred taxes are recognised on undistributed profits of foreign subsidiaries that meet the indefinite reversal criterion.</p> <p>Deferred tax is recognised on temporary differences relating to investments in investees.</p>
Proposed Dividends	Proposed dividends are recognised as liability in the period to which they relate, even though the same are declared after the balance sheet date.	Presented as a deduction in the statement of changes in shareholders' equity in the period when authorised by shareholders. Dividends are accounted in the year when declared.
Effects of Changes in Foreign exchange rates	AS 11 is based on the integral and non-integral foreign operations approach, i.e., the approach which was followed in the earlier IAS 21 (revised 1993). There is no specific guidance on the issue if an entity publishes its financial statements in other currencies. One view could be that the currency used for presentation of financial statements would be treated as the reporting currency and all other currencies would be treated as foreign currencies and recording of transactions as well as recognition of would follow accordingly.	Functional currency is defined as the currency of the primary economic environment in which an entity operates. If the indicators are mixed and the functional currency is not obvious, management should use its judgement to determine the functional currency that most faithfully represents the economic results of the entity's operations by focusing on the currency of the economy that determines the pricing of transactions (not the currency in which transactions are denominated).
Derivatives and other financial instruments – cash flow and fair value hedges	Presently, no specific standard on financial instruments containing comprehensive guidance on accounting for derivatives is applicable. AS 11 deals with accounting for foreign currency transactions in the nature of forward	Derivatives and hedge instruments are measured at fair value; changes in fair value are recognised in income statement except for effective portion of cash flow hedges, where the changes are deferred in equity until effect of

Subject	Indian GAAP	U.S. GAAP
	<p>exchange contracts. It requires gain or loss arising on forward exchange contracts intended for trading or speculation purposes to be measured based on the forward rate available at the reporting date which is recognised immediately in the profit and loss account.</p> <p>With regard to Equity Index and Equity Stock Futures and Options, the Guidance Note issued by the ICAI requires a provision to be created in respect of loss on open futures contracts at the reporting date whereas gain, if any, is ignored. As per the Guidance Note, gains on such contracts are recognised only on actual settlement.</p>	<p>underlying transaction is recognised in income statement Gains/losses from hedge instruments that are used to hedge forecasted transactions may be included in cost of nonfinancial asset/liability (basis adjustment) except that No 'basic adjustment' on cash flow hedges of forecasted transactions.</p>
Classification of financial instrument between liability and equity Compound financial instruments	<p>Classification is based on legal form rather than substance. All preference shares are disclosed separately as share capital under shareholders' funds. This is as per the requirements of the Companies Act.</p>	<p>SEC guidance provides for the classification of certain redeemable instruments that are outside the scope of FAS 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity, as mezzanine equity (i.e. outside of permanent equity).</p>
Financial liabilities	<p>Liabilities are normally carried at the amount received. Interest expense on liabilities is recognised on a time-proportion basis as per the rates mentioned in the loan agreement.</p>	<p>Certain redeemable instruments are permitted to be classified as 'mezzanine equity' (i.e., outside of permanent equity).</p> <p>Mandatorily redeemable instruments with a date or event-certain redemption are classified as liabilities.</p>
Intangible Assets	<p>After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Revaluation of intangible assets is not permitted. There is no concept of intangible assets with indefinite useful life. There is a rebuttable presumption that the useful life of an intangible asset will not exceed 10 years from the date when the asset is available for use. All assets are amortised over their respective useful life.</p>	<p>Capitalised if recognition criteria are met; amortised over useful life. Intangibles assigned an indefinite useful life are not amortised but reviewed at least, but revaluations are not permitted. US GAAP also requires acquired in-process R&D to be valued at fair value. However, the acquired in-process R&D is expensed immediately unless it has an alternative future use.</p>
Business Combinations	<p>There is no comprehensive standard dealing with all business combinations. AS 14 applies only to amalgamation. AS 21 applies to accounting for investments in subsidiaries. AS 10 applies where a demerged division is acquired on a lump-sum basis by another entity. There is uniformity in the treatment prescribed in these Standards.</p>	<p>All business combinations are acquisitions. The use of the purchase method of accounting is required for most business combinations.</p> <p>Transfers of net assets or shares of entities under common control are accounted for at predecessor book basis.</p>

Subject	Indian GAAP	U.S. GAAP
	<p>AS 14 recognises both the purchase method and the pooling of interest method with regard to accounting for amalgamation. There are five conditions which need to be fulfilled for application of the pooling method.</p> <p>Acquisition accounting under AS 21 is done on book value basis. Acquisition accounting under AS 10 is done on fair value basis. AS 14 recognises both fair value accounting and book value accounting in relation to the purchase method. No specific guidance is available for recognition of unrecognised intangible assets and contingent liabilities and accounting for assets held-for-sale.</p> <p>No specific guidance available for treatment post acquisition of specific assets and liabilities acquired.</p> <p>Acquisition accounting in all cases is based on form. The legal acquirer is treated as acquirer and the legal acquiree is treated as acquiree for legal as well as accounting purposes. No specific guidance on treatment of acquisition related costs. Except AS 14, no guidance on accounting for contingent consideration. Goodwill has different treatment under different standards. AS 14 requires goodwill arising on amalgamation to be amortised over five years. There is no such requirement under AS 21 for goodwill arising on consolidation.</p>	

INDEPENDENT ACCOUNTANTS

Our Financial Statements included in this Preliminary Placement Document as of and for the financial year ended March 31 2010, 2011 and 2012 have been audited by R. Nagpal Associates, Chartered Accountants, our statutory Auditors as stated in their reports appearing elsewhere in this Preliminary Placement Document.

Our Interim Consolidated Financial Statements included in this Preliminary Placement Document as of and for the six month period ended September 30, 2012 and 2011, and our Interim Standalone Financial Statements included in this Preliminary Placement Document as of and for the nine month period ended December 31, 2012 and 2011, have been the subject of limited reviews by R. Nagpal Associates, Chartered Accountants, as stated in their reports appearing elsewhere in this Preliminary Placement Document.

FINANCIAL STATEMENTS

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Schedules forming part of the audited consolidated balance sheet and profit and loss account of the Company as of and for the years ended on March 31, 2010, 2011 and 2012	239
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Auditors' Report

The Board of Directors of JAIPRAKASH POWER VENTURES LIMITED

1. We have examined the accompanying Reformatted financial statements (the Reformatted statements) of Jaiprakash Power Ventures Limited ('JPVL' or 'the Company') annexed to this report for the purposes of inclusion in the Preliminary Placement Document and Placement Document (hereinafter collectively referred to as the Offer Documents), as approved by the sub-committee of Board of Directors of the Company, prepared by the Company, in accordance with the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended to date, to the extent considered applicable ('the ICDR Regulations'), the Guidance Note on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India, and in terms of our engagement agreed upon with you in accordance with our engagement letter dated February 11, 2013 in connection with the proposed Qualified Institutions Placement ('QIP') of its equity shares by the Company. The preparation of such reformatted statements is the responsibility of the Company's management. Our responsibility is to report on such statements based on our procedures.
2. All figures and disclosures in the Reformatted Statements have been extracted from the audited consolidated financial statements for the years ended 31 March 2012, 2011 and 2010 on which we have issued our Auditors' Report dated 17th May 2012, 11th August 2011 and 29th May 2010 respectively. Accordingly, any event subsequent to the said Auditors' Report dates have not been considered/adjusted in these Reformatted Statements.
3. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
 - a) As stated in our Auditors' Report referred to in paragraph 2 above, we conducted our audits in accordance with the auditing standards generally accepted in India to enable us to issue an opinion on the General Purpose Financial Statements. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provided a reasonable basis for our opinion.
 - b) For the periods referred to in paragraph 2 above, we are not required to, and we have not performed any audit tests for the purpose of expressing an audit opinion on individual balances of account or summaries of selected transactions, and accordingly, we have expressed no such opinion.
 - c) This report should not be in any way be construed as a reissuance or redating of any of the previous audit report nor should this be construed as a new audit opinion on any of the financial statements referred to herein.
 - d) We have no responsibility to update our report for events and circumstances occurring after the date of the report.
4. This report is intended solely for your information and for inclusion in the Preliminary Placement Document and Placement Document in connection with the proposed QIP by the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For R. NAGPAL ASSOCIATES
Chartered Accountants
Firm Registration No.002626N

Place : NOIDA
Dated : 12.02.2013

(CA R. NAGPAL)
Partner
M.No. 81594

CONSOLIDATED BALANCE SHEET

(Rupees in millions)

Particulars	Note No.	Figures for the Reporting Period		
		As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
I. EQUITY AND LIABILITIES				
(1) Shareholders' funds				
(a) Share Capital	3	26,248	26,248	20,957
(b) Reserves and Surplus	4	28,340	25,416	12,723
(c) Money received against share warrants		-	-	-
(d) Minority Interest (in subsidiaries)	5	759	650	585
(2) Share application money pending allotment		-	-	-
(3) Deferred Revenue	6	3,921	3,130	2,340
(4) Non Current Liabilities				
(a) Long-term borrowings	7	156,790	1,30,174	64,614
(b) Deferred tax liabilities	8	1,243	-	-
(c) Other Long-term liabilities	9	627	975	-
(d) Long-term provisions	10	3,562	3,471	-
(5) Current Liabilities				
(a) Short-term borrowings	11	5	508	3,500
(b) Trade payables	12	12,046	3,957	2,017
(c) Other current liabilities	13	17,866	3,196	732
(d) Short-term provisions	14	3,656	196	1,011
TOTAL		255,063	197,921	108,479
II. ASSETS				
(1) Non-current assets				
(a) Fixed assets	15			
(i) Tangible assets	15 A	98,600	32,112	42,275
(ii) Intangible assets	15 B	-	-	-
(iii) Capital work-in-progress	15 C	95,653	1,03,243	23,924
(iv) Intangible assets under development		-	-	-
(b) Non-current investments	16	19,859	19,859	4,000
(c) Deferred tax assets	17	-	-	-

Particulars	Note No.	Figures for the Reporting Period		
		As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
(d) Long-term loans and advances	18	20,758	15,063	1,829
(e) Other non-current assets	19	966	1,058	2,287
(2) Current assets				
(a) Current investments		-	-	-
(b) Inventories	20	490	549	217
(c) Trade receivables	21	4,304	1,556	1,045
(d) Cash and cash equivalents	22	9,192	22,281	25,872
(e) Short-term loans and advances	23	4,829	1,646	6,981
(f) Other current assets	24	412	554	49
TOTAL		255,063	197,921	108,479

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rupees in millions)

Particulars	Note No.	Figures for the Reporting Period		
		Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
I. Revenue from operations	25	16,156	7,369	6,907
II. Other Income	26	708	1,039	271
III. Total Revenue (I+II)		16,864	8,408	7,178
IV. Expenses :				
Cost of operation and maintenance	27	493	268	307
Purchase of Stock-in-trade		-	-	-
Changes in inventories of finished goods work-in-progress and stock-in-trade		-	-	-
Employee benefits expense	28	434	245	215
Finance costs	29	8,595	4,484	2,364
Depreciation and amortization expense	30	2,312	978	1,026
Other expenses	31	411	296	331
Total expenses		12,245	6,271	4,243
V. Profit before exceptional and extraordinary items and tax (III -IV)		4,619	2,137	2,935
VI. Minority Interest		3	5	-
VII. Profit before exceptional and extraordinary items and tax (V -VI)		4,616	2,132	2,935
VIII. Exceptional items		-	-	-
IX. Profit before extraordinary items and tax (V -VI)		4,616	2,132	2,935
X. Extraordinary items		-	100	-
XI. Profit before tax (VII-VIII)		4,616	2,032	2,935
XII. Tax Expense :				
(i) Current tax (MAT)		927	412	516
Less : MAT credit entitlement		927	-	-
Net Current Tax		-	-	-
(ii) Earlier years		-	2	2
(iii) Previous Year - Written Off		(12)	-	-
(iv) Provision of tax for earlier years reversed		-	-	-
(v) Fringe benefit tax of earlier year written off		-	-	-
(vi) Deferred tax		621	-	-
XIII. Profit/(loss) from continuing operations (VII-VIII)		4,007	1,618	2,417
XIV. Profit/(loss) from discontinuing operations		-	-	-
XV. Tax expense of discontinuing operations		-	-	-
XVI. Profit/(loss) from discontinuing operations (after tax) (XII-XIII)		-	-	-
XVII. Profit/(loss) for the period (XI + XIV)		4,007	1,618	2,417
XVII Earnings per equity share :				
I. Before Extraordinary items				
(i) Basic		1.53	0.82	1.15
(ii) Diluted		1.47	0.66	1.15
After Extraordinary items				
(i) Basic		1.53	0.77	1.15
(ii) Diluted		1.47	0.62	1.15

CASH FLOW STATEMENT

(Rupees in millions)

S. NO	PARTICULARS	Figures for the Reporting Period		
		Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
A.	Cash flow from operating activities			
	Profit before taxation	4,619	2,036	2,936
	<u>Add Back</u>			
	Depreciation	2,312	949	1,026
	Deferred Revenue on account of advance against depreciation	791	791	791
	Less : Adjustment of tariff			(38)
	(Gain)/Loss on sale of Assets	-	-	-
	Amount written off-Miscellaneous Expenditure	-	29	29
	Interest & financial charges	8,594	4,484	2,364
	<u>Deduct:</u>			
	Interest Income (Interest on bank deposits)	(669)	(873)	(119)
	Interest Income (Interest on Arrears)	(33)	(136)	(147)
	Dividend Income (On Mutual Funds)	-	(5)	-
	Other Income	(6)	(25)	(5)
	Operating profit before working capital changes			
	<u>Add:</u>			
	(Increase)/Decrease in Trade Debtor	(2,747)	483	(834)
	Add: Transfer from amalgamating Company	-	-	536
	(Increase)/Decrease in Inventories	59	35	(168)
	Add: Transfer from amalgamating Company	-	2	14
	(Increase)/Decrease in Long Term/Short Term Loans and Advances and others Current Asses	(4,672)	(1,224)	(7,891)
	Add: Transfer from amalgamating Company	-	2,042	489
	<u>Deduct:</u>			
	Increase (Decrease) in Current Liabilities & Other Long Term Liabilities	7,713	2,545	2,334
	excluding Current Maturities of Long Term Debts			
	Less: Transfer from amalgamating Company	-	(4,780)	(310)
	Increase (Decrease) in Provisions	24	6	8
	Less: Transfer from amalgamating Company	-	(7)	(252)
	Cash generated from Operations	15,985	6,352	764
	<u>Adjustments for :</u>			
	Income tax paid (net of refund)	(907)	(442)	(553)
	Net cash inflow from operating activities----'A'	15,078	5,910	211
B.	Cash flow from Investing activities			
	<u>Outflow</u>			
	Investment in Fixed Assets/Capital Work in Progress	(61,211)	(87,628)	(18,776)
	Less: Transfer from amalgamating Company	-	44,128	-
	Work in Progress	-	-	-
	Investment in Subsidiary	-	(15,859)	(4,000)
	Less: Transfer from amalgamating Company	-	15,859	-
	<u>Inflow</u>			
	Sale of Assets	-	-	-
	Interest Income	713	1,214	166
	Other Income	6	25	5
	Net cash used in investing activities-----'B'	(60,492)	(42,261)	(22,605)
C.	Cash flow from Financing activities			
	<u>Inflow</u>			
	Increase in Share Capital-Minority Interest	109	65	260
	Increase in Long Term Borrowings & Current Maturities of Long Term debt-Net	40,717	65,344	70,321
	Less: Transfer from Transferee Company		(28,763)	(11,449)
	<u>Outflow</u>			
	Interest & financial charges paid	(8,501)	(4,484)	(2,355)
	Decrease in Borrowings	-	-	(11,056)

	Payment of Preliminary Expenses	-	(10)	(1)
	Payment of Dividend and Dividend Distribution Tax	-	-	(430)
	Net cash in financing activities---`C'	32,325	32,152	45,290
D.	CASH AND CASH EQUIVALENT ON AMALGAMATIONS.....'D'	-	609	1,740
	Net increase/(Decrease) in cash or cash equivalent (A+B+C+D)	(13,089)	(3,590)	24,636
	Cash & cash equivalent at the commencement of the year (Opening balance)	22,282	25,872	1,236
	Cash & cash equivalent at the end of the year (closing balance)	9,193	22,282	25,872

Notes to the consolidated financial

Note "3" - Share Capital

(Rupees in Millions)

Particulars	Figures as at the end of reporting period					
	As at March 31, 2012		As at March 31, 2011		As at March 31, 2010	
	Number	Rs.	Number	Rs.	Number	Rs.
Authorised						
Equity shares of Rs. 10/- each	8,300,000,000	83,000	8,300,000,000	83,000	3,900,000,000	39,000
Preference shares of Rs. 10/- each	3,000,000,000	30,000	-	-	-	-
Total	11,300,000,000	113,000	8,300,000,000	83,000	3,900,000,000	39,000
Issued, Subscribed & Paid up						
Equity shares of Rs. 10/- each	2,624,757,123	26,248	2,095,680,200	20,957	2,095,680,200	20,957
Share Capital Suspense Account	-	-	529,076,923	5,291	-	-
Total	2,624,757,123	26,248	2,624,757,123	26,248	2,095,680,200	20,957

Note 3.1 - Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period

Particulars	Figures as at the end of current reporting period					
	Year ended March 31, 2012		Year ended March 31, 2011		Year ended March 31, 2010	
	Number	Rs.	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	2,095,680,200	20,957	2,095,680,200	20,957	491,000,600	49,100
Shares issued during the year	529,076,923	5,291	-	-	1,604,679,600	160,468
Shares brought back during the year	-	-	-	-	-	-
Shares outstanding at the end of the year	2,624,757,123	26,248	2,095,680,200	20,957	2,095,680,200	209,568

Rs. 52,908 lacs was in share suspense account as on 31.03.2011 and 52,90,76,923 equity shares of Rs. 10/- each were allotted during the year consequent to amalgamation of JKHCL and BPSCL with the company from the appointed date i.e. 01.04.2010.

Note 3.2 - The rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital

Equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the board of directors is subject to approval of the shareholders in the ensuing annual general meeting.

Note 3.3 - Equity Shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or by subsidiaries or associates of the holding company or the ultimate holding company in aggregate

178,30,00,600 equity shares are held by Jaiprakash Associates Limited, the holding company.

21,46,22,624 equity shares are held by Jaypee Infraventures (a private company with unlimited liability) associate company of Jaiprakash Associates Limited.

Note 3.4 - Equity Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held

Name of Shareholder	Figures as at the end of reporting period					
	As at March 31, 2012		As at March 31, 2011		As at March 31, 2010	
	No. of equity shares held	% of holding	No. of equity shares held	% of holding	No. of equity shares held	% of holding
Jaiprakash Associates Limited	1,783,000,600	67.930	1,598,000,600	76.252	1,598,000,600	76.252
Jaypee Infraventures (a private company with unlimited liability)	214,622,624	8.177	225,190,622	10.746	225,190,622	10.746
JPVL Trust	344,076,923	13.109	-	-	-	-

Note 3.5 - Equity shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestments, including terms and amounts

The Company had issued 2,000 Nos. 5% Foreign Currency Convertible Bonds (FCCB) of US\$ 1,00,000 each aggregating to US\$ 200 Million at par on 12.02.2010. These Bonds are convertible at the option of the bond-holders into equity shares of Rs. 10/- each fully paid up at the conversion price of Rs. 85.8139 per share, subject to the terms of issue with a fixed exchange rate of Rs. 46.14 equal to US\$ 1 at any time on or after 25.03.2010 and prior to the close of business on 06.02.2015. No conversion has taken place during the financial year 2010-11. Unless previously converted, the bonds are redeemable at maturity on 13.02.2015 representing a YTM of 7% p.a. inclusive of coupon rate of 5% p.a. [value as on 31.03.2011 in US\$ 1,04,263 (Previous Year 1,02,263) for a principal amount of US\$ 1,00,000]. A reserve aggregating to Rs. 393.38 million up to 31.03.2011 (Previous year 208.93 million) has been created for the redemption premium. As on 31.03.2011 the Company has outstanding exposure of US\$ 200 Million against FCCB unhedged, pending conversion into equity share capital. (US\$ 10,34,09,991.91(hedged) is parked overseas pending utilization as on 31.03.2011).

No shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestments

Note 3.6 - Aggregate number and class of equity shares allotted as fully paidup pursuant to contract without payment being received in cash, allotment by way of bonus shares or shares bought back

Particulars	Year (Aggregate No. of shares)		
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Equity Shares			
Fully paid up for consideration other than cash in terms of Scheme of Amalgamation effective from 14.12.2009	1,604,679,600	1,604,679,600	1,604,679,600
Fully paid up for consideration other than cash in terms of Scheme of Amalgamation effective from 26.07.2011	529,076,923	529,076,923	
Fully paid up by way of bonus shares	-	-	
Shares bought back	-	-	

Note 3.7 - Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date

Particulars	Figures as at the end of reporting period					
	As at March 31, 2012		As at March 31, 2011		As at March 31, 2010	
	Number	Rs.	Number	Rs.	Number	Rs.
5% Foreign Currency Convertible Bonds (FCCB)	107,535,026	1,075	107,535,026	1,075	107,535,026	1,075

Note 3.8 - Calls unpaid (showing aggregate value of calls unpaid by directors and officers)

There are no calls unpaid by directors and officers of the company

Note 3.9 - Forfeited shares (amount originally paid up)

No shares have been forfeited

Note “4” – Reserves and Surplus

(Rupees in millions)

Particulars	Figures as at the end of reporting period		
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
1. Securities Premium Reserve		-	
Opening Balance	434	2,860	-
Add : Transfer from Amalgamating Company	-	-	3,930
Less : Transfer to Provision for Premium on Redemption of Debentures	434	2,426	1,070
	-	434	2,860
2. Debenture Redemption Reserve			
Opening Balance	2,777	483	480
Add : Provisions for the year	2,774	2,774	3
Add : Transfer from Amalgamating Company	-	-	290
Less : Transfer to P&L a/c on redemption	-	480	290
	5,551	2,777	483
3. General Reserve			
Opening Balance	479	479	179
Add : Transfer from P&A a/c	-	-	300
	479	479	479
4. Capital Reserve on Amalgamation			
Opening Balance	13,441	-	-
Add : On amalgamation of JKHCL & BPSCL	-	23,069	-

Particulars	Figures as at the end of reporting period		
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Less : Goodwill written off	-	9,628	-
	13,441	13,441	-
5. Reserve for Premium on Foreign Currency Convertible Bonds			
Opening Balance	209	24	-
Add : Provisions for the year	185	185	24
	394	209	24
6. Surplus			
Opening Balance	8,076	8,887	5,183
Add : Profit transferred from Amalgamating Company	-	(20)	1,014
Add : Profit After Tax during the year	4,007	1,618	2,417
Add : Debenture Redemption Reserve Written Back	-	480	-
Add : MAT credit for earlier years	2,320	-	-
Less : Deferred tax liability of earlier years	621	-	-
Less : Debenture Redemption Reserve for the year	2,774	2,774	(290)
Less : Provision for Premium on Redemption of Debenture	2,351	-	3
Add : Minority Share holders interest for appropriation	3	5	-
Add : Amortisation of goodwill reversed on a/c of amalgamation of BPSCL	-	75	-
Less : Reserve for Premium on Foreign Currency Convertible Bonds	185	185	24
	8,475	8,076	8,877
Total	28,340	25,416	12,723

Note "5" - Minority interest (in subsidiaries)

(Rupees in millions)

Particulars	Figures as at the end of reporting period		
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Minority interest (in subsidiaries)	759	650	585
Total	759	650	585

Note "6 " Deferred Revenue

(Rupees in millions)

Particulars	Figures as at the end of reporting period		
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Advance against depreciation			
Opening Balance	3,131	2,340	776
Addition during the year	790	790	1,602
Less : Adjustment of Traiff for FY 04 to FY 08	-	-	38
Total	3,921	3,130	2,340

Non Current Liabilities

Notes "7" - Long-term borrowings

(Rupees in millions)

Particulars	Figures as at the end of reporting period		
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
"A" Secured Loans			
Bonds/Debentures			
Redeemable Non-Convertible Debentures	9,826	19,826	11,649
Term Loans			
Rupee Loan			
- from Financial Institutions	20,464	19,266	8,878
- from Banks	114,935	74,927	33,097
Foreign Currency Loan			
- from Banks	17	25	-
- from Financial Institutions	791	6,480	1,059
Working Capital - From Banks	60	180	-
Deferred payment liabilities			
Foreign Currency - Buyer's Credit	387	480	801
Total "A"	146,480	121,184	55,484
"B" Unsecured Loans			
- Foreign Currency Convertible Bonds	10,260	8,940	9,030
<u>Others</u>			
Govt. of Uttrakhand	50	50	100
Total "B"	10,310	8,990	9,130
Total "A + B"	156,790	130,174	64,614

Note "8" - Deferred Tax Liabilities (Net)

(Rupees in millions)

Particulars	Figures as at the end of reporting period		
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Deferred tax liability			
On account of depreciation	1,645	-	-
Total 'A'	1,645	-	-
Deferred tax assets			
On account of loss as per income tax return	389	-	-
On account of employee benefits	13	-	-
Total 'B'	402	-	-
Total 'A - B'	1,243	-	-

Notes "9" - Other Long Term Liabilities

(Rupees in millions)

Particulars	Figures as at the end of reporting period		
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Trade Payables	501	235	-
Others	126	740	-
Total	627	975	-

Notes "10" - Long Term Provisions

(Rupees in millions)

Particulars	Figures as at the end of reporting period		
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Provision for employee benefits			
Gratuity	4	1	-
Leave Encashment	17	19	-
Others			
Wealth Tax	-	-	-
Income Tax	1,030	1,025	-
Premium on redemption of debentures	2,511	2,426	-
Total	3,562	3,471	-

Current Liabilities

Note "11" - Short-term borrowings

(Rupees in millions)

Particulars	Figures as at the end of reporting period		
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Secured Loans		-	
Loans repayable on demand		-	
Rupee Loan		-	

Particulars	Figures as at the end of reporting period		
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
- from Banks	-	504	-
Working Capital - From Banks	5	4	3,500
Total	5	508	3,500

Note '12' - Trade Payables

(Rupees in millions)

Particulars	Figures as at the end of reporting period		
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Trade Payables	12,041	3,954	2,016
Others			
Provident Fund Payable	5	3	1
Total	12,046	3,957	2,017

Note '13' - Other Current Liabilities

(Rupees in millions)

Particulars	Figures as at the end of reporting period		
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
i) Current maturities of long-term debt			
"A" Secured Loans			
Bonds/Debentures		-	
Redeemable Non-Convertible Debentures	10,000	-	-
Term Loans			
- from Financial Institutions	382	201	-
- from Banks	6,599	2,081	-
Foreign Currency Loan			
- from Banks	13	13	-
- from Financial Institutions	39	148	-
- from other parties		-	
Foreign Currency Loan		-	
- from Buyers' Credit	174	161	-
Working Capital			
- from Banks	120	120	-
"B" Unsecured Loans			
Govt. of Uttarakhand	50	50	-
ii) Interest accrued but not due on borrowings	320	226	139
iii) Unpaid Dividend	19	19	20
iv) Other payables	150	177	573
Total	17,866	3,196	732

Notes '14' - Short Term Provisions

(Rupees in millions)

Particulars	Figures as at the end of reporting period		
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
a) Provision for employee benefits			
Gratuity	6	1	4
Leave			
Encashment	6	-	13
Bonus & Incentive	18	6	5
b) Others			
Income Tax	927	189	989
Premium on redemption of debentures	2,699	-	-
Total	3,656	196	1,011

S.No.	PARTICULARS	GROSS CARRYING AMOUNTS					DEPRECIATION / AMORTIZATION					(Rupees in millions)	
		NET CARRYING AMOUNT											
		As on April 1, 2009	Assets transferred on Amalgamation / Acquisition	Additions during the Period	Disposals during the Period	As on March 31, 2010	Upto March 31, 2009	Assets transferred on Amalgamation / Acquisition	For the Period	Disposals during the Period	Upto March 31, 2010	As on March 31, 2010	As on March 31, 2009
1	Goodwill	-	10,698	-	-	10,698	-	-	1,070	-	1,070	9,628	-
2	Goodwill on Consolidation	-	-	751	-	751	-	-	75	-	75	676	-
3	Land												
	Lease Hold	16	82	11	-	109	2	8	3	-	13	96	14
	Free Hold	78	139	956	-	1,173	-	-	-	-	-	1,173	78
4	Buildings	766	726	315	-	1,807	73	33	24	-	129	1,678	693
5	Plant & Machinery	17,596	16,126	166	262	33,626	2,549	1,206	921	-	4,676	28,950	15,047
6	Capital Expenditure on Assets not owned by the Company (Roads)	-	27	-	-	27	-	27	-	-	27	-	-
7	Office Equipments	7	13	18	-	38	3	3	3	-	8	29	4
8	Vehicles	17	26	16	2	57	11	4	5	1	19	38	6
9	Furniture & Fixture	7	5	5	-	17	3	2	2	-	7	10	4
	Total	18,487	27,842	2,238	264	48,303	2,641	1,283	2,102	1	6,025	42,278	15,846
	PREVIOUS PERIOD	17,227	-	1,261	1	18,487	2,172	-	470	1	2,641	15,846	

2011
Note '15' - Fixed Assets

(Rs. in Millions)

S.No.	Particulars	Gross Block					Depreciation					As at March 31, 2011	As at March 31, 2010
		As at April 1, 2010	Assets Acquired on Amalgamation (JKHCL)	Additions during the Year	Sale /Transfer During the Year	As at March 31, 2011	Upto March 31, 2010	On Assets Acquired on Amalgamation (JKHCL)	For the Year	Sale /Transfer During the Year	Upto March 31, 2011		
1	GOODWILL	10,698	-	-	10,698	-	1,070	-	-	1,070	-	-	9,628
2	GOODWILL ON CONSOLIDATION	751	-	-	749	2	75	-	-	75	-	2	676
3	LAND												
	Lease hold Land	109	175	64	-	348	13	-	58	-	71	277	96
	Freehold Land	1,173	245	498	-	1,916	-	-	-	-	-	1,916	1,173
4	BUILDING, ROAD & BRIDGES	1,807	-	25	-	1,832	129	-	30	-	159	1,673	1,678
5	HYDRAULIC WORKS	15,600	-	-	-	15,600	1,939	-	423	-	2,362	13,238	13,661
6	TRANSMISSION LINE	2,379	-	-	-	2,379	437	-	65	-	502	1,877	1,942
7	PLANT AND MACHINERY	15,647	-	75	13 *	15,709	2,300	-	433	-	2,733	12,976	13,347
8	FURNITURE & FIXTURES	17	1	8	-	26	7	-	2	-	9	17	10
9	OFFICE EQUIPMENT	38	14	30	-	82	9	1	6	-	16	66	29
10	VEHICLES	57	7	34	2	96	19	1	6	-	26	70	38
11	CAPITAL EXPENDITURE ON ASSETS NOT OWNED BY THE COMPANY	27	-	-	-	27	27	-	-	-	27	-	-
12	INTANGIBLE ASSETS	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL		48,303	442	734	11,462	38,017	6,025	2	1,023	1,145	5,905	32,112	42,278
Previous Year 31.03.2010		18,487	27,842	2,238	264	48,303	2,641	1,283	2,102	1	6,025	42,278	
CAPITAL WORK IN PROGRESS												93,211	15,701

- Note:**
- Depreciation on Assets of Projects under implementation amounting to Rs. 72 Million (Previous Year Rs. 7 Million) has been charged to Pre-operative Expenses of New Projects pending Capitalisation.
 - Goodwill created on earlier amalgamation as per Sl. No. 1 above has been written off through Amalgamation Reserve as per scheme of amalgamation effective from 26.07.2011.
 - Goodwill on consolidation has been reversed on account of BPSCIL, amalgamating with the company consequently extinguishing as subsidiary of the company w.e.f.01.04.2010.
 - Amount mentioned at * Rs. 13 Million is on account of exchange fluctuation profit / (loss) on the valuation of Foreign Currency Loans taken for purchase of Plant & Machinery at the exchange rate prevailing on the date of Balance Sheet.

2012
Note '15' - Fixed Assets
Note '15 A' - Tangible Assets

(Rupees in Millions)													
S.No.	PARTICULARS	GROSS CARRYING AMOUNT					DEPRECIATION / AMORTIZATION					NET CARRYING AMOUNT	
		As on April 1, 2011	Additions during the Year	Disposals during the Year	Other Adjustments	As on March 31, 2012	Upto March 31, 2011	For the Year	Disposals during the Year	Other Adjustments	Upto March 31, 2012	As on March 31, 2012	As on March 31, 2011
1	Goodwill on Consolidation	2	-	-	-	2	-	-	-	-	-	2	2
2	Land												
	Lease Hold	348	6	-	-	354	71	14	-	-	85	269	277
	Free Hold	1,916	2	-	-	1,918	-	-	-	-	-	1,918	1,916
3	Buildings	1,859	737	-	-	2,596	187	41	-	-	228	2,368	1,672
4	Plant & Machinery	33,709	67,828	-	202	101,739	5,600	2,274	-	-	7,874	93,865	28,109
5	Furniture & Fixture	26	9	-	-	35	9	5	-	-	14	21	17
6	Vehicles	97	14	1	-	110	25	8	1	-	32	78	72
7	Office Equipments	60	38	-	-	98	13	6	-	-	19	79	47
	Total	38,017	68,634	1	202	106,852	5,905	2,348	1	-	8,252	98,600	32,112
	PREVIOUS YEAR	48,303	1,176	11,449	13	38,017	6,025	1,025	1,145	-	5,905	32,112	

Note :

- Depreciation on Assets of Projects under implementation amounting to Rs. 36 million (Previous Year 71 million) has been charged to Pre-operative Expenses of New Projects pending Capitalisation.
- Other adjustment is on account of exchange fluctuation (profit) / loss on the valuation of Foreign Currency Loans for the purchase of Plant & Machinery at the exchange rate prevailing on the date of Balance Sheet.

Note '15 B' - Intangible Assets

S.No.	PARTICULARS	GROSS CARRYING AMOUNT					DEPRECIATION / AMORTIZATION					NET CARRYING AMOUNT	
		As on April 1, 2011	Additions during the Year	Disposals during the Year	Other Adjustments	As on March 31, 2012	Upto March 31, 2011	For the Year	Disposals during the Year	Other Adjustments	Upto March 31, 2012	As on March 31, 2012	As on March 31, 2011
1	Intangible Assets-Computer Software	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-	-	-	-
	PREVIOUS YEAR	1	-	-	-	1	1	-	-	-	1	-	-

Note '15 C' : Capital work in progress and Incidental expenditure during construction pending allocation

(Rupees in millions)

Sl. No.	Particulars	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
A.	Direct cost of project under construction			
	Opening Balance	79,142	15,701	1956
	Add : Addition during the year	48,287	63,441	13745
	Less : Capitalisation during the year	53,942	-	0
	Balance Capital Work in Progress	73,487	79,142	15,701
B.	Incidental Expenditure During Construction pending allocation			
	Opening Balance	24,101	8,223	559
	Add : Transfer from amalgamation			1463
	Add : Addition during the year			
	Employee Benefit Expense	340	291	131
	Finance Costs	7,071	8,014	3355
	Depreciation and amortization expenses	44	50	7
	Other Expenses	3,719	8,240	2884
	Less : Other income	(986)	717	176
		12,160	15,878	6,201
	Less : Capitalisation during the year	14,095	-	-
	Balance Incidental expenditure during construction pending allocation	22,166	24,101	8,223
	Total A + B	95,653	103,243	23,924

Note '16' : Non-current investments

(Rupees in Millions)

Particulars	Figures as at the end of reporting period		
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Investments in Equity Instruments			
INVESTMENTS (AT COST)			
Investments in Subsidiary Companies			
Un-Quoted			
i) 40,00,00,000 equity shares of Rs.10/- each fully paid up of			
Jaypee Karcham Hydro Corporation Ltd	-	-	4,000
Investment in Beneficiary Trust			
JPVL Trust A/c	19,859	19,859	-
TOTAL	19,859	19,859	4,000

Note '17' : Deferred tax assets (net)

(Rupees in million)

Particulars	Figures as at the end of reporting period		
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Deferred tax assets	-	-	-
Total	-	-	-

Note `18' : Long-term loans and advances

(Rupees in millions)

Particulars	Figures as at the end of reporting period		
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Secured Considered Good	-	-	-
Unsecured considered good			
Capital Advance	15,576	13,077	-
Security Deposits			
Considered good / doubtful			
a) With Govt. Deptt.	981	834	787
b) With Jaiprakash Associates Ltd.	10	10	-
b) With Others	293	1	14
Loans and advances to related parties	1,932	466	-
Other loans and advances	-	-	-
Advance Income Tax and TDS	1,057	275	1,028
Advances to suppliers	909	400	-
Total	20,758	15,063	1,829

Note `19' : Other non-current assets

(Rupees in millions)

Particulars	Figures as at the end of reporting period		
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Long term trade receivables	354	443	1,526
Others			
Interest receivable from HPSEB	159	159	371
Pre-paid Expenses	453	456	390
Total	966	1,058	2,287

Current Assets

Note '20' – Inventories

(Rupees in millions)

Particulars	Figures as at the end of reporting period		
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Raw Material	-	-	-
Work-in-progress	-	-	-
Stores and Spares - at weighted average cost	490	549	217
Others	-	-	-
Total	490	549	217

Note '21' - Trade receivables**(Rupees in millions)**

Particulars	Figures as at the end of reporting period		
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Unsecured considered good			
Due for a period exceeding six months	506	526	-
Due for a period less than six months	3,798	1,030	1,045
Total	4,304	1,556	1,045

Note '22' - Cash and cash equivalents**(Rupees in millions)**

Particulars	Figures as at the end of reporting period		
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Balances with Scheduled Banks			
(i) In Current Account	427	2,851	2,369
(ii) In Fixed Deposits	723	-	-
(a) Having maturity of more than twelve months	5,753	12,522	-
(b) Other deposits	120	626	21,561
(iii) In Fixed Deposits pledged with Govt. Deptt./ Banks having a maturity of less than twelve months	-	-	15
(iv) Trust & Retention account			
(a) In Current Account	1,118	3,392	435
(b) In Fixed Deposits having a maturity of less than twelve months	1,026	2,864	1,468
(v) In Unpaid Dividend account	19	19	20
Cheques, draft on hand	-	-	-
Cash In hand	6	7	4
Total	9,192	22,281	25,872

Note '23' - Short-term loans and advances**(Rupees in millions)**

Particulars	Figures as at the end of reporting period		
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Others			
Unsecured, considered Good Advances recoverable in cash or in kind or for value to be received	557	578	6,979
Staff Imprest & Advance	7	4	2
MAT credit entitlement	3,247	-	-
Advance Tax & Tax Deducted at Source	1,018	1,064	-
Total	4,829	1,646	6,981

Note '24' - Other current assets**(Rupees in millions)**

Particulars	Figures as at the end of reporting period		
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Interest accrued on FDR with Banks	136	147	24
Prepaid Expenses	276	407	25
Total	412	554	49

Consolidated notes on financial statement**(Rupees in Millions)**

PARTICULARS	Figures for the reporting period		
	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Note '25' - Revenue From Operations			
<u>Sale of Products</u>			
Sale of Electrical Energy (Net of advance against depreciation)	15,914	7,098	6,594
Less: Rebate for prompt payments	157	111	98
	15,757	6,987	6,496
<u>Other Operating Revenues</u>			
Sale of Verified Emission Reduction (VERs)	399	382	411
Total	16,156	7,369	6,907

(Rupees in millions)

Note '26' - Other Income	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Interest on deposits with banks	669	872	119
Interest from others	33	136	147
Dividend received on Mutual Funds	-	5	-
<u>Other non-operating income</u>			
Profit on sale of Fixed Assets	0	-	-
Misc. Receipts	6	26	5
Total	708	1,039	271

(Rupees in millions)

Note '27' - Cost of Operation and Maintenance	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Stores and Spares Consumed	44	37	30
Repair & Maintenance - Buildings	14	10	10
Repair & Maintenance - Plant & Machinery	156	164	207
Operation and Maintenance Expenses	193	16	21

Note '27' - Cost of Operation and Maintenance	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Insurance	86	41	39
Total	493	268	307

(Rupees in millions)

Note '28' - Employee Benefit Expense	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Salary , Wages & Bonus	336	199	166
Contribution to Provident and Other Funds	16	9	9
Gratuity	5	5	3
Leave Encashment	5	1	5
Workmen and Staff Welfare	18	15	15
Directors' Remuneration	54	16	17
Total	434	245	215

(Rupees in millions)

Note '29' - Finance Costs	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Interest			
Debentures	-	22	241
Foreign Currency Loan	34	36	-
Term Loans	8,115	3,995	1,899
Working Capital	30	48	68
	8,179	4,101	2,208
Financial charges			
DPG Commission	11	13	17
Prepayment Premium	-	91	-
Front end fee and other charges	264	276	137
Security & Trusteeship Fee	141	3	2
	416	383	156
Total	8,595	4,484	2,364

(Rupees in millions)

Note '30' - Depreciation and amortization expenses	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Depreciation	2,301	946	1,026
Amortization of Lease Hold Land and miscellaneous expenditure	11	32	-
Total	2,312	978	1,026

(Rupees in millions)

Note '31' - Other Expenses	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Rent	4	4	6
Lease Rent of land	6	6	6
Advertisement	122	17	45
Telephone and Telex	2	1	1
Gas, Water and Electricity	54	33	33
Courier & Postage	5	8	10
Freight and Octroi	13	6	-
Printing & Stationery	6	9	7
Travelling & Conveyance	25	21	17
Taxes & Fees	16	5	1
Consultancy, Legal & Professional Fee	76	157	145
Listing & Custodia Fee	5	6	4
Vehicle Running & Maintenance	8	6	5
Director's Sitting Fee	2	2	4
Miscellaneous Expenses	62	10	44
Internal Auditor Fee	1	1	1
<u>Auditor's Remuneration</u>			
For Audit	4	4	2
For Tax Audit	-	-	-
For Other Services	-	-	-
Re-imbursement of Expenses	-	-	-
TOTAL	411	296	331

Note 32

The Consolidated Financial Statements present the Consolidated Accounts of Jaiprakash Power Ventures Limited with its following Subsidiaries:

Sl. No.	Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest
[a]	Jaypee Powergrid Limited	India	74%
[b]	Prayagraj Power Generation Company Limited	India	100%
[c]	Sangam Power Generation Company Limited	India	100%
[d]	Jaypee Arunachal Power Limited	India	100%

Sl. No.	Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest
[e]	Jaypee Meghalaya Power Limited	India	100%

Note 33

Significant Accounting Policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the Companies.

Recognising this purpose, the Company has disclosed such Policies and Notes in the individual financial statements, which fairly present the needed disclosures.

Note 34

In the opinion of the Board of Directors, the "Non Current Assets and Long Term Loans and Advances", have a value on realisation, in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet.

Note 35

Disclosure as required under Notification No. G.S.R. 719 (E) dated 16th November, 2007 issued by the Ministry of Corporate Affairs (As certified by the Management):

(Rupees in Million)

Sl. No.	Particulars	Figures as at the end of reporting period		
		As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
a)	The principal amount and interest due thereon remaining unpaid to any supplier			
	-Principal Amount	Nil	Nil	Nil
	-Interest Amount	Nil	Nil	Nil
b)	The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of payment made to the suppliers beyond the appointed day.	Nil	Nil	Nil
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during period) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil	Nil
d)	The amount of interest accrued and remaining unpaid	Nil	Nil	Nil

Sl. No.	Particulars	Figures as at the end of reporting period		
		As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
e)	The amount of further interest remaining due and payable even in the succeeding period, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil	Nil

Note 36 Contingent Liabilities

(Rupees in millions)

Sl. No.	Particulars		Figures for the reporting period		
			As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
(i)	Outstanding amount of Letter of Credit		4,833	1,645	305
	Margin Money deposited against the above		24	21	14
(ii)	Outstanding amount of Bank Guarantee		2,103	1,260	1,004
	Margin Money deposited against the above		80	66	10
(iii)	Estimated amount of Contracts remaining to be executed on capital account and not provided for	INR	102,708	110,104	43,456
		USD	308	374	2,690
		Euro	310	318	227
		JPY	28,415	32,158	23,053
		Can Doll.	-	-	-
(iv)	Claims against the Company not acknowledged as debts		417	22	44
(v)	Income Tax matters under appeal		80	190	-
(vi)	The Government of Himachal Pradesh has imposed entry tax on the goods entering the state of Himachal Pradesh. This was challenged by the Company before the Hon'ble High Court of Himachal Pradesh at Shimla. The Hon'ble High Court passed an interim order that tax paid by the petitioner would be treated as deposit and not as tax payment. The final decision of Hon'ble High Court is awaited. The total liability as at 31st March, 2012 is Rs. 3,36.36 Million (Previous Year Rs. 2,71.47 Million) against which Company has deposited Rs. 1,83.45 Million.				

Note 37

Related Party Disclosures, as required in terms of "Accounting Standard [AS] 18" are given below:

- (1) Relationships (Related party relationships are as identified by the Company and relied upon by the Auditors)

(a) Holding Company

Jaiprakash Associates Limited

(b) Fellow Subsidiary Companies:

- (1) Jaypee Ganga Infrastructure Corporation Limited
- (2) Himalyan Expressway Limited
- (3) Jaypee Infratech Limited
- (4) Jaypee Sports International Limited
- (5) Jaypee Cement Corporation Limited
- (6) Bhilai Jaypee Cement Limited
- (7) Bokaro Jaypee Cement Limited
- (8) Gujarat Jaypee Cement & Infrastructure Limited
- (9) Jaypee Agra Vikas Limited
- (10) Jaypee Fertilizers & Industries Limited
- (11) Jaypee Assam Cement limited (w.e.f. 30.08.2011)
- (12) Himalayaputra Aviation Limited (w.e.f. 23.07.2011)

(c) Associate Companies / Concerns :

- (1) Jaypee Infra Ventures (A Private Company with unlimited liability)-(The erstwhile Jaypee Ventures Private limited merged in the Company w.e.f. 01.04.2011, the appointed date)
- (2) Jaypee Development Corporation Limited (subsidiary of Jaypee Ventures (A Private Company with unlimited liability))
- (3) JIL Information Technology Limited (subsidiary of Jaypee Ventures (A Private Company with unlimited liability))
- (4) Gaur & Nagi Limited (subsidiary of JIL Information Technology Limited)
- (5) Indesign Enterprises Pvt. Limited (subsidiary of Jaypee Ventures (A Private Company with unlimited liability))
- (6) Indus Hotels UK Limited (subsidiary of Indesign Enterprises Pvt. Limited) (upto 15.07.2011)
- (7) GM Global Mineral Mining Private Limited (Subsidiary of Indesign Enterprises Pvt. Limited)
- (8) Jaiprakash Agri Initiatives Company Limited (subsidiary of Jaypee Ventures (A Private Company with unlimited liability))
- (9) Jaypee International Logistics Company Private Limited (subsidiary of Jaypee Ventures (A Private Company with unlimited liability))
- (10) Tiger Hills Holiday Resort Private Limited (subsidiary of Jaypee Development Corporation Limited)
- (11) Anvi Hotels Private Limited (subsidiary of Jaypee Ventures (A Private Company with unlimited liability))
- (12) Jaypee Uttar Bharat Vikas Private Limited
- (13) Kanpur Fertilisers and Cement limited (subsidiary of Jaypee Uttar Bharat Vikas Pvt. Limited)
- (14) RPJ Minerals Private Limited
- (15) Sarveshwari Stone Products Pvt. Ltd. (subsidiary of RPJ Minerals Private Limited)
- (16) Rock Solid Cement Limited (subsidiary of RPJ Minerals Private Limited)
- (17) Sonebhadra Minerals Private Limited
- (18) MP Jaypee Coal Limited
- (19) Madhya Pradesh Jaypee Minerals Limited
- (20) MP Jaypee Coal Fields Limited
- (21) Jaiprakash Kashmir Energy Limited
- (22) Jaypee Hotels Limited
- (23) Jaypee Mining Venture Private Limited
- (24) Ceekay Estate Private Limited.
- (25) Pac Pharma Drugs and Chemicals Private Limited
- (26) Akasva Associates Private Limited
- (27) Sparton Growth Fund Private Limited- Upto 30.6.2011
- (28) Jaiprakash Exports Private Limited
- (29) Bhumi Estate Developers Private Limited
- (30) Jaypee Technical Consultants Private Limited

- (31) Essjay Enterprises Private Limited-Upto 30.6.2011
- (32) Angad Growth Fund Private Limited-Upto 30.6.2011
- (33) Andhra Cements Limited (subsidiary of Jaypee Development Corporation Limited (w.e.f. 10.02.2012)

(d) Key management Personnel:

(i) Jaiprakash Power Ventures Limited

- (1) Shri Manoj Gaur, Chairman
- (2) Shri Sunil Kumar Sharma, Vice Chairman and CEO
- (3) Shri Suren Jain, Managing Director and CFO
- (4) Shri R.K. Narang, Whole-time Director
- (5) Shri Suresh Chandra, Whole-time Director
- (6) Shri Dharam Paul Goyal, Whole-time Director (w.e.f. 12.08.2011)*
- (7) Shri Parveen Kumar Singh, Whole-time Director (w.e.f. 12.08.2011)*
- (8) Shri Ravindra Mohan Chadha, Whole-time Director (w.e.f. 12.08.2011)*
- (9) Shri P.K.Jain, Whole Time Director of erstwhile Bina Power Supply Company Limited (up to 30.06.2011)
- (10) Shri V.K.Sriwastava, Whole Time Director of erstwhile Bina Power Supply Company Limited (up to 25.07.2011)

* Shri Dharam Paul Goyal was Managing Director of erstwhile Jaypee Karcham Hydro Corporation Limited (JKHCL) up to 11.08.2011 and Shri Ravindra Mohan Chadha & Shri Praveen Kumar Singh were Whole-time Directors of erstwhile JKHCL up to 11.08.2011

(ii) Jaypee Powergrid Limited

- (1) Shri Rajiv Ranjan Bhardwaj, Managing Director
- (2) Shri Prabhakar Singh, Whole-time Director

(iii) Prayagraj Power Generation Company Limited

- (1) Shri Rakesh Sharma, Managing Director (Up to 31.03.2012)
- (2) Shri H.K.Sharma, Managing Director (w.e.f. 01.03.2012)
- (3) Shri Ramesh Chandra Shrivastav, Whole-time Director (up to 16.04.2011)

(iv) Sangam Power Generation Company Limited

- (1) Shri Rakesh Sharma, Managing Director (Up to 12.05.2011)
- (2) Shri Siddheshwar Sen, Whole-time Director
- (3) Shri V.K.Agarwal, Whole-time Director (Up to 03.11.2011)

(v) Jaypee Arunachal Power Limited

- (1) Shri Pankaj Gaur, Managing Director

(2) **Transactions carried out with related parties referred to above:**

(Rupees in millions)

Name of Transactions	Related Parties			
	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above	Referred in 1(d) above
Expenses				
Hiring Charges -2012	19			
Year 2011	4			
Year 2010	2			
Rent -2012	2			
Year 2011	4			
Year 2010	6			
Cement-2012	977			
Year 2011	564			
Year 2010	-			
Sale of Energy	2,056			
Year 2011	-			
Year 2010	-			
Other Expenses-2012	64	15	10	
Year 2011	102	-	15	
Year 2010	9	-	26	
Consultancy-2012			113	
Year 2011			-	
Year 2010	-		66	
Salary & Perquisites-2012	-			86
Year 2011	-			73
Year 2010	-			44
Services Availied-2012	-		53	
Year 2011	-		100	
Year 2010	1		11	
Execution of Work-2012	10,195			
Year 2011	15,728			
Year 2010	926			
<u>Outstandings</u>				
<u>- Payables</u>				
Amount payable	1,856	-	20	1
Year 2011	2,453	-	8	2
Year 2010	136	-	-	-
<u>Outstandings</u>				
<u>- Receivables</u>				
Amount receivable-2012	928	-	-	-
Year 2011	677	-	-	-
Year 2010	282			

Investment in shares

Year 2011	-	-	-	-
Year 2010	-	4,000	-	-

Guarantees given by the holding Company on behalf of the Company have been mentioned elsewhere in the Notes to Financial Statements.

Note 38

Earnings Per Share is computed in accordance with Accounting Standard –20 issued by the Institute of Chartered Accountants of India.

(Rupees in Million)

	Particulars	Figures for the reporting period		
		Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
[a]	Net Profit for Basic Earnings Per Share as per Profit & Loss Account	4,007	1,618	2,418
	Adjustment for the purpose of Diluted Earnings Per Share	-	-	-
	Net Profit for Diluted Earnings Per Share	4,007	1,618	2,418
[b]	Weighted average number of equity shares for Earnings Per Share computation:			
[i]	Number of Equity Shares at the beginning of the year	2,095,680,200	2,095,680,200	491,000,600
[ii]	Number of Shares allotted on amalgamation	529,076,923	-	-
[iii]	Number of Shares to be allotted on amalgamation	-	529,076,923	1,604,679,600
[iv]	Weighted average shares to be allotted during the year on Amalgamation	-	394,872,741	2,095,680,200
[v]	Number of potential Equity Shares	107,535,026	107,535,026	13,846,976
[vi]	Weighted average No. of Shares for calculating:			
[a]	Basic Earnings Per Share	2,624,757,123	2,095,680,200	2,095,680,200
[b]	Diluted Earnings Per Share	2,732,292,149	2,598,087,967	2,109,527,176
[c]	Earnings Per Share			
[i]	Basic	Rs. 1.53	Rs. 0.77	Rs. 1.15
[ii]	Diluted	Rs. 1.47	Rs. 0.62	Rs. 1.15
[d]	Face Value Per Share	Rs. 10	Rs. 10	Rs. 10

Note 39

Provisions for Taxation have been made as per individual accounts of the Companies.

Note 40

- (a) Jaiprakash Associates Limited (JAL), the holding company of Jaiprakash Power Ventures Ltd.(JPVL), has furnished Corporate Guarantees for the financial assistance outstanding as on 31.03.2012 amounting to Rs. 1,028.94 Million (Previous Year Rs. 1,278.70 Million) in respect of 300 MW Baspa II HEP to the Financial Institutions and Banks.
- (b) JAL, the holding company has furnished Corporate Guarantees for financial assistance outstanding as on 31.03.2012 amounting to US\$ 16.18 Million (Previous Year US\$ 19.26 Million) in respect of 400 MW Vishnuprayag HEP.
- (c) JAL, the holding company has pledged 629.1 Million (Previous year 629.1 Million) equity shares of Rs.10/- each of JPVL held by it for the financial assistance given in respect of Baspa-II HEP, Vishnuprayag HEP and Nigrie Project.
- (d) JAL the holding company has pledged 527.9 Million (Previous Year 454.6 Million) equity shares of Rs.10/- each of JPVL for Corporate Loan of for Rs.10,000 Million.
- (e) (i) 8,40,00,000 equity shares of Rs. 10/- each fully paid (Previous year 7,50,00,000) held by the Company of Jaypee Powergrid Ltd. (Subsidiary Company) are pledged with IDBI Trusteeship Services Ltd., as collateral security for the financial assistance granted by lenders to Jaypee Powergrid Ltd.
- (ii) 35,35,26,798 equity shares of Rs. 10/- each fully paid (Previous year 25,96,86,798) held by the

Company of Prayagraj Power Generation Co. Ltd. (Subsidiary Company) are pledged with SBI Cap Trusteeship Services Ltd., as collateral security for the financial assistance granted by lenders to Prayagraj Power Generation Co. Ltd.

- (f) (i) JAL, the Holding Company has furnished Performance Guarantees of Rs. 954.91 Million to Prayagraj Power Generation Company Limited in respect of E & C Contract given by them to JAL.
- (ii) JAL, the Holding Company has furnished Performance Bank Guarantees of Rs.1,500 Million to five Subsidiaries of UPPCL on behalf of Prayagraj Power Generation Company Limited in respect of Tariff based bidding process for sale of Power.
- (iii) JAL, the Holding Company has furnished Performance Bank Guarantees of Rs.990 Million to five Subsidiaries of UPPCL on behalf of Sangam Power Generation Company Limited in respect of Tariff based bidding process for sale of Power.

Note 41

300 MW BASPA-II HEP: The Company has claimed tax on income (Minimum Alternate Tax) as per actual during the tax holiday period available to the Company under section 80 –IA of the Income Tax Act, 1961. Appellate Tribunal of Electricity has also confirmed the claim of the Company. HPSEB has filed an appeal with Hon’ble Supreme Court of India against the same. Accordingly the receivables to the extent of Rs.860.7 Million (Previous year Rs. 769.8 Million) from HPSEB are subject to final decision on the application/ appeal and other legal remedies.

Note: 42

- (a) A Power Purchase Agreement (PPA) for sale of 704 MW power, out of 1000 MW power from the Karcham Wangtoo HEP to Power Trading Corporation (India) Limited (PTC) was executed by erstwhile JKHCL (since merged with the Company) on 21st March, 2006 for a term of 35 years with the stipulation that the tariff for sale of power shall be as approved by Central Electricity Regulatory Commission (CERC) based on the completion cost to be approved by Central Electricity Authority (CEA)/Central Electricity Regulatory Commission. It was subsequently found that the Electricity Act, 2003, does not provide for the determination of tariff for sale of power by a Generating Company to a Trading company and therefore based on the legal opinion the said PPA was considered to be void and PTC was informed accordingly. PTC had approached the Hon’ble High Court of Delhi with a prayer for restraining the Company from entering into agreement for sale of aforesaid power to any third party which was rejected. The PTC then filed a SLP in the Hon’ble Supreme Court against the order of Hon’ble High Court of Delhi, which is pending.

During the proceedings before Hon’ble High Court of Delhi, PTC invoked the arbitration clause of the PPA against Company’s stand that the PPA was void and an Arbitral Tribunal consisting of three members was constituted. The Arbitral Tribunal, by its majority Award dated 28th April, 2011, dismissed the claim of PTC and declared the PPA to be void. PTC challenged the said Award before the Hon’ble High Court of Delhi. The Learned Single Judge of the Hon’ble High Court of Delhi vide its judgment and order dated 15th May, 2012 set aside the majority Award and concluded that the PPA is not void. Company shall file an Appeal against the said judgment before the Division Bench of the Hon’ble High Court of Delhi.

- (b) The Haryana Power Generation Corporation Limited (HPGCL) with whom the PTC had entered into a Power Sale Agreement (PSA) for sale of 200 MW out of 704 MW power covered by the PPA has approached Haryana Electricity Regulatory Commission (HERC) to direct the company to supply 200 MW power to PTC for onward supply to HPGCL. The Company has taken a position that HPGCL has no privity of contract with the Company and HERC has no jurisdiction in the matter. HERC has however held that it has jurisdiction in the matter and therefore the Company has filed an Appeal before the Appellate Tribunal for Electricity (APTEL) against the order of HERC. APTEL after hearing the parties has reserved its judgment in the matter.

Note: 43

The Company is developing 1320 MW Power Project at Tehsil Karchana, Distt. Allahabad, Uttar Pradesh which is awarded by UPPCL on Build, Own, Operate and Maintain (BOOM) basis. As per the agreement, UPPCL has to provide 583 Ha. of land to the Company. UPPCL has since executed deed of conveyance for 512 Ha. (Approx.) of land. A few land owners had filed Writ Petition before Hon’ble High Court of Allahabad against the Government of Uttar Pradesh/ UPPCL.

The Court vide its order dated April 13, 2012 allowed the petitions of the farmers of Karchana and stalled the work given to the Company. The order is to be effective subject to deposit of compensation, if any, received by the farmers. However, the Company has not received any communication from UPPCL in this regard.

Hence, expenditure incurred during the construction and incidental to setting up the project are carried forward as 'Capital Work in Progress'. Considering the current status, the Company does not envisage provision for impairment/ write off as at the Balance Sheet date.

Note 44

- (a) The Company has presently one operative segment i.e. Generation and Transmission of Power, hence, separate segment reporting is not applicable.
- (b) The operations of the Company are carried within the Country and therefore geographical segments are not applicable.

Note 45

The Central Government in exercise of the powers conferred by sub-section 8 of Section 212 of the Companies Act, 1956 has directed vide Ministry of Corporate Affairs General Circular no 2/2011, dated 08.02.2011 that the provisions contained in sub-section (1) of Section 212 of the Companies Act, 1956, requiring annual accounts of the Subsidiaries to be attached to the annual accounts of the Holding Company, shall not apply subject to, inter alia, presentation of audited consolidated financial statements in compliance with applicable Accounting Standards, Board of directors of the Company has by Resolution given consent for not attaching the Balance Sheet of the Subsidiary companies and disclosure of following information as at 31.3.2012.

(Rupees in Millions)					
Particulars	Jaypee Power Grid Ltd	Prayagraj Power Generation Co. Ltd.	Sangam Power Generation Co. Ltd.	Jaypee Arunachal Power Ltd	Jaypee Meghalaya Power Ltd.
Capital (including Share Application Money)	2,920	8,782	5,520	2,240	67
Reserves	(38)	(1)	(1)	(23)	-
Total Assets	9,847	32,348	5,523	2,263	77
Total Liabilities (including Loans)	6,965	23,567	4	46	10
Investment details (including Share Application Money)	--	--	--	--	--
Turnover (including Other Income)	--	--	--	--	--
Profit before taxation	(11)	--	--	--	--
Provision for taxation	(8)	--	--	--	--
Profit/ (Loss) after taxation	(19)	--	--	--	--
Proposed Dividend [including Dividend Distribution Tax]	--	--	--	--	--

Note 46

In terms of 'Accounting Standard (AS) 28', the assets are not impaired because the recoverable amount of fixed assets collectively determined by the present value of estimated future cash flows is higher than its carrying value.

Note 47

Previous Year's figures have been regrouped/re-arranged as per new Schedule VI to Companies Act, wherever considered necessary to make them conform to the figures for the year.

Note 48

All the figures have been rounded off to the nearest rupees in Millions

REVIEW REPORT OF JAIPRAKASH POWER VENTURES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF JAIPRAKASH POWER VENTURES LIMITED AND ITS SUBSIDIARIES FOR INCLUSION IN PRELIMINARY PLACEMENT DOCUMENT AND PLACEMENT DOCUMENT (HEREINAFTER COLLECTIVELY REFERRED TO AS THE OFFER DOCUMENTS) FOR QUALIFIED INSTITUTIONS PLACEMENT

The Board of Directors
JAIPRAKASH POWER VENTURES LIMITED

1. We have reviewed the attached consolidated Balance Sheet of **JAIPRAKASH POWER VENTURES LIMITED** and its subsidiaries, as at 30th September 2012, and also the Consolidated Statement of Profit & Loss and the Consolidated Cash Flow Statement for the six-month period ended on that date annexed thereto. These financial statements are the responsibility of **JAIPRAKASH POWER VENTURES LIMITED's** management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our review.
2. We conducted our review in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. A review includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. A review also includes assessing by accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our review provides a reasonable basis for our opinion.
3. We did not reviewed the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 58,556.00 Million as at 30th Sept 2012 and total revenue of Rs. 1042.24 Million. for the six-month period then ended.
4. We report that the consolidated financial statements have been prepared by **JAIPRAKASH POWER VENTURES LIMITED's** management in accordance with the requirements of Accounting Standards (AS) 21, 'Consolidated Financial Statements', and Accounting Standards (AS) 23, Accounting for Investments in Associates in 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.

Based on our review and on the basis of separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of **JAIPRAKASH POWER VENTURES LIMITED** and its subsidiaries as at 30th September, 2012.
- (b) in the case of the Consolidated Statement of Profit & Loss, of the profit of **JAIPRAKASH POWER VENTURES LIMITED** and its subsidiaries for the six-month period ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of **JAIPRAKASH POWER VENTURES LIMITED** and its subsidiaries for the six-month period ended on that date.

For R. NAGPAL ASSOCIATES
Chartered Accountants
Firm Registration No.002626N

(R.Nagpal)
Partner
M.No.081594

Place: Noida
Dated:12.02.2013

REVIEW REPORT OF JAIPRAKASH POWER VENTURES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF JAIPRAKASH POWER VENTURES LIMITED AND ITS SUBSIDIARIES FOR INCLUSION IN PRELIMINARY PLACEMENT DOCUMENT AND PLACEMENT DOCUMENT (HEREINAFTER COLLECTIVELY REFERRED TO AS THE OFFER DOCUMENTS) FOR QUALIFIED INSTITUTIONS PLACEMENT

The Board of Directors

JAIPRAKASH POWER VENTURES LIMITED

1. We have reviewed the attached consolidated Balance Sheet of **JAIPRAKASH POWER VENTURES LIMITED** and its subsidiaries, as at 30th September 2011, and also the Consolidated Statement of Profit & Loss and the Consolidated Cash Flow Statement for the six-month period ended on that date annexed thereto. These financial statements are the responsibility of **JAIPRAKASH POWER VENTURES LIMITED's** management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our review.
2. We conducted our review in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. A review includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. A review also includes assessing by accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our review provides a reasonable basis for our opinion.
3. We did not reviewed the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 34270.98 Million as at 30th Sept 2011 and total expenditure of Rs. 4.58 Million. for the six-month period then ended.
4. We report that the consolidated financial statements have been prepared by **JAIPRAKASH POWER VENTURES LIMITED's** management in accordance with the requirements of Accounting Standards (AS) 21, 'Consolidated Financial Statements', and Accounting Standards (AS) 23, Accounting for Investments in Associates in 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.

Based on our review and on the basis of separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of **JAIPRAKASH POWER VENTURES LIMITED** and its subsidiaries as at 30th September, 2011.
- (b) in the case of the Consolidated Statement of Profit & Loss, of the profit of **JAIPRAKASH POWER VENTURES LIMITED** and its subsidiaries for the six-month period ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of **JAIPRAKASH POWER VENTURES LIMITED** and its subsidiaries for the six-month period ended on that date.

For R. NAGPAL ASSOCIATES
Chartered Accountants
Firm Registration No.002626N

(R.Nagpal)
Partner
M.No.081594

Place: Noida
Dated: 12.02.2013

CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER, 2012

(Rupees in Million)

Particulars	Note No.	Figures as at the end of current reporting period, September 30, 2012	Figures as at the end of previous reporting period, September 30, 2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	26,248	26,248
(b) Reserves and Surplus	4	32,678	27,521
(c) Money received against share warrants		-	-
(d) Minority Interest (in subsidiaries)	5	780	728
(2) Share application money pending allotment		-	-
(3) Deferred Revenue	6	4,316	3,525
(4) Non Current Liabilities			
(a) Long-term borrowings	7	189,221	140,668
(b) Deferred tax liabilities	8	2,198	-
(c) Other Long-term liabilities	9	223	1,090
(d) Long-term provisions	10	5,206	3,657
(5) Current Liabilities			
(a) Short-term borrowings	11	435	2
(b) Trade payables	12	7,848	2,735
(c) Other current liabilities	13	21,564	9,028
(d) Short-term provisions	14	4,776	2,277
TOTAL		295,493	217,479
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	15		
(i) Tangible assets	15 A	128,047	95,809
(ii) Intangible assets	15 B	-	-
(iii) Capital work-in-progress	15 C	99,252	52,194
(iv) Intangible assets under development		-	-
		227,299	148,003
(b) Non-current investments	16	19,859	19,859
(c) Deferred tax assets	17	-	-
(d) Long-term loans and advances	18	21,486	26,683
(e) Other non-current assets	19	785	1,138
(2) Current assets			
(a) Current investments		-	-
(b) Inventories	20	727	433
(c) Trade receivables	21	6,103	4,061
(d) Cash and cash equivalents	22	12,172	15,685
(e) Short-term loans and advances	23	6,897	1,428
(f) Other current assets	24	165	189
		26,064	21,796
TOTAL		295,493	217,479
Accounting Policies and Notes to the Accounts 2 (ii) The note nos. 1 to 49 are integral part of the financial statements			

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 30TH SEPTEMBER, 2012

(Rupees in Million)

Particulars		Note No.	Figures for the current reporting period, September 30, 2012	Figures for the previous reporting period, September 30, 2011
I.	Revenue from operations	25	15,554	9,250
II.	Other Income	26	164	298
III.	Total Revenue (I+II)		15,718	9,548
IV.	Expenses :			
	Cost of operation and maintenance	27	932	234
	Purchase of Stock-in-trade		-	-
	Changes in inventories of finished goods work-in-progress and stock-in-trade		-	-
	Employee benefits expense	28	261	198
	Finance costs	29	5,743	3,658
	Depreciation and amortization expense	30	1,707	944
	Other expenses	31	208	141
	Total expenses		8,851	5,175
V.	Profit before exceptional and extraordinary items and tax (III -IV)		6,867	4,373
VI.	Minority Interest		78	1
VII.	Profit before exceptional and extraordinary items and tax (V -VI)		6,789	4,372
VIII.	Exceptional items		-	-
IX.	Profit before extraordinary items and tax (V -VI)		6,789	4,372
X.	Extraordinary items		-	-
XI.	Profit before tax (VII-VIII)		6,789	4,372
XII.	Tax Expense :			
	(i) Current tax (MAT)		1,374	876
	Less : MAT credit entitlement		1,192	0
	Net Current Tax		182	876
	(ii) Earlier periods		-	-
	(iii) Previous period - Written Off		-	-
	(iv) Provision of tax for earlier periods reversed		-	-
	(v) Fringe benefit tax of earlier period written off		-	-
	(vi) Deferred tax		956	-
			1,138	876
XIII.	Profit/(loss) from continuing operations (VII-VIII)		5,651	3,496
XIV.	Profit/(loss) from discontinuing operations		-	-
XV.	Tax expense of discontinuing operations		-	-
XVI.	Profit/(loss) from discontinuing operations (after tax) (XII-XIII)		-	-
XVII.	Profit/(loss) for the period (XI + XIV)		5,651	3,496
XVIII.	Earnings per equity share :			
	Before Extraordinary items			
	(i) Basic		0.22	0.13
	(ii) Diluted		0.21	0.13
	After Extraordinary items			
	(i) Basic		0.22	0.13
	(ii) Diluted		0.21	0.13
Accounting Policies and Notes to the Accounts 2 (ii)				
The note nos. 1 to 49 are integral part of the financial statements				

Consolidated Notes to the financial statements for the period ended September 30, 2012

Note 1 Basis of Preparation of Financial Statements

- (a) The accounts are prepared on the historical cost basis and on the principles of a going concern.
- (b) Accounting policies not specifically referred to otherwise are being consistently followed and are in accordance with generally accepted accounting principles.

Note 2 Summary of significant accounting policies

(a) Basis of Preparation of Consolidated Financial Statements

- (i) The Consolidated Financial Statements are prepared in accordance with Accounting Standards AS-21 on Consolidated Financial Statements, AS-23 on Accounting for Investment in Associates in Consolidated Financial Statements and AS-27 on Financial Reporting of Interests in Joint Ventures.
- (ii) The financial statements of the Subsidiary Companies used in the consolidation are drawn up to the same reporting date, as that of the Parent Company, Jaiprakash Power Ventures Limited (JPVL).
- (iii) The accounts are prepared on the historical cost basis and on the principles of a going concern.
- (iv) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

(b) Principles of Consolidation

- (i) The financial statements of JPVL and its subsidiaries are consolidated on a line-by-line basis, by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-company balances, intra-company transactions and unrealised profits / losses.
- (ii) The financial statements of JPVL and its subsidiaries are consolidated using uniform accounting policies for like transactions and other events in similar circumstances.
- (iii) The difference between the cost to JPVL of its investments in each of the subsidiaries over its equity in the respective subsidiary, on the acquisition date, is recognized in the financial statement as Goodwill or Capital Reserve, as the case may be. Goodwill is amortized over a period of ten years.

(c) Revenue Recognition

- (i) (a) **300 MW BASPA-II HEP** : Revenue from sale of electrical energy is accounted for on the basis of billing to Himachal Pradesh State Electricity Board (HPSEB) as per Tariff approved by Himachal Pradesh Electricity Regulatory Commission (HPERC) in accordance with the provisions of Power Purchase Agreement dated 4th June, 1997, Amendment No.1 dated 07.01.1998 executed between the Company and HPSEB.
- (b) **400 MW Vishnuprayag HEP** : Revenue from sale of electrical energy is accounted for on the basis of billing to Uttar Pradesh Power Corporation Limited (UPPCL) as per Tariff approved by Uttar Pradesh Electricity Regulatory Commission (UPERC) in accordance with the provisions of Power Purchase Agreement dated 16.01.2007, executed between the Company and UPPCL.

- (c) **1000 MW Karcham Wangtoo HEP** : Revenue from sale of electrical energy is accounted for on the basis of billing to various buyers as per short term/medium term Power Purchase Agreements executed with them.
- (d) **500 MW Bina Thermal power Plant**: Revenue from sale of electrical energy is accounted for on the basis of, billing to Madhya Pradesh Power Trading Company Limited (MPPTCL) as per Tariff to be approved by Madhya Pradesh Electricity Regulatory Commission in accordance with the provisions of Power Purchase Agreement dated 05.01.2011, executed between the Company and MPPTCL to the extent of 70% and balance on merchant basis.
- (ii) Revenue from sale of Verified Emission Reductions (VERs) is accounted for on receipt basis.
- (iii) Insurance claims are accounted for on receipt basis or as acknowledged by the Insurance company.
- (iv) Other Income and cost/ expenditure are accounted for on accrual basis as they are earned or incurred.
- (v) Advance against depreciation claimed/ to be claimed as part of tariff in terms of PPA (in respect of Baspa II and Vishnuprayag HEP) during the currency of loans to facilitate repayment installments is treated as 'Deferred Revenue'. Such Deferred Revenue shall be included in Sales in subsequent years.
- (d) **Fixed Assets**
 Fixed Assets are stated at Cost of acquisition or construction inclusive of freight, erection & commissioning charges, duties and taxes, expenditure during construction period, Interest on borrowings, financing cost and foreign exchange loss/ gain, up to the date of commissioning.
- (e) **Depreciation**
 - (i) Premium on Leasehold Land is amortized over the period of lease.
 - (ii) (a) **300 MW BASPA-II HEP**: Depreciation has been provided @2.71% p.a. on straight line method on Hydro Electric Works w.e.f. 24.5.2003 as approved by the Ministry of Corporate Affairs, Government of India in exercise of the powers conferred under Section 205 (2) (c) of the Companies Act, 1956 vide their letter no. 45/1/2006-CL-III dated 26.6.2006.
 - (b) **400 MW Vishnuprayag HEP**: Depreciation has been provided @2.71% p.a. on straight line method on Hydro Electric Works w.e.f. 17.06.2006 as approved by the Ministry of Corporate Affairs, Government of India in exercise of the powers conferred under Section 205 (2) (c) of the Companies Act, 1956 vide their letter no. 45/7/2006-CL-III dated 03.05.2007.
 - (c) **1000 MW Karcham Wangtoo HEP** : Depreciation has been provided @ 2.57% p.a. on straight line method on Hydro Electric Works w.e.f. 01.04.2011 as approved by the Ministry of Corporate Affairs, Government of India in exercise of the powers conferred under Section 205 (2) (c) of the Companies Act, 1956 vide their letter no. 45/6/2011-CL-III dated 09.08.2011.
 - (iii) Fixed Assets other than Hydro Electric Works including Bina Thermal Power Plant are depreciated as per straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956.
 - (iv) Depreciation on Assets of the Rs. 5,000 or less is provided at 100% irrespective of the actual period of use.

(f) Expenditure during Construction Period

Expenditure incurred on projects/assets during construction/implementation is capitalized and apportioned to projects/ assets on commissioning.

(g) Foreign Currency Transactions

- (i) Transactions in Foreign Currency are recorded in the Books of Accounts in Indian Currency at the rate of exchange prevailing on the date of transaction.
- (ii) All loans and deferred credits repayable in Foreign Currency and outstanding at the close of the year are expressed in Indian Currency at the rate of exchange prevailing on the date of the Balance Sheet.
- (iii) Foreign Exchange gain/loss is being adjusted against the cost of assets in terms of the amendment to Accounting Standard (AS-11) issued vide Notification dated 31st March, 2009 and revised Notification dated 29th December, 2011 by Ministry of Corporate Affairs, Govt. of India.

(h) Investments

Investments are stated at Cost and where there is permanent diminution in the value of Investments a provision is made wherever applicable. Dividend will be accounted for as and when the Company has a right to receive the same on or before the Balance Sheet date.

(i) Inventories

- (a) Inventories of Stores & Spares are valued on the basis of Weighted Average Cost Method.
- (b) Material-in-transit is valued at cost.

(j) Retirement and other Employees Benefits

- (a) Provident Fund and Pension contribution as a percentage of salary/wages as per provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1952.
- (b) Gratuity and Leave Encashment is defined benefit obligation. The liability is provided for on the basis on Projected Unit Credit Method adopted in the actuarial valuation made at the end of each financial year.

(k) Borrowing Costs

Borrowing costs attributable to the procurement/construction of fixed assets are capitalised as part of the cost of the respective assets upto the date of commissioning. Other borrowing costs are recognized as expense during the year in which they are incurred.

(l) Taxes on Income

Provision for current tax is being made after taking into consideration benefits admissible to the Company under the provisions of the Income Tax Act, 1961.

Deferred Tax Liability, if any is computed as per in accordance with Accounting Standard [AS-22]. Deferred Tax Asset and Deferred Tax Liability are computed by applying rates and tax laws that have been enacted up to the Balance Sheet date.

(m) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degrees of estimation in measurement are recognized when there is a present obligation as a result of past events and if are probable that there will be an

outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

(n) Earnings Per Share

Basic earnings per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

(o) Impairment of Assets

At each balance sheet date, the management reviews the carrying amounts of its assets included in each cash generating unit to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss is recognized immediately as income in the profit and loss account.

(p) Intangible Assets

Intangible assets are stated at cost of acquisition less accumulated amortization on straight line basis from the date the assets are put for commercial use.

(q) Segment Reporting

Revenue, operating results, assets and liabilities have been identified to represent separate segments on the basis of their relationship to the operating activities of the segment. Assets, liabilities, revenue and expenses which are not allocable to separate segment on a reasonable basis, are included under "Unallocated".

Notes to the consolidated financial statement for the period ended 30th September, 2012

Note "3" - Share Capital

(Rupees in Million)

Particulars	Figures as at the end of current reporting period, September 30, 2012		Figures as at the end of previous reporting period, September 30, 2011	
	Number	Million	Number	Million
<u>Authorised</u>				
		-		-
Equity shares of Rs. 10/- each	8,300,000,000	83,000	8,300,000,000	83,000
Preference shares of Rs. 100/- each	300,000,000	30,000	-	-
Total	8,600,000,000	113,000	8,300,000,000	83,000
<u>Issued, Subscribed & Paid up</u>		-		-
Equity shares of Rs. 10/- each	2,624,757,123	26,248	2,624,757,123	26,248
Total	2,624,757,123	26,248	2,624,757,123	26,248

Note 3.1 - Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period

(Rupees in millions)

Particulars	Figures as at the end of current reporting period, September 30, 2012		Figures as at the end of previous reporting period, September 30, 2011	
	Equity Shares		Equity Shares	
	Number	Million	Number	Million
Shares outstanding at the beginning of the period	2,624,757,123	26,248	2,095,680,200	20,957
Shares issued during the period	-	-	529,076,923	5,291
Shares brought back during the period	-	-	-	-
Shares outstanding at the end of the period	2,624,757,123	26,248	2,624,757,123	26,248

Amount of Rs. 5,291 million was in share suspense account as on 31.03.2011 and 52,90,76,923 equity shares of Rs. 10/- each were allotted during the period ending 30.09.2011 consequent to amalgamation of JKHCL and BPSCL with the company from the appointed date i.e. 01.04.2010.

Note 3.2 - The rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital

Equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the board of directors is subject to approval of the shareholders in the ensuing annual general meeting.

Note 3.3 - Equity Shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or by subsidiaries or associates of the holding company or the ultimate holding company in aggregate

178,30,00,600 equity shares are held by Jaiprakash Associates Limited, the holding company.

18,55,67,242 equity shares are held by Jaypee Infraventures (a private company with unlimited liability) associate company of Jaiprakash Associates Limited.

Note 3.4 - Equity Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held

Name of Shareholder	Figures as at the end of current reporting period, September 30, 2012		Figures as at the end of previous reporting period, September 30, 2011	
	No. of equity shares held	% of holding	No. of equity shares held	% of holding
Jaiprakash Associates Limited	1,783,000,600	67.930	1,783,000,600	67.930
Jaypee Infraventures (a private company with unlimited liability)	185,567,242	7.070	224,622,624	8.558
JPVL Trust	344,076,923	13.109	344,076,923	13.108

Note 3.5 - Equity shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestments, including terms and amounts

The Company had issued 2,000 Nos. 5% Foreign Currency Convertible Bonds (FCCB) of US\$ 1,00,000 each aggregating to US\$ 200 Million at par on 12.02.2010. These Bonds are convertible at the option of the bond-holders into equity shares of Rs. 10/- each fully paid up at the conversion price of Rs. 85.8139 per share, subject to the terms of issue with a fixed exchange rate of Rs. 46.14 equal to US\$ 1 at any time on or after 25.03.2010 and prior to the close of business on 06.02.2015. No conversion has taken place during the financial year 2010-11. Unless previously converted, the bonds are redeemable at maturity on 13.02.2015 representing a YTM of 7% p.a. inclusive of coupon rate of 5% p.a. [value as on 30.09.2012 in US\$ 1,05,263 (Previous Year 1,03,263) for a principal amount of US\$ 1,00,000]. A reserve aggregating to Rs.485.67 million up to 30.09.2012 (Previous year 301.10 million) has been created for the redemption premium. As on 30.09.2012 the Company has outstanding exposure of US\$ 200 Million against FCCB unhedged, pending conversion into equity share capital.

No shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestments

Note 3.6 - Aggregate number and class of equity shares allotted as fully paid-up pursuant to contract without payment being received in cash, allotment by way of bonus shares or shares bought back

(in Rs.)

Particulars	Year (Aggregate No. of shares)	
	2011-12	2010-11
Equity Shares		
Fully paid up for consideration other than cash in terms of Scheme of Amalgamation effective from 14.12.2009	1,604,679,600	1,604,679,600
Fully paid up for consideration other than cash in terms of Scheme of Amalgamation effective from 26.07.2011	529,076,923	529,076,923
Fully paid up by way of bonus shares	-	-
Shares bought back	-	-

Note 3.7 - Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date

(Rupees in millions)

Particulars	Figures as at the end of current reporting period, September 30, 2012		Figures as at the end of previous reporting period, September 30, 2011	
	Number	Million	Number	Million
5% Foreign Currency Convertible Bonds (FCCB)	107,535,026	1,075	107,535,026	1,075

Note 3.8 - Calls unpaid (showing aggregate value of calls unpaid by directors and officers)

There are no calls unpaid by directors and officers of the company

Note 3.9 - Forfeited shares (amount originally paid up)

No shares have been forfeited

Note "4" - Reserves and Surplus

(Rupees in millions)

Particulars	Figures as at the end of current reporting period, September 30, 2012		Figures as at the end of previous reporting period, September 30, 2011	
1. Securities Premium Reserve		-		-
Opening Balance	-		434	
Less : Transfer to Provision for Premium on Redemption of Debentures	-	-	434	-
2. Debenture Redemption Reserve		-		-
Opening Balance	5,551		2,777	
Add : Provisions for the year	510	6,061	1,386	4,163
3. General Reserve				
Opening Balance		479		479
4. Capital Reserve on Amalgamation				
Opening Balance		13,441		13,441
5. Reserve for Premium on Foreign Currency Convertible Bonds		-		-
Opening Balance	393		209	
Add : Provisions for the period	92	485	92	301
6. Surplus		-		-
Opening Balance	8,477		8,077	
Add : Profit transferred from Amalgamating Company	-		-	
Add : Profit after tax during the period	5,651		3,496	
Less : Debenture Redemption Reserve for the period	510		1,387	
Less : Provision for Premium on Redemption of Debenture	1,392		958	
Add : Minority Share holders interest for appropriation	78		1	
Less : Reserve for Premium on Foreign Currency Convertible Bonds	92	12,212	92	9,137
Total		32,678		27,521

Note "5" - Minority interest (in subsidiaries)**(Rupees in millions)**

Particulars	Figures as at the end of current reporting period, September 30, 2012	Figures as at the end of previous reporting period, September 30, 2011
Minority interest (in subsidiaries)	780	728
Total	780	728

Note "6 " Deferred Revenue**(Rupees in millions)**

Particulars	Figures as at the end of current reporting period, September 30, 2012	Figures as at the end of previous reporting period, September 30, 2011
Advance against depreciation		
Opening Balance	3,921	3,130
Addition during the period	395 4,316	395 3,525

Non Current Liabilities**Notes "7" - Long-term borrowings****(Rupees in millions)**

Particulars	Figures as at the end of current reporting period, September 30, 2012	Figures as at the end of previous reporting period, September 30, 2011
"A" Secured Loans		
Bonds/Debentures		
Redeemable Non-Convertible Debentures	9,826	19,826
Term Loans		
Rupee Loan		
- from Financial Institutions	18,669	15,410
- from Banks	141,298	92,646
Foreign Currency Loan		
- from Banks	7,673	1,633
- from Financial Institutions	734 168,374	641 110,330
Working Capital - From Banks	-	120
Deferred payment liabilities		
Foreign Currency - Buyer's Credit	399	537
Total "A"	178,599	130,813
"B" Unsecured Loans		
- Foreign Currency Convertible Bonds	10,572	9,805
<u>Others</u>		
Govt. of Uttarakhand	50	50
Total "B"	10,622	9,855
Total "A + B"	189,221	140,668

Note "8" - Deferred Tax Liabilities (Net)

(Rupees in millions)

Particulars	Figures as at the end of current reporting period, September 30, 2012	Figures as at the end of previous reporting period, September 30, 2011
Deferred tax liability		
On account of depreciation	2,211	-
Total 'A'	2,211	-
Deferred tax assets		
On account of employee benefits	13	-
Total 'B'	13	-
Total 'A - B'	2,198	-

Notes "9" - Other Long Term Liabilities

(Rupees in millions)

Particulars	Figures as at the end of current reporting period, September 30, 2012	Figures as at the end of previous reporting period, September 30, 2011
Trade Payables	223	1,090
Others	-	-
Total	223	1,090

Notes "10" - Long Term Provisions

(Rupees in millions)

Particulars	Figures as at the end of current reporting period, September 30, 2012	Figures as at the end of previous reporting period, September 30, 2011
Provision for employee benefits		
Gratuity	3	1
Leave Encashment	17	16
Others		
Wealth Tax	-	-
Income Tax	1,957	1,214
Premium on redemption of debentures	3,229	2,426
Total	5,206	3,657

Current Liabilities

Note "11" - Short-term borrowings

(Rupees in millions)

Particulars	Figures as at the end of current reporting period, September 30, 2012	Figures as at the end of previous reporting period, September 30, 2011
Secured Loans		
Loans repayable on demand		
Rupee Loan		
- from Banks	-	-
Working Capital - From Banks	435	2
Total	435	2

Note '12' - Trade Payables**(Rupees in millions)**

Particulars	Figures as at the end of current reporting period, September 30, 2012	Figures as at the end of previous reporting period, September 30, 2011
Trade Payables	7,845	2,730
Others		
Provident Fund Payable	3	5
Total	7,848	2,735

Note '13' - Other Current Liabilities**(Rupees in millions)**

Particulars	Figures as at the end of current reporting period, September 30, 2012	Figures as at the end of previous reporting period, September 30, 2011
i) Current maturities of long-term debt		
"A" Secured Loans		
Bonds/Debentures		
Redeemable Non-Convertible Debentures	10,000	-
Term Loans		
- from Financial Institutions	222	956
- from Banks	6,258	6,561
Foreign Currency Loan		
- from Banks	7	7
- from Financial Institutions	40	151
	6,527	7,675
- from other parties		
Foreign Currency Loan		
- from Buyers' Credit	90	83
Working Capital		
- from Banks	869	120
"B" Unsecured Loans		
Govt. of Uttarakhand	50	50
ii) Interest accrued but not due on borrowings	326	245
iii) Unpaid Dividend	19	19
iv) Other payables	3,683	836
Total	21,564	9,028

Notes '14' - Short Term Provisions**(Rupees in millions)**

Particulars	Figures as at the end of current reporting period, September 30, 2012	Figures as at the end of previous reporting period, September 30, 2011
a) Provision for employee benefits		
Gratuity	6	-
Leave Encashment	7	2
Bonus & Incentive	15	7
	28	9
b) Others		
Income Tax	1,374	876
Premium on redemption of debentures	3,374	1,392
	4,748	2,268
Total	4,776	2,277

Note '15' - Fixed Assets
Note '15 A' - Tangible Assets

(Rupees in Million)

S.No.	PARTICULARS	GROSS CARRYING AMOUNTS					DEPRECIATION / AMORTIZATION					NET CARRYING AMOUNT	
		As on April 1, 2012	Additions during the Year	Disposals during the Year	Other Adjustments	As on September 30, 2012	Upto March 31, 2012	For the Year	Disposals during the Year	Other Adjustments	Upto September 30, 2012	As on September 30, 2012	As on March 31, 2012
1	Goodwill on Consolidation	2	-	-	-	2	1	-	-	-	1	1	1
2	Land												
	Lease Hold	353	-	-	-	353	86	3	-	-	89	264	267
	Free Hold	1,917	2	-	-	1,919	-	-	-	-	-	1,919	1,917
3	Buildings	2,595	1,758	-	-	4,353	227	26	-	-	253	4,100	2,368
4	Plant & Machinery	101,740	29,319	-	47	131,106	7,870	1,684	-	-	9,554	121,552	93,870
5	Furniture & Fixture	36	14	-	-	50	14	4	-	-	18	32	22
6	Vehicles	109	17	-	-	126	32	5	-	-	37	89	77
7	Office Equipments	97	17	-	-	114	19	5	-	-	24	90	78
	Total	106,849	31,127	-	47	138,023	8,249	1,727	-	-	9,976	128,047	98,600
	PREVIOUS YEAR	38,016	64,650	-	-	102,666	5,903	954	-	-	6,857	95,809	

Note '15' - Fixed Assets
Note '15 B' - Intangible Assets

(Rupees in Million)

S.No.	PARTICULARS	GROSS CARRYING AMOUNTS					DEPRECIATION / AMORTIZATION					NET CARRYING AMOUNT	
		As on April 1, 2011	Additions during the Year	Disposals during the Year	Other Adjustments	As on March 31, 2012	Upto March 31, 2011	For the Year	Disposals during the Year	Other Adjustments	Upto March 31, 2012	As on March 31, 2012	As on March 31, 2011
1	Intangible Assets- Computer Software	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-	-	-	-
	PREVIOUS YEAR	-	-	-	-	-	-	-	-	-	-	-	-

Note '15 C' : Capital work in progress and Incidental expenditure during construction pending allocation
(Rupees in Million)

Sl. No.	Particulars	Figures as at the end of current reporting period, September 30, 2012	Figures as at the end of current reporting period, September 30, 2011
A.	Direct cost of project under construction		
	Opening Balance	60,300	30,528
	Add : Addition during the year	38,811	4,441
	Less : Capitalisation during the year	21,019	-
	Balance Capital Work in Progress	78,092	34,969
B.	Incidental Expenditure During Construction pending allocation		
	Opening Balance	16,875	12,943
	Add : Addition during the year		
	Employee Benefit Expense	191	164
	Finance Costs	7,177	2,596
	Depreciation and amortization expenses	21	11
	Other Expenses	1,219	1,532
	Less : Other income	-	-
	Less : Capitalisation during the year	4,323	21
	Balance Incidental expenditure during construction pending allocation	21,160	17,225
	Total A + B	99,252	52,194

Note '16' : Non-current investments

(Rupees in Million)

Particulars	Figures as at the end of current reporting period, September 30, 2012	Figures as at the end of previous reporting period, September 30, 2011
Investments in Equity Instruments		
INVESTMENTS (AT COST)		
Investment in Beneficiary Trust		
JPVL Trust A/c	19,859	19,859
TOTAL	19,859	19,859

Note '17' : Deferred tax assets (net)

(Rupees in Million)

Particulars	Figures as at the end of current reporting period, September 30, 2012	Figures as at the end of previous reporting period, September 30, 2011
Deferred tax assets	-	-
Total	-	-

Note '18' : Long-term loans and advances**(Rupees in Million)**

Particulars	Figures as at the end of current reporting period, September 30, 2012	Figures as at the end of previous reporting period, September 30, 2011
Secured Considered Good	-	-
Unsecured considered good		
Capital Advance	17,760	20,426
Security Deposits		
Considered good / doubtful		
a) With Govt. Deptt.	999	945
b) With Jaiprakash Associates Ltd.	10	14
b) With Others	3	2
Total	1,012	961
Loans and advances to related parties	1,169	3,782
Other loans and advances		
Advance Income Tax and TDS	1,472	1,186
Advances to suppliers	73	328
Total	21,486	26,683

Note '19' : Other non-current assets**(Rupees in Million)**

Particulars	Figures as at the end of current reporting period, September 30, 2012	Figures as at the end of previous reporting period, September 30, 2011
Long term trade receivables	-	398
Others		
Interest receivable from HPSEB	310	159
Pre-paid Expenses	475	581
Total	785	1,138

Current Assets**Note '20' – Inventories****(Rupees in Million)**

Particulars	Figures as at the end of current reporting period, September 30, 2012	Figures as at the end of previous reporting period, September 30, 2011
Raw Material	4	-
Work-in-progress	-	-
Stores and Spares - at weighted average cost	723	433
Others	-	-
Total	727	433

Note '21' - Trade receivables**(Rupees in Million)**

Particulars	Figures as at the end of current reporting period, September	Figures as at the end of previous reporting period, September 30, 2011
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	30, 2012	
Unsecured considered good		
Due for a period exceeding six months	-	506
Due for a period less than six months	6,103	3,555
Total	6,103	4,061

Note '22' - Cash and cash equivalents

(Rupees in Million)

Particulars	Figures as at the end of current reporting period, September 30, 2012	Figures as at the end of previous reporting period, September 30, 2011
Balances with Scheduled Banks		
(i) In Current Account	3,743	579
(ii) In Fixed Deposits	-	-
(a) Having maturity of more than twelve months	524	756
(b) Other deposits	4,075	9,936
(iii) In Fixed Deposits pledged with Govt. Deptt./Banks having a maturity of less than twelve months	90	93
(iv) Trust & Retention account	-	-
(a) In Current Account	1,719	2,028
(b) In Fixed Deposits having a maturity of less than twelve months	1,994	2,267
(v) In Unpaid Dividend account	19	19
Cheques, draft on hand	-	-
Cash In hand	8	7
Total	12,172	15,685

Note '23' - Short-term loans and advances

(Rupees in Million)

Particulars	Figures as at the end of current reporting period, September 30, 2012	Figures as at the end of previous reporting period, September 30, 2011
Others		
Unsecured, considered Good		
Advances recoverable in cash or in kind or for value to be received	1,193	726
Staff Imprest & Advance	29	11
MAT credit entitlement	4,439	-
Advance Tax & Tax Deducted at Source	1,236	691
Total	6,897	1,428

Note '24' - Other current assets

(Rupees in Million)

Particulars	Figures as at the end of current reporting period, September 30, 2012	Figures as at the end of previous reporting period, September 30, 2011
Interest accrued on FDR with Banks	50	48
Prepaid Expenses	115	141
Total	165	189

(Rupees in Million)

PARTICULARS	Figures as at the end of current reporting period, September 30, 2012		Figures as at the end of previous reporting period, September 30, 2011	
Note '25 ' - Revenue From Operations				
<u>Sale of Products</u>				
Sale of Electrical Energy	14,581		9,239	
(Net of advance against depreciation)				
Less: Rebate for prompt payments	176	14,405	87	9,152
Transmission Charges		1,043		-
<u>Other Operating Revenues</u>				
Sale of Verified Emission Reduction (VERs)		106		98
Total		15,554		9,250
Note '26 ' - Other Income				
Interest on deposits with banks		151		276
Interest from others		12		20
Other non-operating income				
Profit on sale of Fixed Assets	-		-	
Misc. Receipts	1	1	2	2
Total		164		298
Note '27 ' - Cost of Operation and Maintenance				
Stores and Spares Consumed		140		27
Repair & Maintenance - Buildings		9		9
Repair & Maintenance - Plant & Machinery		157		70
Operation and Maintenance Expenses		9		108
Transmission charges		529		-
Insurance		88		20
Total		932		234
Note '28' - Employee Benefit Expense				
Salary , Wages & Bonus		217		162
Contribution to Provident and Other Funds		9		7
Gratuity		-		-
Leave Encashment		-		-
Workmen and Staff Welfare		10		8
Directors' Remuneration		25		21
Total		261		198
Note '29' - Finance Costs				
Interest				
Debentures	-		-	
Foreign Currency Loan	17		16	
Term Loans	5,242		3,451	
Working Capital	19	5,278	18	3,485
Financial charges				
DPG Commission	5		6	
Prepayment Premium	-		2	
Front end fee and other charges	390		128	
Security & Trusteeship Fee	70	465	37	173
Total		5,743		3,658
Note '30' - Depreciation and amortization expenses				

Depreciation	1,705	937
Amortization of Lease Hold Land and miscellaneous expenditure	2	7
Total	1,707	944
Note '31' - Other Expenses		
Rent	2	2
Lease Rent of land	4	4
Advertisement	19	14
Telephone and Telex	1	1
Gas, Water and Electricity	49	11
Courier & Postage	-	3
Freight and Octroi	3	10
Printing & Stationery	2	1
Travelling & Conveyance	12	11
Taxes & Fees	3	18
Consultancy, Legal & Professional Fee	34	18
Listing & Custodia Fee	6	5
Vehicle Running & Maintenance	6	3
Director's Sitting Fee	1	1
Miscellaneous Expenses	63	37
Internal Auditor Fee	1	1
<u>Auditor's Remuneration</u>		
For Audit	2	1
For Tax Audit	-	-
For Other Services	-	-
Re-imbursement of Expenses	-	1
	<u>2</u>	<u>-</u>
TOTAL	208	141

Note 32 Subsidiary

The Consolidated Financial Statements present the Consolidated Accounts of Jaiprakash Power Ventures Limited with its following Subsidiaries:

Sl. No.	Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest
[a]	Jaypee Powergrid Limited	India	74%
[b]	Prayagraj Power Generation Company Limited	India	100%
[c]	Sangam Power Generation Company Limited	India	100%
[d]	Jaypee Arunachal Power Limited	India	100%
[e]	Jaypee Meghalaya Power Limited	India	100%

Note 33

Significant Accounting Policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the Companies. Recognising this purpose, the Company has disclosed such Policies and Notes in the individual financial statements, which fairly present the needed disclosures.

Note 34

In the opinion of the Board of Directors, the "Non Current Assets and Long Term Loans and Advances", have a value on realisation, in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet.

Note 35

Disclosure as required under Notification No. G.S.R. 719 (E) dated 16th November, 2007 issued by the Ministry of Corporate Affairs (As certified by the Management):

(Rupees in Million)				
Sl. No.	Particulars	Figures as at the end of current reporting period, September 30, 2012		Figures as at the end of previous reporting period, September, 2011
a)	The principal amount and interest due thereon remaining unpaid to any supplier			
	-Principal Amount	Nil		Nil
	-Interest Amount	Nil		Nil
b)	The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of payment made to the suppliers beyond the appointed day.	Nil		Nil
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during period) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.		Nil	
d)	The amount of interest accrued and remaining unpaid	Nil		Nil
e)	The amount of further interest remaining due and payable even in the succeeding period, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006		Nil	Nil

Note 36 Contingent Liabilities:

(Rupees in Million)				
Sl. No.	Particulars	Figures as at the end of current reporting period, September 30, 2012		Figures for the previous reporting period, September, 2011
(i)	Outstanding amount of Letter of Credit		3,106	2,379
	Margin Money deposited against the above		-	38
(ii)	Outstanding amount of Bank Guarantee		2,257	2,007
	Margin Money deposited against the above		82	74
(iii)	Estimated amount of Contracts remaining to be executed on capital account and not provided for	INR	83,123	102,428
		USD	296	353
		Euro	292	318
		JPY	26,089	39,891

		Can Doll.	-	-
(iv)	Claims against the Company not acknowledged as debts		411	24
(v)	Income Tax matters under appeal		80	163
(vi)	The Government of Himachal Pradesh has imposed entry tax on the goods entering the state of Himachal Pradesh. This was challenged by the Company before the Hon'ble High Court of Himachal Pradesh at Shimla. The Hon'ble High Court passed an interim order that tax paid by the petitioner would be treated as deposit and not as tax payment. The final decision of Hon'ble High Court is awaited. The total liability as at 30 th September, 2012 is Rs. 346.11 Million (Previous period Rs.320.13 million) against which Company has deposited Rs. 183.45 Million (Previous period Rs 172.76 million).			

Note 37

Related Party Disclosures, as required in terms of "Accounting Standard [AS] 18" are given below:

- (1) Relationships (Related party relationships are as identified by the Company and relied upon by the Auditors)

(a) Holding Company

Jaiprakash Associates Limited

(b) Fellow Subsidiary Companies:

- (1) Jaypee Ganga Infrastructure Corporation Limited
- (2) Himalyan Expressway Limited
- (3) Jaypee Infratech Limited
- (4) Jaypee Sports International Limited
- (5) Jaypee Cement Corporation Limited
- (6) Bhilai Jaypee Cement Limited
- (7) Bokaro Jaypee Cement Limited
- (8) Gujarat Jaypee Cement & Infrastructure Limited
- (9) Jaypee Agra Vikas Limited
- (10) Jaypee Fertilizers & Industries Limited
- (11) Jaypee Assam Cement limited
- (12) Himalayaputra Aviation Limited

(c) Associate Companies / Concerns :

- (1) Jaypee Infra Ventures (A Private Company with unlimited liability)-(The erstwhile Jaypee Ventures Private limited merged in the Company w.e.f. 01.04.2011, the appointed date)
- (2) Jaypee Development Corporation Limited (subsidiary of Jaypee Infra Ventures (A Private Company with unlimited liability))
- (3) JIL Information Technology Limited (subsidiary of Jaypee Infra Ventures (A Private Company with unlimited liability))
- (4) Gaur & Nagi Limited (subsidiary of JIL Information Technology Limited)
- (5) Indesign Enterprises Pvt. Limited (subsidiary of Jaypee Infra Ventures (A Private Company with unlimited liability))
- (6) GM Global Mineral Mining Private Limited (subsidiary of Indesign Enterprises Pvt. Limited)
- (7) Jaiprakash Agri Initiatives Company Limited (subsidiary of Jaypee Infra Ventures (A Private Company with unlimited liability))
- (8) Jaypee International Logistics Company Private Limited (subsidiary of Jaypee Infra Ventures (A Private Company with unlimited liability))
- (9) Tiger Hills Holiday Resort Private Limited (subsidiary of Jaypee Development Corporation Limited)
- (10) Anvi Hotels Private Limited (subsidiary of Jaypee Infra Ventures (A Private Company with unlimited liability))
- (11) Jaypee Uttar Bharat Vikas Private Limited
- (12) Kanpur Fertilisers and Cement limited (subsidiary of Jaypee Uttar Bharat Vikas Pvt. Limited)
- (13) RPJ Minerals Private Limited
- (14) Sarveshwari Stone Products Pvt. Ltd. (subsidiary of RPJ Minerals Private Limited)
- (15) Rock Solid Cement Limited (subsidiary of RPJ Minerals Private Limited)
- (16) Sonebhadra Minerals Private Limited
- (17) MP Jaypee Coal Limited

- (18) Madhya Pradesh Jaypee Minerals Limited
- (19) MP Jaypee Coal Fields Limited
- (20) Jaiprakash Kashmir Energy Limited
- (21) Jaypee Hotels Limited
- (22) Jaypee Mining Venture Private Limited
- (23) Ceekay Estate Private Limited.
- (24) Pac Pharma Drugs and Chemicals Private Limited
- (25) Akasva Associates Private Limited
- (26) Jaiprakash Exports Private Limited
- (27) Bhumi Estate Developers Private Limited
- (28) Jaypee Technical Consultants Private Limited
- (29) Andhra Cements Limited

(d) Key management Personnel:

(i) Jaiprakash Power Ventures Limited

- (1) Shri Manoj Gaur, Chairman
- (2) Shri Sunil Kumar Sharma, Vice Chairman and CEO
- (3) Shri Suren Jain, Managing Director and CFO
- (4) Shri R.K. Narang, Whole-time Director
- (5) Shri Suresh Chandra, Whole-time Director
- (6) Shri Dharam Paul Goyal, Whole-time Director
- (7) Shri Parveen Kumar Singh, Whole-time Director
- (8) Shri Ravindra Mohan Chadha, Whole-time Director

(ii) Jaypee Powergrid Limited

- (1) Shri H.K.Sharma, Managing Director
- (2) Shri Sachchidanand Singh, Whole-time Director

(iii) Prayagraj Power Generation Company Limited

- (1) Shri H.K.Sharma, Managing Director

(iv) Sangam Power Generation Company Limited

- (1) Shri Siddheshwar Sen, Whole-time Director

(v) Jaypee Arunachal Power Limited

- (1) Shri Pankaj Gaur, Managing Director

Transactions carried out with related parties referred to above:

(Rupees in Million)

Name of Transactions	Related Parties			
	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above	Referred in 1(d) above
Expenses				
Hiring Charges	9	-	-	-
(Previous Year)	(9)	-	-	-
Rent	-	-	-	-
(Previous Year)	(1)	-	-	-
Cement	294	-	-	-
(Previous Year)	(422)	-	-	-
Sale of Energy	1,529	-	-	-
(Previous Year)	(554)	-	-	-
Other Expenses	45	3	3	-
(Previous Year)	(21)	(15)	(5)	-

(Rupees in Million)

Name of Transactions	Related Parties			
	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above	Referred in 1(d) above
Consultancy	-	-	-	-
(Previous Year)	-	-	(-)	-
Salary & Perquisites	-	-	-	60
	-	-	-	(43)
(Previous Year)				
	-			
Services Aailed	-	-	41	-
(Previous Year)	-	-	(30)	-
Execution of Work	3,487	-	-	-
(Previous Year)	(6,714)	-	-	-
Outstandings				
- Payables				
Amount payable	1,436	-	28	1
(Previous Year)	(1,217)	-	(10)	(1)
Outstandings				
- Receivables				
Amount receivable	11	-	-	-
(Previous Year)	(328)	-	-	-
Guarantees given by the holding Company on behalf of the Company have been mentioned elsewhere in the Notes to Financial Statements.				

Note 38

Earnings Per Share is computed in accordance with Accounting Standard –20 issued by the Institute of Chartered Accountants of India.

(Rupees in Million)

	Particulars	As on September 30, 2012	As on September 30, 2011
[a]	Net Profit for Basic Earnings Per Share as per Profit & Loss Account	5,651	3,496
	Adjustment for the purpose of Diluted Earnings Per Share	-	-
	Net Profit for Diluted Earnings Per Share	5,651	3,496
[b]	Weighted average number of equity shares for Earnings Per Share computation:		
[i]	Number of Equity Shares at the beginning of the year	2,624,757,123	2,095,680,200
[ii]	Number of Shares allotted on amalgamation	-	529,076,923
[iv]	Weighted average shares to be allotted during the year on Amalgamation	-	-
[v]	Number of potential Equity Shares	107,535,026	107,535,026
[vi]	Weighted average No. of Shares for calculating:		
[a]	Basic Earnings Per Share	2,624,757,123	2,624,757,123
[b]	Diluted Earnings Per Share	2,732,292,149	2,732,292,149
[c]	Earnings Per Share		
[i]	Basic	Rs. 2.15	Rs. 1.33

[ii]	Diluted	Rs.	2.07	Rs.	1.28
[d]	Face Value Per Share	Rs.	10	Rs.	10

Note 39

Provisions for Taxation have been made as per individual accounts of the Companies.

Note 40

- (a) Jaiprakash Associates Limited (JAL), the holding company of Jaiprakash Power Ventures Ltd.(JPVL), has furnished Corporate Guarantees for the financial assistance outstanding as on 30.09.2012 amounting to Rs. 828.65 Million (Previous Year Rs. 1130 Million) in respect of 300 MW Baspa II HEP to the Financial Institutions and Banks.
- (b) JAL, the holding company has furnished Corporate Guarantees for financial assistance outstanding as on 30.09.2012 amounting to US\$ 14.64 Million (Previous Year US\$ 17.77 Million) in respect of 400 MW Vishnuprayag HEP.
- (c) JAL, the holding company has pledged 629.1 Million (Previous year 629.1 Million) equity shares of Rs.10/- each of JPVL held by it for the financial assistance given in respect of Baspa-II HEP, Vishnuprayag HEP and Nigrie Project.
- (d) JAL the holding company has pledged 527.9 Million (Previous Year 454.6 Million) equity shares of Rs.10/- each of JPVL for Corporate Loan of for Rs.10,000 Million.
- (e)
 - (i) 9,00,00,000 equity shares of Rs. 10/- each fully paid (Previous year 8,40,00,000) held by the Company of Jaypee Powergrid Ltd. (Subsidiary Company) are pledged with IDBI Trusteeship Services Ltd., as collateral security for the financial assistance granted by lenders to Jaypee Powergrid Ltd.
 - (ii) 52,94,76,798 equity shares of Rs. 10/- each fully paid (previous year 25,96,86,798) held by the Company of Prayagraj Power Generation Co. Ltd. (Subsidiary Company) are pledged with SBI Cap Trusteeship Services Ltd., as collateral security for the financial assistance granted by lenders to Prayagraj Power Generation Co. Ltd.
- (f)
 - (i) JAL, the Holding Company has furnished Performance Guarantees of Rs. 954.91 Million to Prayagraj Power Generation Company Limited in respect of E & C Contract given by them to JAL.
 - (ii) JAL, the Holding Company has furnished Performance Bank Guarantees of Rs.1500 Million to five Subsidiaries of UPPCL on behalf of Prayagraj Power Generation Company Limited in respect of Tariff based bidding process for sale of Power.
 - (iii) JAL, the Holding Company has furnished Performance Bank Guarantees of Rs.990 Million to five Subsidiaries of UPPCL on behalf of Sangam Power Generation Company Limited in respect of Tariff based bidding process for sale of Power.

Note 41

The HPSEB has filed an appeal with the Supreme Court of India against an order of APTEL for allowing the Company to take the entitlement of minimum alternate tax under the provisions of the power purchase agreement between the Company and HPSEB as per actuals during tax holiday period available to the Company under section 80 IA of the Income Tax Act. HPERC has determined the amount of minimum alternate tax upto financial year 2011 as per the APTEL Order at Rs. 336.3 Million. Accordingly, the amount of Rs 336.3 Million is subject to final decision on the Appeal and other legal remedies available to the Company

HPSEB has filed an appeal with the Supreme Court of India against an order of APTEL wherein APTEL had dismissed HPSEB's appeal against an order passed by the HPERC wherein it approved the additional capital expenditure of Rs. 958.8 Million incurred by the Company on the BASPA II hydro electric project for the determination of tariff and determined the tariff of Rs 952.1 Million. Accordingly, the amount of Rs 952.1 Million is subject to final decision on the Appeal and other legal remedies available to the Company

Note: 42

- (a) A Power Purchase Agreement (PPA) for sale of 704 MW power, out of 1000 MW power from the Karcham Wangtoo HEP to Power Trading Corporation (India) Limited (PTC) was executed by erstwhile JKHCL (since merged with the Company) on 21st March, 2006 for a term of 35 years with the stipulation that the tariff for sale of power shall be as approved by Central Electricity Regulatory Commission (CERC) based on the completion cost to be approved by Central Electricity Authority (CEA)/Central Electricity Regulatory Commission. It was subsequently found that the Electricity Act, 2003, does not provide for the determination of tariff for sale of power by a Generating Company to a Trading company and therefore based on the legal opinion the said PPA was considered to be void and PTC was informed accordingly. PTC had approached the Hon'ble High Court of Delhi with a prayer for restraining the Company from entering into agreement for sale of aforesaid power to any third party which was rejected. The PTC then filed a SLP in the Hon'ble Supreme Court against the order of Hon'ble High Court of Delhi, which is pending.

During the proceedings before Hon'ble High Court of Delhi, PTC invoked the arbitration clause of the PPA against Company's stand that the PPA was void and an Arbitral Tribunal consisting of three members was constituted. The Arbitral Tribunal, by its majority Award dated 28th April, 2011, dismissed the claim of PTC and declared the PPA to be void. PTC challenged the said Award before the Hon'ble High Court of Delhi. The Learned Single Judge of the Hon'ble High Court of Delhi vide its judgment and order dated 15th May, 2012 set aside the majority Award and concluded that the PPA is not void and directed the Company to approach CERC for fixation of tariff for supply of electricity to PTC. Company filed an appeal with the division bench of Hon'ble High Court of Delhi, who has in its interim order dated 29th May, 2012 stated that the Company is not required to approach the CERC for fixation of tariff, The matter is currently pending.

- (b) The Haryana Power Generation Corporation Limited (HPGCL) with whom the PTC had entered into a Power Sale Agreement (PSA) for sale of 200 MW out of 704 MW power covered by the PPA has approached Haryana Electricity Regulatory Commission (HERC) to direct the company to supply 200 MW power to PTC for onward supply to HPGCL. The Company has taken a position that HPGCL has no privity of contract with the Company and HERC has no jurisdiction in the matter. HERC has however held that it has jurisdiction in the matter and therefore the Company has filed an Appeal before the Appellate Tribunal for Electricity (APTEL) against the order of HERC. APTEL vide its judgment set aside the HERC's order and held that HERC has no jurisdiction in the matter.

Note: 43

The Company is developing 1320 MW Power Project at Tehsil Karchana, Distt. Allahabad, Uttar Pradesh which is awarded by UPPCL on Build, Own, Operate and Maintain (BOOM) basis. As per the agreement, UPPCL has to provide 583 Ha. of land to the Company. UPPCL has since executed deed of conveyance for 512 Ha. (Approx.) of land. A few land owners had filed Writ Petition before Hon'ble High Court of Allahabad against the Government of Uttar Pradesh/ UPPCL.

The Court vide its order dated April 13, 2012 allowed the petitions of the farmers of Karchana and stalled the work given to the Company. The order is to be effective subject to deposit of compensation, if any, received by the farmers. However, the Company has not received any communication from UPPCL in this regard.

Hence, expenditure incurred during the construction and incidental to setting up the project are carried forward as 'Capital Work in Progress'. Considering the current status, the Company does not envisage provision for impairment/write off as at the Balance Sheet date.

Note 44

- (a) The Company has presently one operative segment i.e. Generation and Transmission of Power, hence, separate segment reporting is not applicable.
- (b) The operations of the Company are carried within the Country and therefore geographical segments are not applicable.

Note 45

The Tariff for the Transmission Line between Karcham Wangtoo HEP in Himachal Pradesh to Abdullapur Sub Station in Haryana developed by Jaypee Powergrid Limited (JPL) has been approved by Central Electricity Regulatory Commission (CERC) on 14th June'2012.

Powergrid Corporation of India Ltd. (PGCIL) collects transmission charges from the users and disburses tariff to transmission licensees (including JPL). As per the regulations, PGCIL updates the transmission charges for the new systems commissioned twice every year i.e. on 1st April and 1st October of each year , based on the Point of Connection (POC) charges approved by CERC. Any system which comes into operation in the intervening period is loaded into the system for tariff collection from the beginning of next tariff period. In case of JPL, COD was declared w.e.f. 01.04.2012 and CERC approved JPL's tariff on 14.06.2012. Hence the tariff for our system has been loaded into the system w.e.f. 01.10.2012.

The disbursement of tariff to JPL is expected by mid December'2012.

Note 46

The Central Government in exercise of the powers conferred by sub-section 8 of Section 212 of the Companies Act, 1956 has directed vide Ministry of Corporate Affairs General Circular no 2/2011, dated 08.02.2011 that the provisions contained in sub-section (1) of Section 212 of the Companies Act, 1956, requiring annual accounts of the Subsidiaries to be attached to the annual accounts of the Holding Company, shall not apply subject to, inter alia, presentation of audited consolidated financial statements in compliance with applicable Accounting Standards, Board of directors of the Company has by Resolution given consent for not attaching the Balance Sheet of the Subsidiary companies and disclosure of following information:

(Rupees in Million)					
Particulars	Jaypee Power Grid Ltd	Prayagraj Power Generation Co. Ltd.	Sangam Power Generation Co. Ltd.	Jaypee Arunachal Power Ltd	Jaypee Meghalaya Power Ltd.
Capital (including Share Application Money)	3,000	10,382	5,520	2,281	75
Reserves	202	(1)	(1)	(23)	-
Total Assets	10,641	42,394	5,522	2,284	83
Total Liabilities (including Loans)	7,439	32,013	3	25	9
Investment details (including Share Application Money)	--	--	--	--	--
Turnover (including Other Income)	1,042	--	--	--	--
Profit before taxation	299	--	--	--	--
Provision for taxation	60	--	--	--	--
Profit/ (Loss) after taxation	239	--	--	--	--
Proposed Dividend [including Dividend Distribution Tax]	--	--	--	--	--

Note 47

In terms of 'Accounting Standard (AS) 28', the assets are not impaired because the recoverable amount of fixed assets collectively determined by the present value of estimated future cash flows is higher than its carrying value.

Note 48

Previous Year's figures have been regrouped/re-arranged as per new Schedule VI to Companies Act, wherever considered necessary to make them conform to the figures for the period.

Note 49

All the figures have been rounded off to the nearest rupees in million.

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER, 2012

(Rs. in millions)

	PARTICULARS	CURRENT PERIOD	
A.	Cash flow from operating activities		
	Profit before taxation		6,867.00
	<u>Add Back</u>		
	Depreciation and Amortization expenses	1,707.00	-
	Deferred Revenue on account of advance against depreciation	395.00	
	Add:(Gain)/Loss on sale of Assets	-	
	Add: Finance costs	5,614.00	7,716.00
	<u>Deduct:</u>		
	Interest Income (Interest on bank deposits)	(151.00)	-
	Interest Income (Interest on Arrears)	(12.00)	
	Dividend Income (On Mutual Funds)	-	(163.00)
	Other Income		(1.00)
	Operating profit before working capital changes		
	<u>Add:</u>		
	(Increase)/Decrease in Trade Receivables	(1,799.00)	
	Add: Transfer from amalgamating Company	-	
	(Increase)/Decrease in Inventories	(236.00)	
	Add: Transfer from amalgamating Company	-	
	(Increase)/Decrease in Long Term/Short Term Loans and Advances and others Current Asses	(544.00)	
	Add: Transfer from amalgamating Company	-	(2,579.00)
	<u>Deduct:</u>		
	Increase (Decrease) in Current Liabilities & Other Long Term Liabilities excluding Current Maturities of Long Term Debts	(1,061.00)	
	Less: Transfer from amalgamating Company	-	
	Increase (Decrease) in Short Term and Long Term Provisions	(2.00)	
	Less: Transfer from amalgamating Company	-	(1,063.00)
	Cash generated from Operations		10,777.00
	<u>Adjustments for :</u>		
	Income tax paid (net of refund)		(629.00)
	Net cash inflow from operating activities----'A'		10,148.00
B.	Cash flow from Investing activities		
	<u>Outflow</u>		
	Investment in Fixed Assets/Capital Work in Progress		(34,758.00)
	Less: Transfer from amalgamating Company		-
	Work in Progress		
	Investment in Subsidiary		-
	Less: Transfer from amalgamating Company		
	<u>Inflow</u>		
	Sale of Assets		-
	Interest Income		163.00
	Other Income		1.00
	Net cash used in investing activities-----'B'		(34,594.00)
C.	Cash flow from Financing activities		
	<u>Inflow</u>		
	Increase in Long Term Borrowings & Current Maturities of Long Term debt-Net		33,018.00
	Increase in Share Capital-Minority Interest		21.00

	PARTICULARS	CURRENT PERIOD	
	<u>Outflow</u>		
	Interest & financial charges paid		(5,614.00)
	Net cash in financing activities---`C'		27,425.00
D.	CASH AND CASH EQUIVALENT ON AMALGAMATIONS.....'D'		-
	Net increase/(Decrease) in cash or cash equivalent (A+B+C+D)		2,979.00
	Cash & cash equivalent at the commencement of the year (Opening balance)		9,192.00
	Cash & cash equivalent at the end of the year (closing balance)		12,172.00

**LIMITED REVIEW REPORTS WITH RESPECT TO THE UNAUDITED INTERIM STANDALONE
FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2012 AND
DECEMBER 31, 2011**

The Board of Directors

JAIPRAKASH POWER VENTURES LIMITED

1. We have reviewed the attached Balance Sheet of **JAIPRAKASH POWER VENTURES LIMITED** as at 31st December 2012, and also the Statement of Profit & Loss for the nine-month period ended on that date annexed thereto. These financial statements are the responsibility of **JAIPRAKASH POWER VENTURES LIMITED's** management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our review.
2. We conducted our review in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. A review includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. A review also includes assessing by accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our review provides a reasonable basis for our opinion.

Based on our review and to the best of our information and according to the explanations given to us, we are of the opinion that the attached financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of **JAIPRAKASH POWER VENTURES LIMITED** as at 31st December, 2012.
- (b) in the case of the Statement of Profit & Loss, of the profit of **JAIPRAKASH POWER VENTURES LIMITED** for the nine -month period ended on that date.

For R. NAGPAL ASSOCIATES
Chartered Accountants
Firm Registration No.002626N

(R.Nagpal)
Partner
M.No.081594

Place: New Delhi
Dated:14.02.2013

The Board of Directors
JAIPRAKASH POWER VENTURES LIMITED

1. We have reviewed the attached Balance Sheet of **JAIPRAKASH POWER VENTURES LIMITED** as at 31st December 2011, and also the Profit & Loss Account for the nine-month period ended on that date annexed thereto. These financial statements are the responsibility of **JAIPRAKASH POWER VENTURES LIMITED's** management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our review.
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- (a) in the case of the Balance Sheet, of the state of affairs of **JAIPRAKASH POWER VENTURES LIMITED** as at 31st December, 2011.
- (b) in the case of the Profit & Loss Account, of the profit of **JAIPRAKASH POWER VENTURES LIMITED** for the nine -month period ended on that date.

For R. NAGPAL ASSOCIATES
Chartered Accountants
Firm Registration No.002626N

(R.Nagpal)
Partner
M.No.081594

Place: New Delhi
Dated:14.02.2013

JAIPRAKASH POWER VENTURES LIMITED
BALANCE SHEET AS AT 31ST DECEMBER, 2012

(Rupees in Million)

Particulars	Note No.	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	26,248	26,248
(b) Reserves and Surplus	4	30,829	27,468
(c) Money received against share warrants		-	-
(2) Share application money pending allotment		-	-
(3) Deferred Revenue	5	4,514	3,723
(4) Non Current Liabilities			
(a) Long-term borrowings	6	153,534	130,017
(b) Deferred tax liabilities (net)	7	2,245	-
(c) Other Long-term liabilities	8	255	1,293
(d) Long-term provisions	9	5,555	5,688
(5) Current Liabilities			
(a) Short-term borrowings	10	1,364	-
(b) Trade payables	11	7,969	1,698
(c) Other current liabilities	12	22,084	10,761
(d) Short-term provisions	13	4,830	1,087
TOTAL		259,427	207,983
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	14		
(i) Tangible assets		115,916	95,246
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		77,802	54,415
(iv) Intangible assets under development		-	-
		193,718	149,661
(b) Non-current investments	15	42,342	36,632
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances	16	4,036	3,531
(e) Other non-current assets	17	816	1,052
(2) Current assets			
(a) Current investments		-	-
(b) Inventories	18	681	235
(c) Trade receivables	19	3,951	1,350
(d) Cash and cash equivalents	20	6,991	11,909
(e) Short-term loans and advances	21	6,656	3,346
(f) Other current assets	22	236	267
		18,515	17,107
TOTAL		259,427	207,983

Accounting Policies and Notes to the Accounts

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The note nos. 1 to 48 are integral part of the financial statements.

JAIPRAKASH POWER VENTURES LIMITED
STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 31ST DECEMBER, 2012

(Rupees in Million)

Particulars		Note No.	Figures for the current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
I.	Revenue from operations	23	18,782	13,218
II.	Other Income	24	277	507
III.	Total Revenue (I+II)		19,059	13,725
IV.	Expenses :			
	Cost of raw material consumed	25	1,104	-
	Cost of operation and maintenance	26	1,115	375
	Purchase of Stock-in-trade		-	-
	Changes in inventories of finished goods work-in-progress and stock-in-trade		-	-
	Employee benefits expense	27	395	310
	Finance costs	28	8,236	6,102
	Depreciation and amortization expense	29	2,408	1,594
	Other expenses	30	276	222
	Total expenses		13,534	8,603
V.	Profit before exceptional and extraordinary items and tax (III -IV)		5,525	5,122
VI.	Exceptional items		-	-
VII.	Profit before extraordinary items and tax (V - VI)		5,525	5,122
VIII.	Extraordinary items		-	-
IX.	Profit before tax (VII-VIII)		5,525	5,122
X.	Tax Expense :			
	(i) Current tax (MAT)		1,105	1,025
	Less : MAT credit entitlement		1,105	-
	Net Current Tax		-	1,025
	(ii) Earlier years		-	-
	(iii) Previous Year - Written Off		-	-
	(iv) Fringe benefit tax of earlier year written off		-	-
	(v) Deferred tax charge		1,011	-
			1,011	1,025
XI.	Profit/(loss) from continuing operations (IX-X)		4,514	4,097
XII.	Profit/(loss) from discontinuing operations		-	-
XIII.	Tax expense of discontinuing operations		-	-
XIV.	Profit/(loss) from discontinuing operations (after tax) (XII-XIII)		-	-
XV.	Profit/(loss) for the period (XI + XIV)		4,514	4,097
XVI.	Earnings per equity share :			
	Before Extraordinary items			
	(i) Basic		1.72	1.56
	(ii) Diluted		1.65	1.50
	After Extraordinary items			
	(i) Basic		1.72	1.56
	(ii) Diluted		1.65	1.50

Accounting Policies and Notes to the Accounts

2

The note nos. 1 to 48 are integral part of the financial statements.

Notes to the financial statements for the period ended December 31, 2012

Note 1 Basis of Preparation of Financial Statements

- (a) The accounts are prepared on the historical cost basis and on the principles of a going concern.
- (b) Accounting policies not specifically referred to otherwise are being consistently followed and are in accordance with generally accepted accounting principles.

Note 2 Summary of significant accounting policies

(a) Revenue Recognition

- (i) (a) **300 MW BASPA-II HEP:** Revenue from sale of electrical energy is accounted for on the basis of billing to Himachal Pradesh State Electricity Board (HPSEB) as per Tariff approved by Himachal Pradesh Electricity Regulatory Commission (HPERC) in accordance with the provisions of Power Purchase Agreement dated 4th June, 1997, Amendment No.1 dated 07.01.1998 executed between the Company and HPSEB.
- (b) **400 MW Vishnuprayag HEP :** Revenue from sale of electrical energy is accounted for on the basis of billing to Uttar Pradesh Power Corporation Limited (UPPCL) as per Tariff approved by Uttar Pradesh Electricity Regulatory Commission (UPERC) in accordance with the provisions of Power Purchase Agreement dated 16.01.2007, executed between the Company and UPPCL.
- (c) **1000 MW Karcham Wangtoo HEP :** Revenue from sale of electrical energy is accounted for on the basis of billing to various buyers as per short term/medium term Power Purchase Agreements executed with them.
- (d) **500 MW Bina Thermal power Plant:** Revenue from sale of electrical energy is accounted for on the basis of, billing to Madhya Pradesh Power Trading Company Limited (MPPTCL) as per Tariff to be approved by Madhya Pradesh Electricity Regulatory Commission in accordance with the provisions of Power Purchase Agreement dated 05.01.2011, executed between the Company and MPPTCL to the extent of 70% and balance on merchant basis.
- (ii) Revenue from sale of Verified Emission Reductions (VERs) is accounted for on receipt basis.
- (iii) Insurance claims are accounted for on receipt basis or as acknowledged by the Insurance company.
- (iv) Other Income and cost/ expenditure are accounted for on accrual basis as they are earned or incurred.
- (v) Advance against depreciation claimed/ to be claimed as part of tariff in terms of PPA (in respect of Baspa II and Vishnuprayag HEP) during the currency of loans to facilitate repayment installments is treated as 'Deferred Revenue'. Such Deferred Revenue shall be included in Sales in subsequent years.

(b) Fixed Assets

Fixed Assets are stated at Cost of acquisition or construction inclusive of freight, erection & commissioning charges, duties and taxes, expenditure during construction period, Interest on borrowings, financing cost and foreign exchange loss/ gain, up to the date of commissioning.

(c) Depreciation

- (i) Premium on Leasehold Land is amortised over the period of lease.

- (ii)
 - (a) **300 MW BASPA-II HEP:** Depreciation has been provided @2.71% p.a. on straight line method on Hydro Electric Works w.e.f. 24.5.2003 as approved by the Ministry of Corporate Affairs, Government of India in exercise of the powers conferred under Section 205 (2) (c) of the Companies Act, 1956 vide their letter no. 45/1/2006-CL-III dated 26.6.2006.
 - (b) **400 MW Vishnuprayag HEP:** Depreciation has been provided @2.71% p.a. on straight line method on Hydro Electric Works w.e.f. 17.06.2006 as approved by the Ministry of Corporate Affairs, Government of India in exercise of the powers conferred under Section 205 (2) (c) of the Companies Act, 1956 vide their letter no. 45/7/2006-CL-III dated 03.05.2007.
 - (c) **1000 MW Karcham Wangtoo HEP :** Depreciation has been provided @ 2.57% p.a. on straight line method on Hydro Electric Works w.e.f. 01.04.2011 as approved by the Ministry of Corporate Affairs, Government of India in exercise of the powers conferred under Section 205 (2) (c) of the Companies Act, 1956 vide their letter no. 45/6/2011-CL-III dated 09.08.2011.
 - (iii) Fixed Assets other than Hydro Electric Works including Bina Thermal Power Plant are depreciated as per straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956.
 - (iv) Depreciation on Assets of the Rs. 5,000 or less is provided at 100% irrespective of the actual period of use.
- (d) Expenditure during Construction Period**

Expenditure incurred on projects/assets during construction/implementation is capitalized and apportioned to projects/ assets on commissioning.
- (e) Foreign Currency Transactions**
 - (i) Transactions in Foreign Currency are recorded in the Books of Accounts in Indian Currency at the rate of exchange prevailing on the date of transaction.
 - (iv) All loans and deferred credits repayable in Foreign Currency and outstanding at the close of the year are expressed in Indian Currency at the rate of exchange prevailing on the date of the Balance Sheet.
 - (v) Foreign Exchange gain/loss is being adjusted against the cost of assets in terms of the amendment to Accounting Standard (AS-11) issued vide Notification dated 31st March, 2009 and revised Notification dated 29th December, 2011 by Ministry of Corporate Affairs, Govt. of India.
- (f) Investments**

Investments are stated at Cost and where there is permanent diminution in the value of Investments a provision is made wherever applicable. Dividend will be accounted for as and when the Company has a right to receive the same on or before the Balance Sheet date.
- (g) Inventories**
 - (c) Inventories of Stores & Spares are valued on the basis of Weighted Average Cost Method.
 - (d) Material-in-transit is valued at cost.
- (h) Retirement and other Employees Benefits**
 - (a) Provident Fund and Pension contribution as a percentage of salary/wages as per provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1952.

- (b) Gratuity and Leave Encashment is defined benefit obligation. The liability is provided for on the basis on Projected Unit Credit Method adopted in the actuarial valuation made at the end of each financial year.

(i) Borrowing Costs

Borrowing costs attributable to the procurement/construction of fixed assets are capitalised as part of the cost of the respective assets upto the date of commissioning. Other borrowing costs are recognized as expense during the year in which they are incurred.

(j) Taxes on Income

Provision for current tax is being made after taking into consideration benefits admissible to the Company under the provisions of the Income Tax Act, 1961.

Deferred Tax Liability, if any is computed as per in accordance with Accounting Standard [AS-22]. Deferred Tax Asset and Deferred Tax Liability are computed by applying rates and tax laws that have been enacted up to the Balance Sheet date.

(k) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degrees of estimation in measurement are recognized when there is a present obligation as a result of past events and if are probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

(l) Earnings Per Share

Basic earnings per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

(m) Impairment of Assets

At each balance sheet date, the management reviews the carrying amounts of its assets included in each cash generating unit to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss is recognised immediately as income in the profit and loss account.

(n) Intangible Assets

Intangible assets are stated at cost of acquisition less accumulated amortisation on straight line basis from the date the assets are put for commercial use.

(o) Segment Reporting

Revenue, operating results, assets and liabilities have been identified to represent separate segments on the basis of their relationship to the operating activities of the segment. Assets, liabilities, revenue and expenses which are not allocable to separate segment on a reasonable basis, are included under "Unallocated".

Note "3" - Share Capital**(Rupees in Million)**

Particulars	Figures as at the end of current reporting period, December 31, 2012		Figures as at the end of previous reporting period, December 31, 2011	
	Number	Rs.	Number	Rs.
<u>Authorised</u>				
Equity shares of Rs. 10/- each	8,300,000,000	83,000	8,300,000,000	83,000
Preference shares of Rs. 100/- each	300,000,000	30,000	-	-
Total		113,000		83,000
<u>Issued, Subscribed & Paid up</u>				
Equity shares of Rs. 10/- each	2,624,757,123	26,248	2,624,757,123	26,248
Share Capital Suspense Account	-	-	-	-
Total	2,624,757,123	26,248	26,24,757,123	26,248

Note 3.1 - Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period

Particulars	Figures as at the end of current reporting period, December 31, 2012		Figures as at the end of previous reporting period, December 31, 2011	
	Equity Shares		Equity Shares	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	2,624,757,123	26,248	2,095,680,200	20,957
Shares issued during the year	-	-	529,076,923	5,291
Shares brought back during the year	-	-	-	-
Shares outstanding at the end of the year	2,624,757,123	26,248	2,624,757,123	26,248

Amount of Rs. 5,291 million was in share suspense account as on 31.03.2011 and 52,90,76,923 equity shares of Rs.10/- each were allotted during the year, consequent to amalgamation of erstwhile Jaypee Karcham Hydro Corporation Limited, (JKHCL) and erstwhile Bina Power Supply Company Limited, (BPSCL) with the Company from the appointed date i.e. 01.04.2010.

Note 3.2 - The rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital

Equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share and entitled to dividend.

Preference shares having a par value of Rs. 100/- per share, with power to the Company to convert Preference Shares into Equity Shares at any time and from time to time to increase, reduce or modify the capital and to divide all or any of the shares in the capital of the Company, for the time being, and to classify and reclassify such shares from shares of one class into shares of other class or classes and to attach there to respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions and to vary, modify or abrogate any such rights, privileges, conditions or restrictions, in accordance with the provisions of Articles of Association of the Company and the provisions of the Companies Act, 1956. Preference share holders are entitled to dividend at a fixed rate and is not entitled to vote at the General Meeting of the Company. The Company has not issued any class of Preference shares.

Note 3.3 - Equity Shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or by subsidiaries or associates of the holding company or the ultimate holding company in aggregate

1,78,30,00,600 Equity shares are held by Jaiprakash Associates Limited, the holding company.

12,56,47,637 Equity shares are held by Jaypee Infra Ventures (A Private Company with unlimited liability), associate company of Jaiprakash Associates Limited.

Note 3.4 - Equity Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held

Name of Shareholder	Figures as at the end of current reporting period, December 31, 2012		Figures as at the end of previous reporting period, December 31, 2011	
	No. of equity shares held	% of holding	No. of equity shares held	% of holding
Jaiprakash Associates Limited	1,783,000,600	67.930	1,783,000,600	67.930
Jaypee Infra Ventures (a private company with unlimited liability)	125,647,637	4.787	224,622,624	8.558
JPVL Trust	344,076,923	13.109	344,076,923	13.109

Note 3.5 - Equity shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestments, including terms and amounts

The Company had issued 2,000 Nos. 5% Foreign Currency Convertible Bonds (FCCB) of US\$ 0.10 Million each aggregating to US\$ 200 Million at par on 12.02.2010. These Bonds are convertible at the option of the bond-holders into equity shares of Rs. 10/- each fully paid up at the conversion price of Rs. 85.8139 per share, subject to the terms of issue with a fixed exchange rate of Rs. 46.14 equal to US\$ 1 at any time on or after 25.03.2010 and prior to the close of business on 06.02.2015.

No conversion has taken place till date upto 31.12.2012.

The bonds are redeemable at maturity on 13.02.2015 at a YTM of 7% p.a. inclusive of coupon rate of 5% p.a. [value as on 31.12.2012 in US\$ 0.106 Million (Previous Period - US\$ 0.104 Million) for a principal amount of US\$ 0.10 Million each]. A reserve aggregating to Rs. 531 Million up to 31.12.2012 (Previous Period- Rs. 347 Million) has been created for the redemption premium.

No shares reserved for issue under options and contracts / commitments for the sale of shares/ disinvestments.

Note 3.6 - Aggregate number and class of equity shares allotted as fully paid up pursuant to contract without payment being received in cash, allotment by way of bonus shares or shares bought back

Particulars	Year (Aggregate No. of shares)	
	2011-12	2010-11
Fully paid up for consideration other than cash in terms of Scheme of Amalgamation effective from 14.12.2009	1,604,679,600	16,047
Fully paid up for consideration other than cash in terms of Scheme of Amalgamation effective from 26.07.2011	529,076,923	5,291
Fully paid up by way of bonus shares	-	-
Shares bought back	-	-

Note 3.7 - Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date

Particulars	Figures as at the end of current reporting period, December 31, 2012		Figures as at the end of previous reporting period, December 31, 2011	
	Number	Rs.	Number	Rs.
5% Foreign Currency Convertible Bonds (FCCB)	107,535,026	1,075	107,535,026	1,075

The Company had issued 2,000 Nos. 5% Foreign Currency Convertible Bonds (FCCB) of US\$ 0.10 Million each aggregating to US\$ 200 Million at par on 12.02.2010. These Bonds are convertible at the option of the bond-holders into

equity shares of Rs. 10/- each fully paid up at the conversion price of Rs. 85.8139 per share, subject to the terms of issue with a fixed exchange rate of Rs. 46.14 equal to US\$ 1 at any time on or after 25.03.2010 and prior to the close of business on 06.02.2015.

Note "4" - Reserves and Surplus

(Rupees in Million)

Particulars	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
1. Securities Premium Reserve		
Opening Balance	-	434
Less : Transfer to Provision for Premium on Redemption of Debentures	-	434
	-	-
2. Debenture Redemption Reserve		
Opening Balance	5,551	2,777
Add : Provisions for the year	764	2,080
Less : Transfer to profit and loss account on redemption	-	-
	6,315	4,857
3. General Reserve		
Opening Balance	479	479
Add : Transfer from Profit and loss account	-	-
	479	479
4. Capital Reserve on Amalgamation		
Opening Balance	13,441	13,441
Add : On amalgamation of JKHCL & BPSCL	-	-
Less : Goodwill written off	-	-
	13,441	13,441
5. Reserve for Premium on Foreign Currency Convertible Bonds		
Opening Balance	393	209
Add : Provisions for the year	138	138
	531	347
6. Surplus		
Opening Balance	8,539	8,119
Add : Profit/(loss) transferred from Amalgamating Company	-	-
Add : Profit After Tax during the year	4,514	4,097
Add : Debenture Redemption Reserve Written Back	-	-
Add : MAT credit for earlier years	-	-
Less : Deferred tax liability of earlier years	-	-
Less : Debenture Redemption Reserve for the year	764	2,080
Less : Provision for Premium on Redemption of Debenture	2,088	1,654
Less : Reserve for Premium on Foreign Currency Convertible Bonds	138	138
	10,063	8,344
Total	30,829	27,468

Note " 5 " Deferred Revenue

(Rupees in Million)

Particulars	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
Advance against depreciation		
Opening Balance	3,921	3,130
Addition during the year	593	593
Total	4,514	3,723

Non Current Liabilities

Note "6" - Long-term borrowings

(Rupees in Million)

Particulars	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
"A" Secured Loans	-	-
Bonds/Debentures		
Redeemable Non-Convertible Debentures	9,826	19,826
Term Loans	-	-
Rupee Loan	-	-
- from Financial Institutions	14,003	14,636
- from Banks	110,260	81,105
Foreign Currency Loan	-	-
- from Banks	7,458	2,477
- from Financial Institutions	596	738
	132,317	98,956
Working Capital - From Banks	60	90
- from other parties	-	-
Foreign Currency - Buyer's Credit	281	455
	-	-
Total "A"	142,484	119,327
"B" Unsecured Loans	-	-
- Foreign Currency Convertible Bonds	11,000	10,640
<u>Others</u>		
Govt. of Uttarakhand	50	50
Total "B"	11,050	10,690
Total "A + B"	153,534	130,017

Security for Term Loans and Non-Convertible Debentures

6.1 300 MW Jaypee Baspa II HEP:

- 6.1(a)** Rupee Term Loans, Foreign Currency Loans, Working Capital Facilities and Deferred Payment Guarantee(s) from Financial Institutions and Banks, together with all interest, guarantee commission, cost, expenses and other charges are secured ranking pari passu among all the participating Institutions and Banks viz. State Bank of India, Andhra Bank, Punjab National Bank, UCO Bank, Oriental Bank of Commerce, Allahabad Bank, United Bank of India, IDBI Bank Ltd, IFCI Ltd., and Power Finance Corporation Ltd., by

- (i) First Charge on book debts, operating cash flows, receivables, commissions, revenue of whatsoever nature, present & future of the Baspa II HEP.
- (ii) First charge on all the Accounts of the Baspa II HEP including but not limited to the Trust & Retention Account, Escrow Account of HPSEB and Debt Service Reserve Account and other accounts required to be created under any Project Document or contract.

The loans are inter-alia also secured by way of:

- (i) First charge on Baspa II HEP's all intangible assets, hypothecation of all the movable assets, assignment of Project Agreements and Escrow Agreement, all present and future rights, titles, interests, benefits, claims and demands whatsoever with respect to the Insurance Policies, claims and benefits to all monies receivable there under and all other claims there under in respect of all the insured assets of the Project;
- (ii) First ranking equitable mortgage on all rights, titles, interests and benefits in respect of immovable properties, and assets of the Baspa II HEP.
- (iii) Pledge of 629.10 Million shares of the Company held by Jaiprakash Associates Limited, (JAL) on pari-passu basis with lenders of Jaypee Vishnuprayag HEP and Jaypee Nigrie Super Thermal Power Project.
- (iv) Corporate Guarantee furnished by Jaiprakash Associates Limited (JAL), the Holding Company, for the outstanding financial assistance of Power Finance Corporation Ltd., as on 31.12.2012 amounting to Rs. 7,65.03 Million (Previous Period - Rs.109.81 Million).

6.1(b) The aforesaid security rank pari-passu for working capital limit (Fund based and non fund based) outstanding Rs. 400 Million against limit of Rs. 6,90 Million sanctioned by Punjab National Bank - Shimla with personal guarantees of Shri Jaiprakash Gaur - Founder Chairman, Shri Manoj Gaur - Chairman, Shri S.K. Sharma - Vice Chairman & CEO and Shri S. K. Jain - former Director of the Company.

6.1(c) The Foreign Currency Loans under Buyers' Credit are guaranteed by Deferred Payment Guarantee issued by Power Finance Corporation Limited.

6.2 400 MW Jaypee Vishnuprayag HEP :

6.2(a) Rupee Term Loans, Foreign Currency Loans and Working Capital Facilities from Financial Institutions and Banks, together with all interest, guarantee commission, cost, expenses and other charges are secured ranking pari passu among all the participating Institutions and Banks viz. State Bank of India, Andhra Bank, State Bank of Bikaner & Jaipur, State Bank of Patiala, State Bank of Travancore, Bank of India, Oriental Bank of Commerce, Allahabad Bank, Dena Bank, IDBI Bank Ltd., ICICI Bank Ltd., and Power Finance Corporation Ltd.

- (i) First charge on 400 MW Vishnuprayag HEP's present and future book debts, operating cash flows, receivables, commissions, revenue of whatsoever nature, and
- (ii) First charge on 400 MW Vishnuprayag HEP's all the accounts including the Trust & Retention Account, Escrow Account of Uttar Pradesh Power Corporation Limited and Debt Service Reserve Account and each of the other accounts required to be created by the Company under any 400 MW Vishnuprayag HEP document.

The loans are inter-alia also secured by way of:

- (i) First ranking equitable mortgage on all rights, titles, interests and benefits in respect of immovable properties and assets of the 400 MW Vishnuprayag HEP.
First charge on 400 MW Vishnuprayag HEP's all intangible assets, hypothecation of all the movable assets, assignment of Project Agreements and Escrow Agreement, all present and future rights, titles, interests, benefits, claims and demands whatsoever with respect to the Insurance Policies, claims and benefits to all monies receivable there under and all other claims there under in respect of all the insured assets of the Project.

- (ii) First ranking equitable mortgage on all rights, titles, interests and benefits in respect of immovable properties and assets of the 400 MW Vishnuprayag HEP.
 - (iii) Pledge of 62,91,00,000 shares of the Company held by JAL on pari-passu basis with lenders of Baspa – II HEP and Nigrie Super Thermal Power Project.
 - (iv) Corporate Guarantee furnished by JAL, the Holding Company, for outstanding financial assistance of Power Finance Corporation Ltd., as on 31.12.2012 amounting to US\$ 13.87 Million (Previous Period \$ 16.95 Million).
- 6.2(b)** Working Capital Loan of Rs.600 Million sanctioned by ICICI Bank Ltd., is secured by second mortgage/ hypothecation and charge on all movable and immovable assets of 400 MW Jaypee Vishnuprayag HEP (including all revenues, receipts, receivables and intangible properties) both present and future and second charge on bank accounts including Trust and Retention accounts of the Plant.

6.3 1000 MW Jaypee Karcham Wangtoo HEP:

6.3(a) The Rupee Term Loan assistance of Rs.44,730.38 Million (Previous Period - Rs. 44,483.20 Million) by financial institutions and banks together with all interest, cost and other charges/dues are secured by:

- (i) First ranking equitable mortgage on all rights, titles, interests and benefits in respect of immovable properties and assets of the 400 MW Vishnuprayag HEP.
- (ii) First ranking pari-passu mortgage and hypothecation of all the immovable and movables assets both present and future, all intangible assets, uncalled capital and all revenues and receivables pertaining to Jaypee Karcham Wangtoo HEP and English mortgage on immovable property at Vadgaon, Taluka Mawal, District Pune, Maharashtra .
- (ii) Pledge of 12,06,00,000 equity shares of the Company held by JAL on pari passu basis with the lenders.

6.3(b) The aforesaid Security ranks pari-passu with working capital lender (i.e. IDBI Bank Limited) for Working Capital limit of Rs.3,050 Million [Outstanding Cash credit limit Rs.498.60 Million (Previous Period – Rs. Nil) and Bank Guarantees/ LCs of Rs.189.18 Million (Previous Period – Rs. 107.74 Million)].

6.4 500 MW Jaypee Bina Thermal Power Plant:

6.4(a) Financial Assistance of Rs.22,280.00 Million (Previous Period Rs.17,105.00 Million) from consortium of Financial Institutions and Banks with all interest, cost and other charges/dues are secured by:

- (i) First ranking equitable mortgage on all rights, titles, interests and benefits in respect of immovable properties and assets of the 400 MW Vishnuprayag HEP.
- (ii) First ranking pari-passu mortgage and hypothecation of all immovable and movables assets both present and future, all intangible assets, uncalled capital and all revenues and receivables pertaining to Jaypee Bina Thermal Power Plant.
- (iii) Pledge of 6,48,09,231 equity shares of the Company held by JAL , on pari passu basis with the lenders.

6.4(b) The aforesaid Security ranks pari-passu with working capital lenders (i.e. IDBI Bank Limited, State Bank of Patiala and Jammu & Kashmir Bank Ltd.) for working capital limit of Rs. 3,170.00 Million. Fund based limit outstanding Rs.865.37 Million (previous Period Rs. Nil) and Bank Guarantees/ LCs outstanding of Rs. 796.20 Million (Previous Period – Rs. 560.12 Million).

6.5 1320 MW Jaypee Nigrie Super Thermal Power Project :

6.5(a) Financial assistance of Rs. 43,955.67 Million (Previous Period Rs. 14,899.75 Million) availed out of amount of Rs. 56,700.00 Million (INR 48,211.00 Million and External Commercial Borrowing (ECB) amounting to Jap. Yen 15.30 Billion equivalent to Rs. 8,489.00 Million) sanctioned by consortium of Financial Institutions and Banks with all interest, cost and other charges/ dues are secured by:

- (i) First ranking pari-passu mortgage and hypothecation of all immovable and movables assets both present and future, all intangible assets, uncalled capital and all revenues and receivables pertaining to the Jaypee Nigrie Super Thermal Power Project.
- (ii) Pledge of 62,91,00,000 equity shares (Previous Period - 62,91,00,000 equity shares) of the Company held by JAL on pari-passu basis with lenders of Jaypee Baspa – II HEP and Jaypee Vishnuprayag HEP.

6.5(b) Bank Guarantee limit of Rs.1,000 Million sanctioned by IDBI Bank Limited. Bank Guarantees outstanding for Rs.1,000 Million (Previous Period- Rs. 1,000 Million). The said Bank Guarantee is secured by way of subservient charge on the movable assets of the Jaypee Nigrie STPP and also by personal guarantee of Shri Manoj Gaur, Chairman of the Company.

6.6(a) Rupee Term Loan/Corporate Loan-ICICI Bank:

The Rupee Term Loan of Rs.10,000 Million sanctioned by ICICI Bank Limited together with all interests, liquidated damages, front end fee, premia on prepayment, costs, charges, expenses and other monies is secured by (i) second charge on all present and future movable and immovable properties and assets of Sangam Power Generation Company Limited and Prayagraj Power Generation Company Limited (subsidiaries of the Company) and first charge on the designated bank account together with all the monies therein (ii) pledge of 48,00,00,000 equity shares of Rs. 10/- each fully paid up (Previous Period - 52,79,00,000 equity shares) of the Company held by JAL.

6.6(b) Rupee Term Loan/Corporate Loan-State Bank of India:

The Rupee Term Loan of Rs.10,000 Million sanctioned by State Bank of India during the period ending 31st December, 2012, is secured by residual charge on all movable and immovable fixed assets of the Company on pari-passu basis and pledge of 15,00,000 shares of the Company. The Company has drawn Rs. 5,000 Million up to 31st December, 2012.

6.7 The Non-Convertible Debentures Series I of Rs. 9,999.80 Million and series II of Rs. 9,825.90 Million, subscribed by ICICI Bank Limited are secured by :

- (i) Residual charge on the entire fixed assets of the Company.
- (ii) Unconditional and irrevocable personal guarantee of Shri Manoj Gaur, Chairman towards repayment of principal and interest on the Debentures.
- (iii) Letter of Comfort from Jaiprakash Associates Limited, the holding company.

6.8 Repayment of Term Loans and Non-Convertible Debentures

6.8(a) 300 MW BASPA-II HEP :

All Rupee Term Loans are repayable in 56 installments payable in July, August, September and October each year commenced from July, 2010 onwards, with the following variation:

Institution / Bank	Repayment Schedule
PFC	Repayment in 39 equal installments in July, August, September and October each year w.e.f. July, 2005
IFCI	Repayment in 54 equal installments in July, August, September and October each year w.e.f. September, 2010
IDBI FCL	Repayment in 40 equal installments in June , September, December and March each year w.e.f. September, 2004

6.8(b) 400 MW Vishnuprayag HEP :

Rupee Term Loan of Rs. 16,500 Million is repayable in 54 equal quarterly installments payable in February, May, August and November each year commenced from November, 2009 onwards.

6.8(c) 1000 MW Jaypee Karcham Wangtoo HEP :

All Rupee Term Loans are repayable in 75 equal installments payable in June, July, August, September & October each year commencing from 15th June, 2012 to 15th October, 2026.

6.8(d) 500 MW Jaypee Bina Thermal Power Project :

All Rupee Term Loans are repayable in 40 equal quarterly installments in March, June, September and December each year commencing from March, 2013 for 80% of loan and balance 20% in 41st Installment payable on 1st March, 2023.

6.8(e) 1320 MW Jaypee Nigrie Super Thermal Power Project :

All Rupee Term Loans are repayable in 40 equal quarterly installments commencing from November, 2014.

ECB is repayable in 20 equal half yearly installments commencing from November, 2014.

6.8(f) Other Loans :

- (i) Rupee Term Loan of Rs.10,000 Million sanctioned by ICICI Bank Limited is repayable in 9 quarterly installments payable in February, May, August and November each year commencing from August, 2012 onwards.
- (ii) Rupee Term Loan of Rs.10,000 Million (Amount drawn 5,000 Million) sanctioned by State Bank of India is repayable in 4 equal instalments payable on 30th September, 2014, 30th September, 2015, 30th September, 2016, 30th September, 2017.

(iii) **Secured Redeemable Non Convertible Debentures (NCDs):-**

Institution	Amount	Redemption			
ICICI Bank Limited	Rs. 9,999.80 Million (Series - I) 14,049 Debentures issued at a Price of Rs. 7,11,780/- each. Redemption Price Rs.10 Lacs each	Redemption value Rs 14,049 Million on March 31, 2013 in one installment.			
ICICI Bank Limited	Rs. 9,825.90 Million (Series - II)				
	<u>Tranche</u>	<u>No of Deb.</u>	<u>Issue price</u>	Redemption	Redemption
	-	-	(Amount Rs.)	<u>Date</u>	<u>Value Rs.in Lacs</u>
	A	36,600	67,140	31.12.2013	36,600
	B	38,700	63,552	30.06.2014	38,700
	C	41,000	59,946	31.12.2014	41,000
	D	43,200	56,743	30.06.2015	43,200
	Total	159,500			159,500
	Redemption Price Rs. 0.10 Million each				

6.9 Unsecured Loans

- (i) Unsecured loan of Rs.100 Million is repayable to Government of Uttarakhand, which would be paid after having decision arrived between Government of Uttar Pradesh and Government of Uttarakhand for receipt of said payment.
- (ii) The Company had issued 2,000 Nos. 5% Foreign Currency Convertible Bonds (FCCB) of US\$ 0.10 Million each aggregating to US\$ 200 Million at par on 12.02.2010. These Bonds are convertible at the option of the bond-holders into equity shares of Rs. 10/- each fully paid up at the conversion price of Rs. 85.8139 per share, subject to the terms of issue with a fixed exchange rate of Rs. 46.14 equal to US\$ 1 at any time on or after 25.03.2010 and prior to the close of business on 06.02.2015.

No conversion has taken place till date upto financial year 2011-12.

The bonds are redeemable at maturity on 13.02.2015 at a YTM of 7% p.a. inclusive of coupon rate of 5% p.a. [value as on 31.12.2012 in US\$ 0.11 Million (Previous Period - US\$ 0.10 Million) for a principal amount of US\$ 0.10 Million each]. A reserve aggregating to Rs.531 Million up to 31.12.2012 (Previous Period- Rs.347 Million) has been created for the redemption premium.

As on 31.12.2012 the Company has outstanding exposure of US\$ 200 Million against FCCB unhedged, pending conversion into equity share capital. (An amount of US\$ 10.81 Million (hedged) out of FCCB funds is parked overseas pending utilization as on 31.12.2012).

Note "7" - Deferred tax liabilities (Net)

(Rupees in Million)

Particulars	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
Deferred tax liability		
On account of depreciation	2,648	-
Total 'A'	2,648	-
Deferred tax assets		
On account of loss as per income tax return	-	-
On account of employee benefits	403	-
Total 'B'	403	-
Total 'A - B'	2,245	-

Note "8" - Other Long Term Liabilities**(Rupees in Million)**

Particulars	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
Trade Payables	2	1,292
Others	253	1
Total	255	1,293

Note "9" - Long Term Provisions**(Rupees in Million)**

Particulars	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
Provision for employee benefits		
Leave Encashment	11	15
Others		
Wealth Tax	-	-
Income Tax	1,957	1,159
Premium on redemption of debentures	3,587	4,514
Total	5,555	5,688

Current Liabilities**Note "10" - Short-term borrowings****(Rupees in Million)**

Particulars	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
Secured Loans	-	-
Loans repayable on demand	-	-
Rupee Loan	-	-
- from Banks	-	-
Working Capital - From Banks	1,364	-
Total	1,364	-

Note "11" - Trade Payables**(Rupees in Million)**

Particulars	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
Trade Payables	7,965	1,694
Others	4	4
Total	7,969	1,698

Note "12" - Other Current Liabilities
(Rupees in Million)

Particulars	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
i) Current maturities of long-term debt	-	-
"A" Secured Loans	-	-
Bonds/Debentures	-	-
Redeemable Non-Convertible Debentures	10,000	-
Term Loans	-	-
- from Financial Institutions	1,107	1,107
- from Banks	8,807	7,141
Foreign Currency Loan	-	-
- from Banks	14	3
- from Financial Institutions	167	164
- from other parties	-	-
Foreign Currency Loan	-	-
- from Buyers' Credit	187	182
Working Capital	-	-
- from Banks	30	120
"B" Unsecured Loans	-	-
Govt. of Uttarakhand	50	50
i) Interest accrued but not due on borrowings	209	172
ii) Investors' Education & Protection Fund : (Appropriate amount shall be transferred to Investors' Education & Protection Fund, if and when due)	-	-
- Unclaimed Dividend	19	19
iii) Other payables	1,494	1,803
Total	22,084	10,761

Note "13" - Short Term Provisions
(Rupees in Million)

Particulars	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
a) Provision for employee benefits		
Gratuity	6	1
Leave Encashment	7	-
Bonus & Incentive	-	7
b) Others		
Income Tax	1,105	1,079
Premium on redemption of debentures	3,712	-
Total	4,830	1,087

Note '14' - Fixed Assets
Note '14' - Tangible Assets

(Rupees in Million)

S.No.	PARTICULARS	GROSS CARRYING AMOUNTS				DEPRECIATION / AMORTIZATION					NET CARRYING AMOUNTS		
		As on 01.04.2012	Additions during the Period	Disposals during the Period	Other Adjust- ments	As on 31.12.2012	Upto 31.03.2012	For the Period	Disposals during the Period	Other Adjust- ments	Upto 31.12.2012	As on 31.12.2012	As on 31.03.2012
1	Land	311	-	-	-	311	86	4	-	-	90	221	225
	Lease Hold	626	2	-	-	628	-	-	-	-	-	628	626
2	Buildings	2,178	1,792	-	-	3,970	220	46	-	-	266	3,704	1,958
3	Plant & Machinery	101,482	19,830	-	96	121,408	7,858	2,360	-	-	10,218	111,190	93,624
4	Furniture & Fixture	34	24	-	-	58	14	8	-	-	22	36	20
5	Vehicles	87	12	-	-	99	28	6	-	-	34	65	59
6	Office Equipments	74	20	-	-	94	16	6	-	-	22	72	58
Total		104,792	21,680	-	96	126,568	8,222	2,430	-	-	10,652	115,916	96,570
Previous Period Ending 31.12.2011		36,638	65,998	1	117	102,752	5,897	1,610	1	-	7,506	95,246	
Capital Work in Progress and Incidental expenses during construction period		-	-	-	-	-	-	-	-	-	-	77,802	63,838

Note '14' - Intangible Assets

(Rupees in Million)

S.No.	PARTICULARS	GROSS CARRYING AMOUNTS					DEPRECIATION / AMORTIZATION					NET CARRYING AMOUNTS	
		As on 01.04.2012	Additions during the Period	Disposals during the Period	Other Adjust- ments	As on 31.12.2012	Upto 31.03.2012	For the Period	Disposals during the Period	Other Adjust- ments	Upto 31.12.2012	As on 31.12.2012	As on 31.03.2012
1	Intangible Assets- Computer Software	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-	-	-	-
	Previous Period	-	-	-	-	-	-	-	-	-	-	-	-

Note '15' : Non-current investments

(Rupees in Million)

Particulars	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
Investments in Equity Instruments		
INVESTMENTS (AT COST)		
(A) Investment in Subsidiary Companies		
Un-Quoted		
i) 22,20,00,000 equity shares of Rs.10/- each fully paid up of Jaypee Powergrid Limited (Previous period 20,72,00,000 Equity Shares)	2,220	2,072
ii) 20,00,00,000 equity shares of Rs.10/- each fully paid up of Jaypee Arunachal Power Limited (Previous period 20,00,00,000 Equity Shares)	2,000	2,000
iii) 123,81,89,800 equity shares of Rs.10/- each fully paid up of Prayagraj Power Generation Company Limited (Previous period 50,91,89,800 Shares)	12,383	5,093
iv) 55,19,77,200 equity shares of Rs.10/- each fully paid up of Sangam Power Generation Company Limited (Previous period 55,19,77,200 Shares)	5,521	5,521
v) 50,000 equity shares of Rs.10/- each fully paid up of Jaypee Meghalaya Power Limited (Previous period 50,000 Shares)	1	1
(B) Investment in Beneficiary Trust		
i) JPVLT Trust A/c	19,859	19,859
(C) Share Application Money (Subsidiary Company)		
Prayagraj Power Generation Company Limited	-	1,840
Jaypee Arunachal Power Limited	281	185
Jaypee Meghalaya Power Limited	77	61
TOTAL	42,342	36,632

Note '16' : Long-term loans and advances**(Rupees in Million)**

Particulars	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
Secured Considered Good	-	-
Unsecured considered good		
Capital Advance	1,725	1,161
Security Deposits		
a) With Govt. Deptt.	49	162
b) With Jaiprakash Associates Ltd.	10	10
b) With Others	3	1
	62	173
Loans and advances to related parties	669	708
Other loans and advances	-	-
Advance Income Tax and TDS	1,437	1,489
Advances to suppliers	143	-
Total	4,036	3,531

Note '17' : Other non-current assets**(Rupees in Million)**

Particulars	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
Long term trade receivables	288	376
Others		
Interest receivable from HPSEB	159	159
Pre-paid Expenses	369	517
Total	816	1,052

Current Assets**Note '18' - Inventories****(Rupees in Million)**

Particulars	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
Raw Material (Coal & Oil)	419	-
Work-in-progress	-	-
Stores and Spares - at weighted average cost	262	235
Others	-	-
Total	681	235

Note '19' - Trade receivables

(Rupees in Million)

Particulars	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
Secured, considered good	-	-
Unsecured, considered good		
Due for a period exceeding six months	1,972	-
Due for a period less than six months	1,979	1,350
Total	3,951	1,350

Note '20' - Cash and cash equivalents

(Rupees in Million)

Particulars	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
Balances with Scheduled Banks		
(i) In Current Account	815	324
(ii) In Fixed Deposits	-	-
(a) Having maturity of more than twelve months	-	-
(b) Other deposits	2,161	8,234
(iii) In Fixed Deposits pledged with Govt. Deptt./Banks having a maturity of less than twelve months	31	314
(iv) Trust & Retention account	-	-
(a) In Current Account	624	360
(b) In Fixed Deposits having a maturity of less than twelve months	3,337	2,655
(v) In Unclaimed Dividend account	19	19
Cheques, draft on hand	6,987	11,906
Cash In hand	-	-
	4	3
Total	6,991	11,909

Note '21' - Short-term loans and advances

(Rupees in Million)

Particulars	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
Others		
Unsecured, considered Good		
Advances recoverable in cash or in kind or for value to be received		
Others	233	2,214
Related parties	669	632
Staff Imprest & Advance	902	2,846
MAT credit entitlement	27	7
Advance Tax & Tax Deducted at Source	4,352	-
	1,375	493
Total	6,656	3,346

Note '22' - Other current assets

(Rupees in Million)

Particulars	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
Interest accrued on fixed deposits with Banks	61	161
Prepaid Expenses	175	106
Total	236	267

(Rupees in Million)

PARTICULARS	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
Note '23' - Revenue From Operations		
<u>Sale of Products</u>		
Sale of Electrical Energy	18,604	12,955
(Net of advance against depreciation)		
Less: Rebate for prompt payments	207	127
<u>Other Operating Revenues</u>		
Sale of Verified Emission Reduction (VERs)	385	390
Total	18,782	13,218
Note '24' - Other Income		
Interest on deposits with banks	240	481
Interest from HPSEB on arrears	19	24
Dividend received on Mutual Funds	-	-
<u>Other non-operating income</u>		
Excess provision written back	-	-
Profit on sale of Fixed Assets	-	-
Misc. Receipts	18	2
Total	277	507
Note '25' - Cost of Raw Material Consumed		
Coal and Fuel consumed	1,104	-
Total	1,104	-
Note '26' - Cost of Operation and Maintenance		
Stores and Spares Consumed	102	37
Repair & Maintenance - Buildings	11	11
Repair & Maintenance - Plant & Machinery	237	130
Operation and Maintenance Expenses	13	144
Transmission Charges	627	-
Insurance	125	53
Total	1,115	375
Note '27' - Employee Benefit Expense		
Salary, Wages & Bonus	325	248
Contribution to Provident and Other Funds	13	11

Gratuity	-	-
Leave Encashment	-	-
Workmen and Staff Welfare	18	11
Directors' Remuneration	39	40
Total	395	310
Note '28' - Finance Costs		
Interest		
Debentures	-	-
Foreign Currency Loan	24	17
Term Loans	7,873	5,781
Working Capital	15	26
Financial charges		
DPG Commission	7	8
Prepayment Premium	-	-
Front end fee and other charges	213	269
Security & Trusteeship Fee	104	1
Total	8,236	6,102
Note '29' - Depreciation and amortization expenses		
Depreciation	2,406	1,592
Amortization of Lease Hold Land	2	2
Total	2,408	1,594
Note '30' - Other Expenses		
Rent	1	4
Lease Rent of land	5	4
Advertisement	23	39
Telephone and Telex	1	2
Gas, Water and Electricity	75	17
Courier & Postage	1	3
Freight and Octroi	6	11
Printing & Stationery	5	4
Travelling & Conveyance	18	17
Taxes & Fees	6	19
Consultancy, Legal & Professional Fee	50	42
Listing & Custodia Fee	6	2
Vehicle Running & Maintenance	24	6
Director's Sitting Fee	1	1
Miscellaneous Expenses	49	48
Internal Auditor Fee	2	1
<u>Auditor's Remuneration</u>		
For Audit	3	2
For Tax Audit	-	-
For Other Services	-	-
Re-imbursement of Expenses	-	2
Total	276	222

Note 31

In the opinion of the Board of Directors, the "Non Current Assets and Long Term Loans and Advances", have a value on realisation, in the ordinary course of business, at least equal to the amount at which they are stated in the Balance

Sheet.

Note 32

Generation details & parameters :

Particulars	Baspa-II HEP	Vishnu-prayag HEP	Karcham Wangtoo HEP	Bina TPP	Total
Figures for the current reporting period, December 31, 2012					
Net Saleable Energy (MU)	1,002.46	1,528.63	3,376.31	186.64	6,094.04
Plant Availability %	99.82	99.31	95.63	42.92	

Figures for the previous reporting period, December 31, 2011					
Net Saleable Energy (MU)	1,142.83	1,742.77	1,945.77	-	4,831.37
Plant Availability %	99.96	98.91	99.52	-	

Note 33 (a) Value of Imports on C.I.F. Basis :

(Rupees in Million)

Particulars		Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
Payment to Suppliers of Capital Equipment		3,179.82	2,817.65
Payment for suppliers of spares		-	9.18

(b) Expenditure in Foreign Currency :

(Rupees in Million)

Particulars		Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
Travelling (Directors')		1.04	0.34
Travelling (staff & others)		0.35	0.15
Interest & Bank Charges to Banks		279.38	181.74
Consultancy Fee		2.52	7.48
Others		-	16.34

(c) Details of Stores & Spares Consumed (Including for Machinery and O&M):

(Rupees in Million)

Particulars			Figures as at the end of current reporting period, December 31, 2012		Figures as at the end of previous reporting period, December 31, 2011	
			Rs.(Million)	%	Rs.(Million)	%
(i)	Indigenous		31.06	77.6	39.43	98.9
(ii)	Imported		8.97	22.4	0.46	1.1

(d) Earnings in Foreign Exchange:

(Rupees in Million)

Particulars		Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
Sale of Verified Emission Reductions (VERs)		384.77	389.79
Bank Interest on Fixed Deposits		1.66	28.57

Note 34

Disclosure as required under Notification No. G.S.R. 719 (E) dated 16th November, 2007 issued by the Ministry of Corporate Affairs (As certified by the Management):

		(Rupees in Million)	
Particulars		Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
a)	The principal amount and interest due thereon remaining unpaid to any supplier		
	-Principal Amount	Nil	Nil
	-Interest Amount	Nil	Nil
b)	The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of payment made to the suppliers beyond the appointed day.	Nil	Nil
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during period) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
d)	The amount of interest accrued and remaining unpaid	Nil	Nil
e)	The amount of further interest remaining due and payable even in the succeeding period, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

Note 35**Contingent Liabilities:**

		(Rupees in Million)	
	Particulars	Figures for the current reporting period, December, 2012	Figures for the previous reporting period, December, 2011
(i)	Outstanding amount of Letter of Credit	1,619.71	2,865.37
	Margin Money against above	-	0.36
(ii)	Outstanding amount of Bank Guarantee	2,029.23	1,534.00
	Margin Money against above	20.80	39.87
(iii)	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)		
	INR	16,076.15	25,417.09
	USD	17.75	53.71
	Euro	6.60	14.32
	JPY	5,180.38	11,808.07
	Can.Dollar	-	-
(iv)	Claims against the Company not acknowledged as debts.	18.77	20.32
(v)	Income tax matters under appeal	86.33	205.89

	Particulars	Figures for the current reporting period, December, 2012	Figures for the previous reporting period, December, 2011
(vi)	Court Cases	12.89	3.17
(vii)	The Government of Himachal Pradesh has imposed entry tax on the goods entering the state of Himachal Pradesh. This was challenged by the Company before the Hon'ble High Court of Himachal Pradesh at Shimla. The Hon'ble High Court passed an interim order that tax paid by the Company would be treated as deposit and not as tax payment. The final decision of Hon'ble High Court is awaited. The total liability as at 31st December, 2012 is Rs.346.11Million (Previous Period Rs.331.78 Million) against which the Company has deposited Rs.346.11 Million.		

Note 36

Advance to Suppliers, Contractors and others shown under "Long Term Loans and Advances" in Note '16' and under "Short Term Loans & Advances" in Note '21' includes Advance to Jaiprakash Associates Limited, the holding Company under EPC Contract for Rs.24.05 Million (Previous Period Rs.207.82 Million). Maximum amount outstanding during the Period was Rs.89.06 Million (Previous Period Rs.571.84 Million).

Note 37

Related Party Disclosures, as required in terms of "Accounting Standard [AS] 18" are given below:

- (1) Relationships (Related party relationships are as identified by the Company and relied upon by the Auditors)
 - (a) **Holding Company**
Jaiprakash Associates Limited
 - (b) **Subsidiary Companies:**
 - (1) Jaypee Powergrid Limited
 - (2) Sangam Power Generation Company Limited
 - (3) Prayagraj Power Generation Company Limited
 - (4) Jaypee Arunachal Power Limited
 - (5) Jaypee Meghalaya Power Limited
 - (c) **Fellow Subsidiary Companies:**
 - (1) Jaypee Ganga Infrastructure Corporation Limited
 - (2) Himalyan Expressway Limited
 - (3) Jaypee Infratech Limited
 - (4) Jaypee Sports International Limited
 - (5) Jaypee Cement Corporation Limited
 - (6) Bhilai Jaypee Cement Limited
 - (7) Bokaro Jaypee Cement Limited
 - (8) Gujarat Jaypee Cement & Infrastructure Limited
 - (9) Jaypee Agra Vikas Limited
 - (10) Jaypee Fertilizers & Industries Limited
 - (11) Jaypee Assam Cement limited
 - (12) Himalayaputra Aviation Limited
 - (d) **Associate Companies / Concerns :**
 - (1) Jaypee Infra Ventures (A Private Company with unlimited liability)-(The erstwhile Jaypee Ventures Private limited merged in the Company w.e.f. 01.04.2011, the appointed date)
 - (2) Jaypee Development Corporation Limited (subsidiary of Jaypee Infra Ventures (A Private Company with unlimited liability))
 - (3) JIL Information Technology Limited (subsidiary of Jaypee Infra Ventures (A Private Company with unlimited liability))

- (4) Gaur & Nagi Limited (subsidiary of JIL Information Technology Limited)
- (5) Indesign Enterprises Pvt. Limited (subsidiary of Jaypee Infra Ventures (A Private Company with unlimited liability))
- (6) GM Global Mineral Mining Private Limited (subsidiary of Indesign Enterprises Pvt. Limited)
- (7) Jaiprakash Agri Initiatives Company Limited (subsidiary of Jaypee Infra Ventures (A Private Company with unlimited liability))
- (8) Jaypee International Logistics Company Private Limited (subsidiary of Jaypee Infra Ventures (A Private Company with unlimited liability))
- (9) Tiger Hills Holiday Resort Private Limited (subsidiary of Jaypee Development Corporation Limited)
- (10) Anvi Hotels Private Limited (subsidiary of Jaypee Infra Ventures (A Private Company with unlimited liability))
- (11) Jaypee Uttar Bharat Vikas Private Limited
- (12) Kanpur Fertilisers and Cement limited (subsidiary of Jaypee Uttar Bharat Vikas Pvt. Limited)
- (13) RPJ Minerals Private Limited
- (14) Sarveshwari Stone Products Pvt. Ltd. (subsidiary of RPJ Minerals Private Limited)
- (15) Rock Solid Cement Limited (subsidiary of RPJ Minerals Private Limited)
- (16) Sonebhadra Minerals Private Limited
- (17) MP Jaypee Coal Limited
- (18) Madhya Pradesh Jaypee Minerals Limited
- (19) MP Jaypee Coal Fields Limited
- (20) Jaiprakash Kashmir Energy Limited
- (21) Jaypee Hotels Limited
- (22) Jaypee Mining Venture Private Limited
- (23) Ceekay Estate Private Limited.
- (24) Pac Pharma Drugs and Chemicals Private Limited
- (25) Akasva Associates Private Limited
- (26) Jaiprakash Exports Private Limited
- (27) Bhumi Estate Developers Private Limited
- (28) Jaypee Technical Consultants Private Limited
- (29) Andhra Cements Limited (subsidiary of Jaypee Development Corporation Limited)

(e) Key Management Personnel:
Jaiprakash Power Ventures Limited

- (1) Shri Manoj Gaur, Chairman
- (2) Shri Sunil Kumar Sharma, Vice Chairman and CEO
- (3) Shri Suren Jain, Managing Director and CFO
- (4) Shri R.K. Narang, Whole-time Director
- (5) Shri Suresh Chandra, Whole-time Director
- (6) Shri Dharam Paul Goyal, Whole-time Director
- (7) Shri Parveen Kumar Singh, Whole-time Director
- (8) Shri Ravindra Mohan Chadha, Whole-time Director

(2) Transactions carried out with related parties referred to above for the Current reporting period, December 31, 2012

Name of Transactions	(Rupees in Million)				
	Related Parties				
	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above	Referred in 1(d) above	Referred in 1(e) above
Expenses					
Hiring Charges	16	-	-	-	-
(Previous Period)	(15)	-	-	-	-

Name of Transactions	Related Parties				
	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above	Referred in 1(d) above	Referred in 1(e) above
Rent (Previous Period)	- -	- -	- -	- -	- -
Cement (Previous Period)	462 (793)	- -	- -	- -	- -
Sale of Energy (Previous Period)	2,369 (1,736)	- -	- -	- -	- -
Other Expenses (Previous Period)	87 (45)	- -	3 (15)	4 (5)	- -
Salary & Perquisites (Previous Period)	- -	- -	- -	- -	44 (53)
Services Availed (Previous Period)	- (-)	- -	- -	40 (32)	- -
Execution of Work (Previous Period)	3,053 (6,518)	- -	- -	- -	- -
<u>Outstandings</u>					
<u>- Payables</u>					
Amount payable (Previous Period)	2,012 (991)	- -	- -	29 (11)	1 (1)
<u>Outstandings</u>					
<u>- Receivables</u>					
Amount receivable (Previous Period)	34 (38)	- -	- -	- (-)	- -
<u>Investment</u>					
<u>in Subsidiaries</u>					
Share Capital (Previous Period)	22,124 (16,615)				
Share Application Money (Previous Period)	358 (2,157)				

Guarantees given by the holding Company on behalf of the Company have been mentioned elsewhere in the Notes to Financial Statements.

Note 38

Pursuant to the Memorandum of Understanding signed with Power Grid Corporation of India Limited (PGCIL), a Joint Venture Company in the name of 'Jaypee Powergrid Ltd.' (JPL) had been incorporated on 05.10.2006 by the Company for developing a Transmission System for the evacuation of power to be generated by the 1000 MW Karcham Wangtoo Hydro Electric Project in the State of Himachal Pradesh, to a suitable interconnection point. The Shareholders' Agreement had been signed with PGCIL on 22.02.2007 with 74% Equity Participation by the Company and the balance 26% Equity is to be contributed by PGCIL.

Note 39

Earnings Per Share is computed in accordance with Accounting Standard-20 issued by the Institute of Chartered Accountants of India.

(Rupees in Million)

	Particulars	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
[a]	Net Profit for Basic Earnings Per Share as per Profit & Loss Account	4,514	4,097
	Adjustment for the purpose of Diluted Earnings Per Share	-	-
	Net Profit for Diluted Earnings Per Share	4,514	4,514
[b]	Weighted average number of equity shares for Earnings Per Share computation:		
[i]	Number of Equity Shares at the beginning of the year	2,624,757,123	2,095,680,200
[ii]	Number of Shares allotted on amalgamation	-	529,076,923
[iii]	Number of potential Equity Shares	107,535,026	107,535,026
[iv]	Weighted average No. of Shares for calculating:		
[a]	Basic Earnings Per Share	2,624,757,123	2,624,757,123
[b]	Diluted Earnings Per Share	2,732,292,149	2,732,292,149
[c]	Earnings Per Share		
[i]	Basic	Rs. 1.72	1.56
[ii]	Diluted	Rs. 1.65	1.50
[d]	Face Value Per Share	Rs. 10	10

Note 40**(a) Provident Fund - Defined Contribution Plan**

Employees are entitled to Provident Fund benefits. Amount debited to Profit and Loss account including Administrative and Employees Deposit Linked Insurance charges Rs.13.26 Million during the period (Previous period Rs. 11.25 Million) and Rs.4.79 Million (Previous period Rs. 3.23 Million) booked in Incidental Expenses (Pending Capitalisation).

- (b)** Gratuity - The liability for Gratuity is provided on the basis of actuarial valuation made at the end of financial year.
- (c)** Leave Encashment - Defined Benefit Plans -The liability for leave encashment will be provided on the basis of actuarial valuation made at the end of financial year.

Note 41

- (a)** Pursuant to Revised Schedule-VI of the Companies Act and Guidance Note issued by the Institute of Chartered Accountants of India requiring recognition of MAT credit in the Books of Accounts, it has been decided to opt for benefit under section 80 (IA) of the Income Act, 1961 from a subsequent year in respect of Jaypee Karcham Hydro electric Plant and Bina thermal power plant.

As there is no taxable profit up to 31st December, 2012, no income tax amount has been provided for the period up to 31st December, 2012. The MAT chargeable on book profit up to 31st December, 2012 has been treated as MAT credit entitlement. Further deferred tax liability of Rs. 1011 Million has been provided for the period ended 31st December, 2012.

- (b)** The Wealth Tax provision will be made at the year end.

Note 42

- (a)** A Power Purchase Agreement (PPA) for sale of 704 MW power, out of 1000 MW power from the Karcham Wangtoo HEP to Power Trading Corporation (India) Limited (PTC) was executed by erstwhile JKHCL (since merged with the Company) on 21st March, 2006 for a term of 35 years with the stipulation that the tariff for sale of power shall be as approved by Central Electricity Regulatory Commission (CERC) based on the completion cost to be approved by Central Electricity Authority (CEA)/Central Electricity Regulatory Commission. It was subsequently found that the Electricity Act, 2003, does not provide for the determination of tariff for sale of power by a Generating Company to a Trading company and therefore based on the legal opinion the said PPA was considered to be void and PTC was informed accordingly. PTC had approached the Hon'ble High Court of Delhi with a prayer for restraining the Company from entering into agreement for sale of aforesaid power to any third party which was rejected. The PTC then filed a SLP in the Hon'ble Supreme Court against the order of Hon'ble High Court of Delhi, which is pending.

During the proceedings before Hon'ble High Court of Delhi, PTC invoked the arbitration clause of the PPA against Company's stand that the PPA was void and an Arbitral Tribunal consisting of three members was constituted. The Arbitral Tribunal, by its majority Award dated 28th April, 2011, dismissed the claim of PTC and declared the PPA to be void. PTC challenged the said Award before the Hon'ble High Court of Delhi. The Learned Single Judge of the Hon'ble High Court of Delhi vide its judgment and order dated 15th May, 2012 set aside the majority Award and concluded that the PPA is not void. Company filed an Appeal against the said judgment before the Division Bench of the Hon'ble High Court of Delhi which is pending.

- (b)** The Haryana Power Generation Corporation Limited (HPGCL) with whom the PTC had entered into a Power Sale Agreement (PSA) for sale of 200 MW out of 704 MW power covered by the PPA has approached Haryana Electricity Regulatory Commission (HERC) to direct the company to supply 200 MW power to PTC for onward supply to HPGCL. The Company has taken a position that HPGCL has no privity of contract with the Company and HERC has no jurisdiction in the matter. HERC has however held that it

has jurisdiction in the matter and therefore the Company has filed an Appeal before the Appellate Tribunal for Electricity (APTEL) against the order of HERC. APTEL vide its order dated 20th July, 2012 set aside the HERC's order and held that HERC has no jurisdiction in the matter. PTC has filed a Civil Appeal before Supreme Court of India with a prayer to set aside the APTEL Judgment dated 20th July, 2012 which is pending.

Note 43

300 MW BASPA-II HEP:

- (a) The HPSEB has filed an appeal with the Supreme Court of India against an order of APTEL for allowing the Company to take the entitlement of minimum alternate tax under the provisions of the power purchase agreement between the Company and HPSEB as per actuals during tax holiday period available to the Company under section 80 IA of the Income Tax Act. HPERC has determined the amount of minimum alternate tax upto financial year 2011 as per the APTEL Order at Rs. 336 Million. HPSEB has paid Rs 336 Million alongwith Interest of Rs 76 Million. Accordingly, the amount of Rs 412 Million received is subject to final decision on the Appeal and other legal remedies available to the Company.
- (b) HPSEB has filed an appeal with the Supreme Court of India against an order of APTEL wherein APTEL had dismissed HPSEB's appeal against an order passed by the HPERC, wherein it approved the additional capital expenditure of Rs. 959 Million incurred by the Company on the BASPA II hydro electric project for the determination of tariff and determined the tariff with Rs 952 Million. HPSEB has paid Rs 952 Million alongwith Interest of Rs 119 Million. Accordingly, the amount of Rs 1,071 Million is subject to final decision on the Appeal and other legal remedies available to the Company

Note 44

- (i) 9,00,00,000 Equity Shares of Rs. 10/- each fully paid (Previous Period 8,40,00,000) held by the Company of Jaypee Powergrid Ltd. (Subsidiary Company) are pledged with Security Trustees, IDBI Trusteeship Services Ltd., as collateral security for the financial assistance granted by lenders to Jaypee Powergrid Ltd.
- (ii) 63,14,76,798 Equity Shares of Rs. 10/- each fully paid (Previous Period 25,96,86,798) held by the Company of Prayagraj Power Generation Co. Ltd. (Subsidiary Company) are pledged with Security Trustees, SBI Cap Trusteeship Services Ltd., as collateral security for the financial assistance granted by lenders to Prayagraj Power Generation Co. Ltd.

Note 45

The Company has presently one operative segment i.e. Generation of Power. The Company had commenced construction of Cement Grinding Unit at Jaypee Nigrie Super Thermal Power Plant, for gainful utilization of dry fly ash and as mandated by Ministry of Environment and Forests. Accordingly, the Company has two segments, Power Generation and Cement. As total assets employed in Cement Grinding Unit are less than 10% of the total assets of the Company therefore, separate segment reporting is not applicable.

Note 46

In terms of 'Accounting Standard (AS) 28', the assets are not impaired because the recoverable amount of fixed assets collectively determined by the present value of estimated future cash flows is higher than its carrying value.

Note 47

All the figures have been rounded off to the nearest rupees in Million.

Note 48

Previous Period's figures have been regrouped/re-arranged as per revised Schedule VI to Companies Act, wherever considered necessary to make them conform to the figures for the current period.

JAIPRAKASH POWER VENTURES LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST DECEMBER, 2012

(Rupees in Million)			
	Particulars	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
A.	Cash flow from operating activities		
	Profit before taxation	5,525	5,122
	<u>Add Back</u>		
	Depreciation and Amotization expenses	2,408	1,595
	Deferred Revenue on account of advance against depreciation	593	593
	Add:(Gain)/Loss on sale of Assets	-	-
	Add: Finance costs	8,237	6,103
	<u>Deduct:</u>		
	Interest Income (Interest on bank deposits)	(240)	(481)
	Interest Income (Interest on Arrears)	(19)	(24)
	Dividend Income (On Mutual Funds)	-	-
	Other Income	(18)	(2)
	Operating profit before working capital changes	16,486	12,906
	<u>Add:</u>		
	(Increase)/Decrease in Trade Receivables	353	207
	(Increase)/Decrease in Inventories	(195)	(60)
	(Increase)/Decrease in Long Term/Short Term Loans and Advances and others Current Asses	2,929	(2,111)
	<u>Deduct:</u>		
	Increase (Decrease) in Current Liabilities & Other Long Term Liabilities excluding Current Maturities of Long Term Debts	(1,311)	357
	Increase (Decrease) in Short Term and Long Term Provisions	(17)	1
	Cash generated from Operations	(1,328)	358
	<u>Adjustments for :</u>		
	Income tax paid (net of refund)	20,901	10,584
		(778)	(676)
	Net cash inflow from operating activities---- 'A'	20,123	9,908
B.	Cash flow from Investing activities		
	<u>Outflow</u>		
	Investment in Fixed Assets/Capital Work in Progress	(35,754)	(30,178)
	Investment in Subsidiary	(3,710)	(569)
	<u>Inflow</u>		
	Sale of Assets	-	-
	Interest Income	259	505
	Other Income	18	2
	Net cash used in investing activities----- 'B'	(39,187)	(30,240)
C.	Cash flow from Financing activities		
	<u>Inflow</u>		
	Increase in Long Term Borrowings & Current	27,135	18,102

	Particulars	Figures as at the end of current reporting period, December 31, 2012	Figures as at the end of previous reporting period, December 31, 2011
	Maturities of Long Term debt-Net Outflow Interest & financial charges paid	(8,237)	(6,103)
	Net cash in financing activities---`C'	18,898	11,999
D.	CASH AND CASH EQUIVALENT ON AMALGAMATIONS.....'D'	-	-
	Net increase/(Decrease) in cash or cash equivalent (A+B+C+D)	(166)	(8,333)
	Cash & cash equivalent at the commencement of the year (Opening balance)	7,158	20,242
	Cash & cash equivalent at the end of the year (closing balance)	6,992	11,909
<p>1. Cash and Cash Equivalents: Cash-in-hand and Balances with Scheduled Banks in Rupees [including Rs 19 Million lying in Unpaid Dividend Account (Previous Year Rs 19 Million) which are not available for use by the Company].</p> <p>2. Previous year figures have been regrouped/rearranged as per revised schedule VI, wherever necessary.</p>			

DECLARATION

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines issued thereunder, as the case may be. Our Company further certifies that all statements in this Preliminary Placement Document are true and correct.

Signed by:

Mr. Suren Jain
(Managing Director and Chief Financial Officer)

Mr. R K Narang
(Director)

Date: February 19, 2013

Place: Noida

REGISTERED OFFICE OF THE COMPANY

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