

**ReLIANCE**

Power

**Annual Report  
2010-11  
(Abridged)**



## **Dhirubhai H. Ambani**

(December 28, 1932 - July 6, 2002)

Reliance Group - Founder and Visionary

# Profile

Reliance Power Limited (RPower) is a part of the Reliance Group, one of the leading business houses in India.

RPower is engaged in the development, construction and operation of power generation projects with a combined planned capacity of more than 35,000 MW, the largest portfolio of private power generation assets under development in India.

The Company has the unique distinction of securing three out of four Ultra Mega Power Projects (UMPPs) awarded by the Government of India on the basis of tariff based competitive bidding at Sasan in Madhya Pradesh, Krishnapatnam in Andhra Pradesh and Tilaiya in Jharkhand.

Our projects are diverse in geographic location, fuel source and offtake.

RPower strongly believes in clean green power and our projects are / will be using technologies with minimum environment impact.

## Mission: Excellence in Power Generation

- To attain global best practices and become a leading power generating company.
- To achieve excellence in project execution, quality, reliability, safety and operational efficiency.
- To relentlessly pursue new opportunities, capitalizing on synergies in the power generation sector.
- To consistently enhance our competitiveness and deliver profitable growth.
- To practice highest standards of corporate governance and be a financially sound company.
- To be a responsible corporate citizen nurturing human values and concern for society.
- To improve the lives of local community in all our projects.
- To be a partner in nation building and contribute towards India's economic growth.
- To promote a work culture that fosters learning, individual growth, team spirit and creativity to overcome challenges and attain goals.
- To encourage ideas, talent and value systems and become the employer of choice.
- To earn the trust and confidence of all stakeholders, exceeding their expectations.
- To uphold the guiding principles of trust, integrity and transparency in all aspects of interactions and dealings.

*This Report is printed on environmental friendly paper.*

## Reliance Power Limited

### Board of Directors

Shri Anil Dhirubhai Ambani – Chairman  
 Shri S L Rao  
 Shri J L Bajaj  
 Dr Yogendra Narain  
 Dr V K Chaturvedi

### Chief Executive Officer

Shri Jayarama Chalasani

### Company Secretary and Manager

Shri Ramaswami Kalidas

### Auditors

M/s Price Waterhouse  
 M/s Chaturvedi & Shah

### Registered Office

H Block, 1<sup>st</sup> Floor  
 Dhirubhai Ambani Knowledge City  
 Navi Mumbai 400 710  
 Maharashtra, India

### Registrar and Transfer Agent

#### Karvy Computershare Private Limited

Madhura Estate, Municipal No. 1-9/13/C  
 Plot No. 13 & 13C, Madhapur Village  
 Hyderabad 500 081, Andhra Pradesh, India  
 website : [www.karvy.com](http://www.karvy.com)

### Investor Helpdesk

Toll free no (India) : 1800 4250 999  
 Telephone no. : +91 40 4030 8000  
 Fax no. : +91 40 2342 0859  
 E-mail : [rpower@karvy.com](mailto:rpower@karvy.com)  
 Post your request : <http://kcpl.karvy.com/adag>

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### Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be made by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with Karvy Computershare Private Limited.

17<sup>th</sup> Annual General Meeting on Tuesday, September 27, 2011 at 2.00 p.m. or soon after the conclusion of the Annual General Meeting of Reliance Communications Limited convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020.

*The Annual Report can be accessed at [www.reliancepower.co.in](http://www.reliancepower.co.in)*

## Letter to Shareowners



My dear fellow shareowners,

It gives me great pleasure to share with you the highlights of our Company's performance in the last one year.

As many of you might know, our first operating plant, phase-I of the 1,200 MW, coal based Rosa project located at Shahjahanpur in Uttar Pradesh, successfully completed its first year of operation in FY 2011. This resulted in the Company earning operating profit for the first time in its short history. You will be pleased to know that the plant is running successfully at a Plant Load Factor (PLF) of over 90 per cent in the last nine months.

At our last Annual General Meeting in September 2010, I had stated that we expect to become a 5,000 MW operating company by 2012. I am pleased to report that we are on track towards successfully achieving this milestone.

We expect to commission two of our coal-based projects, namely the 600 MW Rosa Phase II project, the 600 MW Butibori project at Nagpur, Maharashtra, and one unit of the 3,960 MW Sasan Ultra Mega Power Project (UMPP) at Singrauli, Madhya Pradesh, by 2012. Besides, we shall commission the open cycle phase of India's largest gas based power project, the 2,400 MW project at Samalkot, in the current financial year and the combined cycle phase by the next year. This will be a record since no gas based power project in India has come up in such a short period of time.

The year 2010-11 also heralded a new beginning in realizing our commitment towards clean, green power. We emerged as a successful bidder for a 100 MW Solar power project in a competitive bid conducted by NTPC Vidyut Vyapar Nigam (NVVN) under the auspices of the Jawaharlal Nehru National Solar Mission. We have signed the power purchase agreement with NVVN and commenced developmental work at our site near Jaisalmer, Rajasthan. The project will be commissioned in 2013. Upon completion, it will not only rank as India's largest solar project but also as one of the largest solar projects in the world. As part of our commitment towards the environment, we plan to build all our future coal based projects using state-of-the-art super-critical technology. Two of our super-critical projects - the 3,960 MW Sasan UMPP and the 3,960 MW Krishnapatnam UMPP became the world's largest power generation plant to be registered with Clean Development Mechanism Executive Board (CDM-EB) of United Nations Framework Convention on Climate Change (UNFCCC). The registration with CDM-EB allows the projects to earn Certified Emission Reduction (CER) credits. The projects will generate approximately 35 Million CERs for the initial 10 years of operation.

To complement our fast-track execution of power projects, we also plan to develop our coal mines at an accelerated pace. With the approval of the mine plan of 40 million tonne capacity at our Tilaiya mines, we are on track to become India's largest

integrated power and coal mining company in the next five years. We have also purchased 100 per cent economic interest in three mines in Indonesia to augment our domestic coal resources and move towards self-sufficiency in coal. This is particularly important in today's business environment where shortage of fuel has become one of the biggest bottlenecks in the sector, thus allowing us to maintain a competitive edge over our rivals.

You will be pleased to know that the Company has also started drilling work in one of our Coal Bed Methane (CBM) blocks in Sohagpur, Madhya Pradesh. We believe that our CBM blocks would produce sufficient gas to power a capacity of up to 2,000 MW in the future.

### Performance Review

A snapshot of the Company's consolidated financial performance during FY10-11 is provided below for your reference:

Total income of ₹ 1,918.03 crore as compared to ₹ 843.38 crore in the previous year.

Net profit of ₹ 760.44 crore as compared to ₹ 683.89 crore in the previous year.

Earnings Per Share (EPS) (basic and diluted) of ₹ 2.94 as compared to ₹ 2.85 in the previous year.

### Corporate Governance

RPower has always maintained the best governance standards and practices by adopting, as is the norm for all constituent companies of the Group, the "Reliance Group - Corporate Governance Policies and Code of Conduct". These Policies and Code prescribe a set of systems, processes and principles, which conform to the highest international standards and are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of investors, both local and global, and all other stakeholders.

### Social Commitments

We are developing a large portfolio of projects which require substantial use of natural resources such as land, water and minerals. We take adequate care in designing our power generation plants in a manner that optimizes the utilization of land, thereby bringing down the aggregate land requirement and minimizing the potential for disruption and displacement of local communities. We are also adopting cleaner technologies related to power generation that reduce the consumption of fuel and water required for plant operations, thereby conserving a precious natural resource and contributing to a greener and healthier environment.

## Reliance Power Limited

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### Letter to Shareowners

Many of the areas in which we are implementing projects are not very well developed and it will always be our mission to contribute towards improving the quality of life of the communities living in these areas. Indeed, we believe that our success in executing large-scale generation projects is critically dependent on following a participatory development-oriented approach that strengthens our bond with the local population.

In order to achieve these objectives, we have made significant outlays in healthcare, education and livelihood opportunities for local communities.

### Our Commitment

Our founder, the legendary Shri Dhirubhai Ambani, gave us a simple mantra: to aspire to the highest global standards of quality, efficiency, operational performance and customer care. We remain committed to upholding that vision. Dhirubhai exhorted us to think big. With your continued support, we will think bigger. Indeed not just bigger but better, creating ever greater value for all our stakeholders.

  
**Anil Dhirubhai Ambani**  
Chairman

Notice

Notice is hereby given that the 17<sup>th</sup> Annual General Meeting of the Members of Reliance Power Limited will be held on Tuesday, September 27, 2011 at 2.00 p.m. or soon after the conclusion of the Annual General Meeting of Reliance Communications Limited convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020, to transact the following business:

**Ordinary Business**

1. To consider and adopt the audited Balance Sheet as at March 31, 2011, the Profit and Loss Account for the financial year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri S L Rao, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr V K Chaturvedi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard, to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT M/s. Chaturvedi & Shah, Chartered Accountants (Firm Registration No. 101720W) and M/s. Price Waterhouse, Chartered Accountants (Firm Registration No. 301112E) be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as shall be fixed by the Board of Directors."

**Special Business**

5. **Issue of equity shares to the Qualified Institutional Buyers**

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

"a) RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (the Act) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into with the Stock Exchanges and subject to the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR"), the provisions of the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, applicable rules, regulations, guidelines or laws and/or any approvals, consents, permissions or sanctions of the Central Government, Reserve Bank of India and any other appropriate authorities, institutions or bodies (hereinafter collectively referred to as the "appropriate authorities"), and subject to such conditions as may be prescribed by any one of them while granting any such approvals, consents, permissions and/or sanctions (hereinafter referred to as the "requisite approvals"), which may be agreed to by the Board of Directors of the Company (hereinafter called the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), the Board be and is hereby authorised to issue, offer and allot equity shares/fully convertible debentures/partly convertible debentures/non convertible debentures with warrants/any other securities (other than warrants), which are convertible into or exchangeable with equity shares on such date as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred

to as "QIP Securities"), to the Qualified Institutional Buyers (QIBs) as per the SEBI ICDR, whether or not such QIBs are Members of the Company, on the basis of placement document(s), at such time or times in one or more tranches, at par or at such price or prices, and on such terms and conditions and in such manner as the Board may, in its absolute discretion determine, in consultation with the Lead Managers, Advisors or other intermediaries, provided however that the aggregate amount raised by issue of QIP Securities as above shall not result in increase of the issued and subscribed equity share capital of the Company by more than 25 per cent of the then issued and subscribed equity shares of the Company.

- b) RESOLVED FURTHER THAT the relevant date for the determination of applicable price for the issue of the QIP Securities shall be the date on which the Board of the Company decides to open the proposed issue, or the date on which the holder of the securities which are convertible into or exchangeable with equity shares at a later date becomes entitled to apply for the said shares, as the case may be ("Relevant Date").
- c) RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities referred to in paragraph (a) above or as may be necessary in accordance with the terms of the offering, all such shares being *pari passu* with the then existing shares of the Company in all respects, as may be provided under the terms of the issue and in the offering document.
- d) RESOLVED FURTHER THAT such of these Securities to be issued as are not subscribed may be disposed off by the Board to such persons and in such manner and on such terms as the Board in its absolute discretion thinks fit in accordance with the provisions of law.
- e) RESOLVED FURTHER THAT the issue to the holders of the Securities with equity shares underlying such securities shall be *inter alia*, subject to suitable adjustment in the number of shares, the price and the time period etc., in the event of any change in the equity capital structure of the Company consequent upon any merger, amalgamation, takeover or any other re-organisation or restructuring in the Company.
- f) RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Securities or instruments representing the same, as described in paragraph (a) above, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its absolute discretion, deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing and institution/trustees/agents and similar agreements/and to remunerate the Managers, underwriters and all other agencies/intermediaries by way of commission, brokerage, fees and the like as may be involved or connected with such offerings of Securities, with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit.
- g) RESOLVED FURTHER THAT for the purpose aforesaid, the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilisation of the issue proceeds including but without limitation to the creation of such mortgage/hypothecation/charge on the Company's assets under Section 293(1)(a) of the said Act in respect of the aforesaid Securities either on *pari passu* basis or otherwise or in the borrowing of loans as it may in its absolute discretion deem fit



## Notice

without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

- h) RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any other Officer(s)/Authorised Representative(s) of the Company to give effect to the aforesaid resolution."

### 6. Raising of Resources through Issue of Securities in the International Markets

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

- "a) RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (the Act) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements with the Stock Exchanges and subject to the provisions of the applicable rules, regulations, guidelines or laws and/ or any approvals, consents, permissions or sanctions of the Central Government, Reserve Bank of India and any other appropriate authorities, institutions or Bodies (hereinafter collectively referred to as the "appropriate authorities"), and subject to such conditions as may be prescribed by any one of them while granting any such approvals, consents, permissions or sanctions (hereinafter referred to as the "requisite approvals"), which may be agreed to by the Board of Directors of the Company (hereinafter called the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), the Board be and is hereby authorised to issue, offer and allot, in International offerings any securities including Global Depository Receipts and/ or American Depository Receipts convertible into equity shares, preference shares whether Cumulative/ Redeemable / Convertible at the option of the Company and / or the option of the holders of the security and / or securities linked to equity shares / preference shares and / or any instrument or securities representing convertible securities such as convertible debentures, bonds or warrants convertible into Depository receipts underlying equity shares / preference shares, (hereinafter referred to as the "Securities") to be subscribed by foreign / domestic investors / institutions and / or corporate bodies / entities including mutual funds, banks, insurance companies and / or individuals or otherwise, whether or not such persons / entities/ investors are Members of the Company, whether in one or more currency, such issue, offer and allotment to be made at such time or times in one or more tranches, at par or at such price or prices, and on such terms and conditions and in such manner as the Board may, in its absolute discretion thinks fit, in consultation with the Lead Managers, Underwriters, Advisors or other intermediaries provided however that the issue of securities as above shall not result in an increase in the issued and subscribed equity share capital of the Company by more than 25 per cent of the then issued and subscribed equity shares.
- b) RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of Securities may have all or any terms or combination of terms including as to conditions in relation to payment of interest, additional interest, premia on redemption,

prepayment and any other debt service payments whatsoever, and all such other terms as are provided in Securities offerings of this nature including terms for issue of such Securities or variation of the conversion price of the Security during the duration of the Securities and the Company is also entitled to enter into and execute all such arrangements as the case may be with any lead managers, managers, underwriters, bankers, financial institutions, solicitors, advisors, guarantors, depositories, custodians and other intermediaries in such offerings of Securities and to remunerate all such agencies including the payment of commission, brokerage, fees or payment of their remuneration for their services or the like, and also to seek the listing of such Securities on one or more stock exchanges including international Stock Exchanges, wherever permissible.

- c) RESOLVED FURTHER THAT the Company may enter into any arrangements with any agency or body authorised by the Company for the issue of Securities in registered or bearer form with such features and attributes as are prevalent in capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the domestic and / or international practice and regulations and under the norms and practices prevalent in securities markets.
- d) RESOLVED FURTHER THAT the Board and/or an agency or body authorised by the Board may issue Depository Receipt(s) or Certificate(s) or Shares, representing the underlying securities issued by the Company in registered or bearer form with such features and attributes as are prevalent in Indian and/or International capital markets for the instruments of this nature and to provide for the tradability or free transferability thereof, as per the Indian/International practices and regulations and under the norms and practices prevalent in the Indian/ International markets.
- e) RESOLVED FURTHER THAT the Securities issued in foreign markets shall be deemed to have been made abroad and / or in the market and / or at the place of issue of the Securities in the international market and may be governed by the applicable laws.
- f) RESOLVED FURTHER THAT the Board or any Committee thereof be and is hereby authorised to issue, offer and allot such number of shares as may be required to be issued and allotted upon conversion of any Securities referred to in paragraph (a) above or as may be necessary in accordance with the terms of the offering, all such shares being *pari passu* with the then existing shares of the Company in all respects, as may be provided under the terms of the issue and in the offering document.
- g) RESOLVED FURTHER THAT such of these Securities to be issued as are not subscribed may be disposed off by the Board to such persons and in such manner and on such terms as the Board in its absolute discretion thinks fit in the best interest of the Company and as is permissible at law.
- h) RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Securities or instruments representing the same, as described in paragraph (a) above, the Board or any Committee thereof be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its absolute discretion deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing and Depository arrangements with institution / trustees/ agents and similar agreements and to remunerate the Managers, underwriters and all other agencies / intermediaries by way of commission, brokerage, fees and the like as may be involved or connected with such offerings of Securities, with power on behalf of the



Notice

Company to settle any questions, difficulties or doubts that may arise in regard to any such issue, offer or allotment as it may in its absolute discretion deem fit.

- i) RESOLVED FURTHER THAT for the purpose aforesaid, the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilisation of the issue proceeds including but without limitation to the creation of such mortgage / charge under Section 293(1)(a) of the said Act in respect of the aforesaid Securities either on *pari passu* basis or otherwise or in the borrowing of loans as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.
  - j) RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or the Chairman or any other Officer(s) / Authorised Representative(s) of the Company to give effect to the aforesaid resolution."
7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
- "RESOLVED THAT in accordance with the provisions of Sections 198, 269, 387 and all other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956 (the Act), (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to such sanctions, approvals as may be necessary, consent of the Company be and is hereby accorded to the appointment of Shri Ramaswami Kalidas as the Manager of the Company for a period of 5 (five) years commencing from May 27, 2011, on the terms and conditions including the remuneration as set out in the Agreement to be entered into between the Company and Shri Ramaswami Kalidas, a draft whereof was placed before this meeting, which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any committee of the Board constituted to exercise its powers including powers conferred by this resolution) to alter and vary the terms and conditions including remuneration for the said appointment and/or agreement, as may be agreed between the Board and Shri Ramaswami Kalidas, so as not to exceed the limits specified in Schedule XIII to the Act or any amendments thereto.
- RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the currency of tenure of the appointment of Shri Ramaswami Kalidas as the Manager, the remuneration and perquisites as may be agreed be paid or granted to him as minimum remuneration and perquisites provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the applicable ceiling limit in terms of Schedule XIII to the Act as may be amended from time to time or any equivalent statutory re-enactment thereof, for the time being in force.
- RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts, deeds, matters and things and take all such steps as may be deemed to be necessary, consequential, proper or expedient to give effect to this resolution."

**By order of the Board of Directors**  
**Ramaswami Kalidas**  
**Company Secretary and Manager**

Registered office:  
H Block, 1<sup>st</sup> Floor  
Dhirubhai Ambani Knowledge City  
Navi Mumbai 400710  
May 27, 2011

Notes

1. **A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll, instead of herself/ himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.**
2. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
3. Members/Proxies should fill in the Attendance Slip for attending the Meeting and bring their Attendance Slip along with their copy of the annual report to the Meeting.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members who hold shares in electronic form are requested to write their DP ID and Client ID numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting to facilitate identification of membership at the Meeting.
6. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting. The certificate from the Auditors of the Company confirming the compliance of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 with respect to the Company's ESOS Plans will be available for inspection at the Meeting.
7. The Company's Register of Members and Transfer Books will remain closed from Monday, September 19, 2011 to Tuesday, September 27, 2011 (both days inclusive).
8. Non-resident Indian members are requested to inform Karvy Computershare Private Limited immediately on:
  - a. the change in the residential status on return to India for permanent settlement.
  - b. the particulars of the bank accounts maintained in India with complete name, branch, account type, account number and address of the bank, if not furnished earlier.
9. Re-appointment of Directors: At the ensuing Meeting, Shri S L Rao and Dr V K Chaturvedi, directors of the Company retire by rotation and being eligible offer themselves for re-appointment. The details pertaining to Shri S L Rao and Dr Chaturvedi required to be provided pursuant to the requirements of Clause 49 of the listing agreement are furnished in the statements on Corporate Governance forming part of this Annual Report.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Transfer Agent, Karvy Computershare Private Limited.
11. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website [www.reliancepower.co.in](http://www.reliancepower.co.in) under the section 'Investor Relations'.

# Reliance Power Limited

## Notice

12. Members are advised to refer to the section titled "Investor Information" provided in this Annual Report.
13. Members are requested to fill in and send the Feedback Form provided in the 'Investor Relations' section on the Company's website [www.reliancepower.co.in](http://www.reliancepower.co.in) to aid the Company in its constant endeavour to enhance the standards of service to investors.
14. Pursuant to Circular No. SEBI/CFD/DIL/LA/2/2007/26/4 dated April 26, 2007, issued by the Securities and Exchange Board of India, the statement containing the salient features of the balance sheet, profit and loss account, cash flow statement and auditors' report (Abridged Financial Statements), is sent to the members, along with the Abridged Consolidated Financial Statements. Any member interested in obtaining a copy of the full Annual Report, may write to the Registrar and Transfer Agent of the Company.
15. An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, relating to special business to be transacted at the Meeting is annexed hereto.
16. Green initiative in Corporate Governance: The Ministry of Corporate Affairs (MCA) has vide its circular dated April 29, 2011 stated that service of notice / documents including Annual Report to the members can be made by e-mail. To support this green initiative of the MCA, members who have not yet registered their e-mail addresses are requested to do so (i) in respect of the electronic holdings through their concerned depository participants and (ii) in respect of the physical holdings to Karvy Computershare Private Limited.

## Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 to the accompanying Notice dated May 27, 2011.

### Item No. 5

#### Issue of equity shares to the Qualified Institutional Buyers

The Company, a member of the Reliance Group, is engaged in developing, constructing and operating power projects in different parts of the Country. The Company on its own and through its subsidiaries has a planned portfolio of more than 35,000 MW of power generation capacity, both operational as well as under development. In order to part finance such a large portfolio of power projects and to enhance its global competitiveness and ability to compete with the peer groups in the domestic and international markets, the Company needs to strengthen its financial position and net worth by augmenting its long term resources.

For the above purposes as also for meeting the requirements for general corporate purposes, as may be decided by the Board from time to time, it is proposed to seek the enabling authorisation of the Members of the Company in favour of the Board of Directors ("Board"), without the need of any further approval from the Members, to undertake the Qualified Institutional Placement ("QIP") with the Qualified Institutional Buyers ("QIB"), in accordance with the provisions of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time ("SEBI ICDR"), as set out in the resolution at Item No. 5 of the accompanying Notice.

In view of the above, the Board may, in one or more tranches, issue and allot equity shares / fully convertible debentures / partly convertible debentures / non convertible debentures with warrants / any other securities, which are convertible into or exchangeable with equity shares on such date(s) as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "QIP Securities"). The QIP Securities proposed to be issued by the Board shall be subject to the provisions of the SEBI ICDR including the pricing, which will not be less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during the two weeks preceding the Relevant Date. The Relevant Date for the determination of applicable price for the issue of the QIP Securities shall be the date of allotment of the QIP Securities by the Board pursuant to the applications received by the Company.

For the reasons aforesaid, an enabling resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalise the terms of the issue. The QIP Securities issued pursuant to the offering would be listed on the Indian stock exchanges.

The proposed issue of QIP Securities as above may be made in one or more tranches such that the aggregate amount raised by issue of QIP Securities shall not result in the increase of the issued and subscribed equity share capital of the Company on the

relevant date by more than 25 per cent of the then issued and subscribed equity shares of the Company as on the Relevant Date.

The QIP Securities issued pursuant to the offer, if necessary, may be secured by way of mortgage / hypothecation on the Company's assets as may be finalized by the Board in consultation with the Security Holders / Trustees in favour of Security Holders/ Trustees for the holders of the said securities. The security that may have to be created for the purposes of this issue, as above may come within the purview of Section 293(1) (a) of the Companies Act, 1956. Necessary approval has already been accorded by Members of the Company for creation of such Security(s) at the meeting held on September 1, 2007.

Section 81 of the Companies Act, 1956 and Listing Agreement entered into with the Stock Exchanges, provide, *inter alia*, that where it is proposed to increase the subscribed share capital of the Company by allotment of further shares, such further shares shall be offered to the persons, who on the date of the offer are holders of the equity shares of the Company, in proportion to the capital paid-up on those shares as of that date unless the Members decide otherwise. The Special Resolution seeks the consent and authorization of the Members to the Board of Directors to offer and issue the QIP Securities, in consultation with the Lead Managers, Legal Advisors and other intermediaries to offer and issue the QIP Securities to any persons, whether or not they are members of the Company.

The Board of Directors accordingly recommends the special resolution set out at Item No. 5 of the accompanying Notice for the approval of the Members.

None of the Directors and the Manager of the Company are, in any way, concerned or interested in the said resolution, except to the extent of their shareholding in the Company.

### Item No. 6

#### Raising of Resources through Issue of Securities in the International Markets

The Company on its own and through its subsidiaries has a planned portfolio of more than 35,000 MW of power generation capacity, both operational as well as under development. In order to part finance such large portfolio of power projects and to enhance its global competitiveness and ability to compete with the peer groups, the Company needs to strengthen its financial position and net worth by augmenting long term resources. To achieve the significant competitive advantages, through easy access to large amounts of international capital, with extended maturities, at optimal costs, the Company may need to issue Securities in the international markets, as contemplated in the resolution at Item No.6 of the accompanying Notice and as may be decided by the Board and found to be expedient and in the interest of the Company.

**Notice**

The detailed terms and conditions of the Issue as and when made will be determined by the Board of Directors (hereinafter called the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution) in consultation with the Merchant Bankers, Lead Managers, Advisors, Underwriters and other experts in accordance with the applicable provisions of law.

The proposed issue of Securities as above may be made in one or more tranches, in the international market in one or more currency, such that the Securities to be issued shall not result in increasing the then issued and outstanding equity shares of the Company by more than 25 per cent. The issue price of the security to be issued in the proposed offerings will be determined by the Board at the time of the offer depending on the then prevailing market conditions and the applicable regulations. The Securities will be listed on such International / Indian Stock Exchanges as the Board may be advised and as it may decide.

Section 81 of the Companies Act, 1956, provides, *inter alia*, that where it is proposed to increase the subscribed share capital of the Company by allotment of further shares, such further shares shall be offered to the persons who on the date of the offer are holders of the equity shares of the Company, in proportion to the capital paid up on those shares as of that date unless the Members decide otherwise. The Listing Agreements with the various Stock Exchanges also provide that the Company shall issue or offer in the first instance all Securities to the existing equity shareholders, unless the Members decide otherwise. The Special Resolution seeks the consent and authorisation of the Members to the Board to make the proposed issue of Securities and in the event it is decided to issue Securities convertible into equity shares, to issue to the holders of such convertible Securities in such manner and such number of equity shares on conversion as may be required to be issued in accordance with the terms of the issue.

This Special Resolution gives (a) adequate flexibility and discretion to the Board to finalise the terms of the issue, in consultation with the Lead Managers, Underwriters, Legal Advisors and experts or such other authority or authorities as need to be consulted including in relation to the pricing of the Issue which will be fixed keeping in view the then prevailing market conditions and in accordance with the applicable provisions of rules, regulations or guidelines and (b) powers to issue and market any Securities issued pursuant to the international offer including the power to issue such Securities in such tranche or tranches with / without voting rights.

The Board of Directors accordingly recommends the special resolution set out at Item No. 6 of the accompanying Notice for the approval of the Members.

None of the Directors and the Manager of the Company are, in any way, concerned or interested in the said resolution, except to the extent of their shareholding in the Company.

**Item No. 7**

**Appointment of Manager**

The members of the Company have at their Annual General Meeting held on September 23, 2008, appointed Shri Paresh Rathod, as the Manager of the Company for a period of five years.

The Board of Directors have at their Meeting held on November 12, 2010 appointed Shri Ramaswami Kalidas as Company Secretary and as Compliance Officer in place of Shri Paresh Rathod with effect from November 13, 2010. Pursuant to the above, the Board considers that it would be appropriate to appoint Shri Ramaswami Kalidas as the Manager with effect from May 27, 2011 for a period of five years. Shri Paresh Rathod has relinquished his position as Manager simultaneous with the appointment of Shri Kalidas as Manager with effect from May 27, 2011.

Shri Ramaswami Kalidas, aged 55 years, is a commerce Graduate and a fellow member of the Institute of Company Secretaries of

India. In addition, he is also an MBA with specialization in finance. He has over 30 years experience in corporate secretarial, taxation and other managerial functions. The Nomination/ Remuneration Committee have recommended and the Board of Directors at their meetings held on May 27, 2011 have subject to the approval of the Members in General Meeting and the Central Government, if required, appointed Shri Ramaswami Kalidas as the Manager of the Company for a period of 5 (five) years commencing from May 27, 2011 on the remuneration determined by the Board of Directors or Nomination/Remuneration Committee.

The remuneration payable to and the terms of appointment of Shri Ramaswami Kalidas as the Manager of the Company during the tenure of his appointment will comprise of salary, allowances and the other perquisites, the aggregate monetary value of such salary, allowances and perquisites being limited to ₹ 48.50 lakh per annum plus discretionary Bonus and an increment as may be decided by the Board or Nomination / Remuneration Committee from time to time during the tenure of the above appointment.

The perquisites and allowances payable to Shri Ramaswami Kalidas will include Company owned/Leased Accommodation (furnished or otherwise) or House Rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses and/or allowances for utilization of gas, electricity, water, furnishing and repairs, medical reimbursements, leave travel concession for self and his family including dependants; medical insurance and such other perquisites and/or allowances within the amount specified above. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force). However, Company's contribution to provident Fund, Superannuation or Annuity Fund to the extent these singly or together are not taxable under the Income Tax Act, 1961 and Gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company, shall not be included in the computation of limits for the remuneration.

The terms and conditions set out for appointment and payment of remuneration herein and/or in the agreement may be altered and varied from time to time by the Board or Nomination/ Remuneration Committee as it may, at its discretion, deem fit within the overall ceiling fixed herein.

The Board or Nomination/Remuneration Committee is entitled to revise the salary, allowances and perquisites payable to the Manager of the Company at any time, such that the overall remuneration payable shall not exceed the limits specified in Schedule XIII to the Companies Act, 1956.

Shri Ramaswami Kalidas fulfills the conditions for eligibility contained in part I of Schedule XIII to the Companies Act, 1956. The terms and conditions of appointment and payment of remuneration are set out in the Agreement to be entered into between the Company and Shri Ramaswami Kalidas. Either party may terminate the aforesaid Agreement by giving one month prior notice of termination in writing to the other party.

The Board of Directors, accordingly recommends the resolution set out at Item no. 7 of the accompanying Notice for the approval of the Members.

Other than the Manager, none of the Directors of the Company is, in any way, concerned or interested in the said resolution.

**By order of the Board of Directors**

**Ramaswami Kalidas  
Company Secretary and Manager**

Registered office:  
H Block, 1<sup>st</sup> Floor  
Dhirubhai Ambani Knowledge City  
Navi Mumbai 400710  
May 27, 2011

# Reliance Power Limited

## Directors' Report

Dear Shareowners,

Your Directors present the 17<sup>th</sup> Annual Report and the audited accounts for the financial year ended March 31, 2011.

### Financial Results

The standalone performance of the Company for the financial year ended March 31, 2011 is summarised below;

Particulars	Financial Year ended March 31, 2011		Financial Year ended March 31, 2010*	
	₹ in million	US \$ in million**	₹ in million	US \$ in million**
Total Income	4715.29	105.60	3880.73	85.97
Profit before tax	2536.67	56.81	2,889.38	64.01
Less: Provision for taxation	(208.79)	(4.68)	157.05	3.48
Profit after tax	2745.46	61.49	2,732.33	60.53
Balance of Profit brought forward from previous period	6168.22	138.14	3,435.89	76.12
Transfer to General Reserve	5,000.00	111.98	–	–
Balance carried to Balance Sheet	3913.68	87.65	6,168.22	136.65

\* Figures of previous year have been regrouped and reclassified, wherever required.

\*\* ₹ 44.65 = US \$ 1 Exchange rate as on March 31, 2011 (₹ 45.14 = US \$ 1 as on March 31, 2010)

### Financial Performance

During the year under review, your Company has earned an operational income of ₹ 36.38 crore against ₹ 8.55 crore in the previous financial year. Total Income of the Company was ₹ 471.53 crore against ₹ 388.07 crore in the previous year on a standalone basis. The Company has earned Profit after tax of ₹ 274.54 crore compared to ₹ 273.23 crore in the previous year on a stand alone basis.

### Business Operations

The Company is in the business of setting up and operating power projects and in the development of coal mines associated with such projects. The Company has identified a large portfolio of power projects of more than 35,000 MW and is also developing coal mines with a potential to produce over 95 million tonnes of coal per annum (MTPA). Of the power projects which the Company is developing 600 MW are already operational while the balance capacities are under various stages of development. The portfolio of projects which the Company is developing is diversified with regard to location, fuel and off-take. The projects are spread across various states in India and its coal mines are also located in Indonesia. A major portion of the power generating capacity would be based on coal as the primary fuel. The others include gas based power projects, hydro-electric power projects and power projects based on renewable energy resources such as solar and wind.

### Dividend

Your Directors have not recommended any dividend on equity shares for the year under review.

### Management Discussion and Analysis

Management Discussion and Analysis Report for the year under review as stipulated under Clause 49 of the listing agreement with the Stock Exchanges in India is presented in a separate section forming part of the Annual Report.

The Company has entered into various contracts in the areas of power business. While benefits from such contracts will accrue in the future years, their progress is periodically reviewed.

### Subsidiary Companies

During the year under review, Reliance CleanGen Limited (Formerly Reliance Patalganga Power Limited), Bharuch Power Limited, Rajasthan Sun Technique Energy Private Limited (Formerly Ballerina Advisory Services Private Limited), Atos Trading Private Limited, Atos Mercantile Private Limited, Reliance Prima Limited, Reliance Futura Limited (since merged) Reliance Power Netherlands BV, Samalkot Power Limited, PT Heramba Coal Resources, Indonesia, PT Avaneesh Coal Resources, Indonesia, Solar Generation Company (Rajasthan) Private Limited,

Dahanu Solar Power Private Limited, Sasan Power Infrastructure Limited, Sasan Power Infra ventures Private Limited (since merged), Reliance Fuel Resources Limited, Reliance Natural Resources (Singapore) Pte Limited, Reliance Natural Resources Limited, Reliance Renewable Power Private Limited, Reliance Biomass Power Private Limited, Reliance Solar Resources Power Private Limited, Reliance Clean Power Private Limited, Reliance Tidal Power Private Limited, Reliance Geothermal Power Private Limited, Reliance Wind Power Private Limited, Reliance Green Power Private Limited, PT Sumukha Coal Services, Indonesia, PT Brayan Bintang Tiga Energi, Indonesia, PT Sriwijaya Bintang Tiga Energi, Indonesia, became the subsidiaries of the Company.

In terms of the approval granted by the Central Government under Section 212 (8) of the Companies Act, 1956, copies of the Balance Sheet, Profit and Loss Account, Cash flow Statement, Report of the Board of Directors and Auditors of the subsidiary companies are not being attached to the Balance Sheet of the Company. The financial information of the subsidiary companies as required is disclosed under 'Financial Information of Subsidiary Companies', which forms part of the Annual Report.

The Company will make available hard copy of Annual Accounts of the subsidiary companies and the related detailed information to the shareholders of the Company seeking the same.

The annual accounts of the subsidiary companies will also be kept for inspection by any shareholders at the Registered Office the Company and that of the respective subsidiary companies.

Further, pursuant to the provisions of Accounting Standard AS-21 and AS-27 prescribed under the Companies (Accounting Standards) Rules, 2006 and Listing Agreement as prescribed by the Securities and Exchange Board of India, the Consolidated Financial Statements presented by the Company form part of the Annual Report.

### Scheme of Arrangement

#### A. Composite Scheme of Arrangement between Reliance Natural Resources Limited and Reliance Power Limited and others

- In terms of the Composite Scheme of Arrangement between Reliance Natural Resources Limited ('RNRL') and Reliance Power Limited ('RPower') and Atos Trading Private Limited ('ATPL') and Atos Mercantile Private Limited ('AMPL') and Coastal Andhra Power Infrastructure Limited ('CAPIL') and Reliance Prima Limited ('RPL') and Reliance Futura Limited ('RFL') and their respective Shareholders and Creditors ("Scheme" or "the Scheme"), as sanctioned by the Hon'ble High Court of Judicature at Bombay vide Order dated



Directors' Report

October 15, 2010, the business undertakings of RNRL consisting of four Exploration Blocks situated at Barmer in Rajasthan, Kothagudem in Andhra Pradesh, Sohagpur in Madhya Pradesh and in Mizoram were demerged and vested into your Company. The appointed date of the Scheme was October 15, 2010.

As per the above Scheme, Reliance Futura Limited was amalgamated into the Company.

Pursuant to the above Scheme, the Company has issued and allotted a total of 40,82,82,606 equity shares in the ratio of 1 (One) equity share of ₹ 10 each fully paid up of the Company for every 4 (Four) equity shares of ₹ 5 each fully paid up, held by the shareholders in RNRL. All the outstanding equity shares, including those underlying the GDRs, issued earlier by RNRL, the liabilities in respect of which have devolved upon your Company have been listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited effective from November 15, 2010.

ii. **Global Depository Receipts (GDRs)**

Pursuant to the Composite Scheme of Arrangement between Reliance Natural Resources Limited (RNRL) and Reliance Power Limited (RPower) and Others ('the Scheme'), the liabilities in respect of the Global Depository Receipts (GDRs) issued by RNRL have vested into RPower with effect from October 15, 2010.

Pursuant to the Scheme and as described in the notice to the holders of Global Depository Receipts of RNRL, eligible RNRL GDR Holders as of November 11, 2010 (the "Record Date") were entitled to elect through the procedures established by the relevant clearing system number and subject to the provision of the representations, warranties and certifications contained in the certification and instruction form delivered pursuant to the Deposit Agreement to receive either:

- one GDR for every two RNRL GDRs surrendered to the Depository for exchange; or
- one Equity Share of ₹ 10 each for every two RNRL GDRs surrendered to the Depository for exchange.

As of the Record Date, RNRL had outstanding 1,217,270 GDRs representing 24,34,540 equity shares of RNRL. On February 15, 2011, the Depository issued 1,30,288 GDRs pursuant to elections made by RNRL GDR Holders

as set out above. The subject GDRs have been listed on Luxembourg Stock Exchange effective from May 17, 2011.

iii. **Foreign Currency Convertible Bonds (FCCBs)**

Pursuant to the Composite Scheme of Arrangement between Reliance Natural Resources Limited (RNRL) and Reliance Power Limited (RPower) and Others ('the Scheme'), the liabilities in respect of 4.928% Foreign Currency Convertible Bonds (FCCBs) of US \$ 100,000 each aggregating to US \$ 300 million (₹ 1,350 crore) raised by RNRL have devolved upon RPower effective from October 15, 2010. The FCCBs have a maturity period of 5 years and 1 day and are not listed. The FCCBs are convertible any time after November 27, 2006 up to October 10, 2011. The FCCBs, if fully converted into equity shares of RNRL, would have resulted into 52,63,26,923 equity shares of ₹ 5 each of RNRL. As per exchange ratio in the sanctioned Scheme, 13,15,81,731 equity shares of RPower are to be issued upon full conversion against 52,63,26,923 equity shares of ₹ 5 each of RNRL.

Out of the above, holder of 1(one) FCCB of US \$ 100,000 has exercised its option to convert the same into Equity Shares. In consequence of the above, 43,860 equity shares were allotted by RPower and the same have been listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited effective from April 20, 2011.

B. **Scheme of Amalgamation of Sasan Power Infrastructures Private Limited into Reliance Power Limited**

Sasan Power Infrastructures Private Limited, a wholly owned subsidiary of the Company amalgamated into the Company with effect from May 25, 2011, in terms of the Scheme of Amalgamation sanctioned by the Hon'ble High Court of Judicature at Bombay vide Order dated April 29, 2011. The appointed date was January 1, 2011.

**Fixed Deposits**

The Company has neither accepted nor renewed any fixed deposits during the year.

**Employee Stock Option Scheme**

As reported last year, the ESOS Compensation Committee had approved to grant up to 200,00,000 Options exercisable into equal number of fully paid up Equity shares of the Company to eligible Employees of the Company and its subsidiaries in accordance with the Scheme.

The particulars as required under clause 12 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, are as follows :

Sr.	Particulars	ESOS Plan 2010
a.	Total options granted	85,00,000
b.	Pricing formula decided by ESOS Compensation Committee	The exercise price is as per the Plan under the ESOS Scheme
c.	Options vested	-
d.	Options exercised	-
e.	Total number of equity shares arising as a result of exercise of Options	-
f.	Options lapsed during the year	-
g.	Variation of terms of Options	-
h.	Money realized by exercise of options during the year	-
i.	Total number of Options in force at the end of the year	85,00,000
j.	Employee wise details of Options granted to :	-
i.	Senior Managerial personnel (i.e. Managing Director / Whole-time Director/Manager)	-
ii.	Employee who receives grant in any one year of option amounting to 5 % or more of option granted during the year	-
iii.	Identified Employees who were granted options, during any one year equal to or exceeding 1 % of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	-

## Reliance Power Limited

### Directors' Report

Sr.	Particulars	ESOS Plan 2010
k.	Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20	N.A. There would not be any fresh issue of equity shares of the Company upon exercise of Options by employees
l.	The difference between employee compensation cost using intrinsic value method and fair value of the Options and impact of this difference on Profit EPS of the Company	₹ 385,125,918 (₹ 0.15)
m.	Weighted average exercise prices of Options granted during the year where exercise price is less than market price	-
n.	Significant assumptions made in computation of fair value i. risk free interest rate ii. weighted average period of option iii. expected volatility iv. expected dividends (yield), and v. the price of the underlying share in the market at the time of grant	7.74% 7.25 Years 41.88% - ₹ 140.20

The Company has received a certificate from the Auditors of the Company that the ESOS Plan 2010 has been implemented in accordance with the Guidelines and as per the resolution passed by the members of the Company authorizing issuance of ESOS.

#### Directors

In terms of the provisions of the Companies Act, 1956, Shri S L Rao and Dr V K Chaturvedi, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

A brief resume of the Directors retiring by rotation at the ensuing Annual General Meeting, nature of their expertise in specific functional areas and names of companies in which they hold directorship and/or membership/chairmanships of Committees of the Board, as stipulated under Clause 49 of the listing agreement with the Stock Exchanges in India, is given in the section on Corporate Governance forming part of this Annual Report.

Shri K H Mankad, Whole-time Director relinquished his position effective from March 14, 2011 due to health reasons.

The Board would place on record its sincere appreciation of the contribution made by Shri Mankad during the tenure of his association with the Company.

#### Directors' Responsibility Statement

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the annual accounts for financial year ended March 31, 2011, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the profit of the Company for the year under review;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the Directors had prepared the annual accounts for financial year ended March 31, 2011 on a 'going concern' basis.

#### Group

Pursuant to an intimation received from the Promoters, the names of the Promoters and entities comprising 'group' as defined under the Monopolies and Restrictive Trade Practices ('MRTP') Act, 1969 are disclosed in the Annual Report for

the purpose of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

#### Consolidated Financial Statements

The Audited Consolidated Financial Statements based on the Financial Statements received from subsidiaries, as approved by their respective board of directors, have been prepared in accordance with the Accounting Standard 21 (AS-21) on "Consolidated Financial Statements" and Accounting Standard 27 (AS-27) on "Financial Reporting of Interests in Joint Ventures", notified under Section 211(3C) of the Companies Act, 1956 read with the Companies (Accounting Standards) Rules, 2006, as applicable.

#### Auditors and Auditors' Report

M/s. Chaturvedi & Shah, Chartered Accountants and M/s. Price Waterhouse, Chartered Accountants, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received letters from M/s. Chaturvedi & Shah, Chartered Accountants and M/s. Price Waterhouse, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956, and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

The observations and comments given by Auditors in their Report read together with notes to Accounts are self explanatory and hence do not call for any further comments under Section 217 of the Companies Act, 1956.

#### Particulars of Employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, having regard to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

#### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as required to be disclosed pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, are given in the Annexure - A forming part of this Report.

## Directors' Report

### Corporate Governance

The Company has adopted the "Reliance Group-Corporate Governance Policies and Code of Conduct" which has set out the systems, processes and policies conforming to international standards. The report on Corporate Governance as stipulated under Clause 49 of the listing agreement with the Stock Exchanges, forms part of the Annual Report.

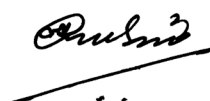
A Certificate from the Auditors of the Company M/s. Chaturvedi & Shah, Chartered Accountants and M/s. Price Waterhouse, Chartered Accountants, conforming compliance with conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is attached to this Report.

### Acknowledgements

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders,

bankers, financial institutions, government authorities, regulatory bodies and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff of the Company, resulting in the successful performance of the Company during the year.

For and on behalf of the Board of Directors



Anil Dhirubhai Ambani  
Chairman

Mumbai  
May 27, 2011

## Annexure -A

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, as amended and forming part of the Directors' Report for the financial year ended on March 31, 2011:

- Conservation of Energy:** Since the Company has presently not undertaken any manufacturing activity, the particulars with respect to conservation of energy are not applicable. Company is making all efforts to conserve energy. The Company monitors energy costs and periodically reviews the consumption of energy. It also takes appropriate steps to reduce the consumption through efficiency in usage and timely maintenance / installation / upgradation of energy saving devices.
- Technology Absorption:** The Company continuously makes efforts towards research and developmental activities and has been constantly active in harnessing and tapping the latest and best technology in the industry.
- Foreign Exchange Earnings and Outgo:**

Total foreign exchange earnings and outgo for the financial year is as follows:

- |                                    |   |   |
|------------------------------------|---|---|
| a. Total Foreign Exchange earnings | : | ₹ Nil (Previous year ₹ Nil)                     |
| b. Total Foreign Exchange outgo    | : | ₹ 25.91 million (Previous year ₹ 26.62 million) |

### Auditors' Certificate regarding compliance of conditions of Corporate Governance

To

The Members of Reliance Power Limited

We have examined the compliance of the conditions of Corporate Governance by **Reliance Power Limited** ('the Company'), for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreements of the Company with the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated of the above mentioned listing agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

#### For Price Waterhouse

Chartered Accountants

Firm Registration No: 301112 E

#### Partha Ghosh

Partner

Membership No. 55913

Place : Brussels

Date : May 27, 2011

#### For Chaturvedi & Shah

Chartered Accountants

Firm Registration No: 101720 W

#### C D Lala

Partner

Membership No. 35671

Place : Mumbai

Date : May 27, 2011



# Reliance Power Limited

## Management Discussion and Analysis

Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events.

The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements, on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include cost of fuel, determination of tariff and such other charges and levies by the regulatory authority, changes in government regulations, tax laws, economic developments within the country and such other factors.

The financial statements are prepared under historical cost convention, on accrual basis of accounting, and in accordance with the provisions of the Companies Act, 1956 (the Act) and comply with the accounting standards notified under Section 211 (3C) of the Act read with Companies (Accounting Standards) Rules, 2006. The management of Reliance Power Limited ("Reliance Power" or "the Company") has used estimates and judgments relating to the financial statements on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the state of affairs and profit for the year.

The following discussions on our financial condition and result of operations should be read together with our audited consolidated financial statements and the notes to these statements included in the Annual Report.

Unless otherwise specified or the context otherwise requires, all references herein to "we", "us", "our", "the Company", "Reliance" or "Reliance Power" are to Reliance Power Limited and/or its subsidiary companies.

### Economic outlook

The Indian economy has rapidly emerged from the slowdown caused by the global financial crisis of 2007-2009. The advance estimates for the year 2010-2011 indicate a growth rate of 8.6 per cent against a growth rate of 8.0 per cent in the year 2009-2010. Agricultural growth was above trend, following a good monsoon. The index of industrial production (IIP), which grew by 10.4 per cent during the first half of 2010-11, moderated subsequently. However, other indicators, such as the manufacturing PMI, tax collections, corporate sales and earnings growth, credit off-take by industry and export performance, indicated strong economic activity. Leading indicators of services sector also indicated continuing growth momentum. However, inflation was the primary macroeconomic concern throughout the year 2010-11 and the Government and the central bank of the country calibrated policies to contain inflation while at the same time trying to balance growth requirements. The outlook for global economy suggests that global recovery is expected to sustain, although growth will slow down marginally and as far as Indian economy is concerned, it is expected that high commodity prices coupled with anti-inflationary policy stance would moderate growth for the coming year.

### India Power Sector

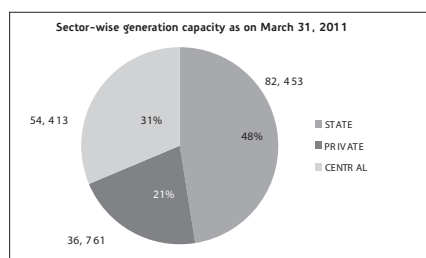
It is a widely acknowledged fact that one of the major requirements for sustainable and inclusive economic growth is availability of an extensive and efficient infrastructure. It is critical for the effective functioning of the economy and industry. The key to global competitiveness of the Indian economy lies in building a high class infrastructure. To accelerate the pace of infrastructure development the Government has initiated a host of projects and policies in all crucial sectors. Despite several challenges, the positive results of the Government's initiatives have started showing up in various sectors in general and power sector in particular.

The Electricity Reforms which started in the 1990s and took greater shape with the Electricity Act 2003 have been able to attract private independent power producers and has accelerated the capacity addition program. Nevertheless, reforms have remained incomplete particularly in the distribution sector and the future of the Power sector hinges upon urgent improvement of distribution sector including steps such as revision of tariffs to more economic levels. Also, further growth of the power sector is critically dependent on availability of fuel and this requires immediate and focused attention of the government to put in place a policy framework which can enable accelerated pace of development of fuel sources.

### Installed generation capacity

The total installed power generation capacity of India as on March 31, 2011 is 173,626 MW out of which over 18 per cent is contributed by the private sector.

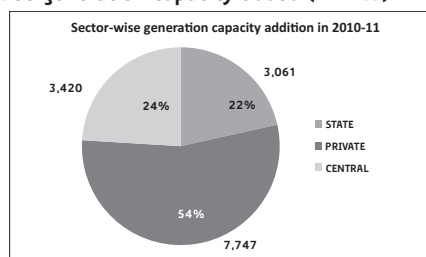
### Sector wise generation capacity (in MW) as on March 31, 2011



\* Excluding captive generation capacity connected to grid: 19509.49 MW  
Source: CEA

India has added generation capacity of 14,228 MW in FY10-11, a 48% per cent increase compared to capacity addition of 9,585 MW in FY09-10. Private sector was the biggest contributor with almost 55 per cent of the total capacity added in FY10-11.

### Sector wise generation capacity added (in MW) in FY 10-11



\* Excluding renewable energy and captive generation capacity  
Source: CEA

India has been traditionally dependent on thermal power as a source of power generation, which constitutes about 65 per cent of current capacity. The balance is contributed by hydroelectric power (22 per cent), nuclear (3 per cent), and renewable energy (10 per cent).

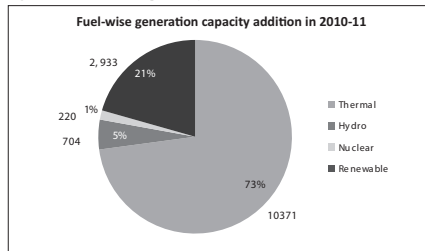
### Fuel wise generation capacity (in MW) as on 31st March 2011

Fuel	Installed Capacity (MW)	Share of installed capacity as %
Thermal	112,824	65.0
Coal	93,918	54.1
Gas	17,706	10.2
Diesel	1,200	0.7
Hydroelectric	37,567	21.6
Nuclear	4,780	2.8
Renewable energy	18,455	10.6
<b>Total</b>	<b>173,626</b>	<b>100.0</b>

\* Excluding captive generation capacity connected to grid: 19,509.49MW  
Source: CEA

## Management Discussion and Analysis

### Fuel wise generation capacity added (in MW) in FY2010-11



\* Excluding renewable energy and captive generation capacity

Source: CEA

With over half of the capacity added last year coming from coal based projects and capacity under construction biased towards coal based projects, India is increasingly expected to be reliant on coal for achieving its target capacity addition plans. As a result, shortage of coal remains one of the most critical risks for power generation in India.

#### Generation capacity addition plans

The Government of India had set an ambitious target of adding 78,700 MW in the Eleventh 5 Year Plan period (FY07-12). A total of 41,297 MW (53 per cent of target) has been added in the first 4 out of 5 years. It is pertinent to note that the capacity addition in the Tenth 5 Year Plan period (FY02-07) was 21.1 GW against a target of 41.1 GW (50 per cent achievement). Although it is highly likely that India will miss the target capacity addition in the current 5 Year Plan (FY07-12), the expected capacity addition is a significant improvement from that of the last Plan period of FY02-07.

The private sector has played a significant role in the augmentation of generation capacity in India in the last 3 years. Private sector's share of operational capacity has increased from 12.9 per cent in March 2007 to 21.2 per cent in March 2011.

#### Power generation

The total power generation in India during FY10-11 was 811.1 billion units (5.2 per cent higher than FY09-10) and was 2.4 per cent lower than the target estimates set for FY10-11.

#### Sector wise power generation performance in FY2010-11

Sector	Power generation (billion units)	Percentage share	Percentage of installed capacity as %	Average PLF (thermal) as %
State sector	343.3	42.3	47.5	66.70
Central sector	346.0	42.7	31.3	85.11
Private sector	116.2	14.3	21.2	76.70
Imported	5.6	0.7	-	-
<b>Total</b>	<b>811.1</b>	<b>100.0</b>	<b>100.0</b>	<b>75.07</b>

Source: CEA

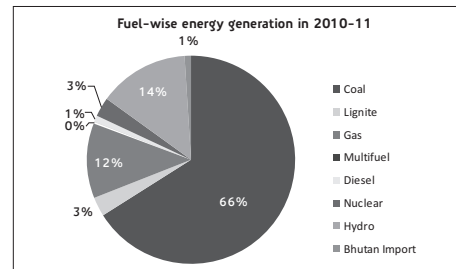
The private sector accounted for only 14 per cent of the total power generated, but its share in the total pie is expected to increase significantly, since more than half of capacity addition in XIth Plan is expected to be contributed by the private sector.

Coal based capacity contributed 66 per cent of the total power generated although it constituted only 54 per cent of the generation capacity. This also highlights the importance of coal based projects for meeting the base load capacity requirements

#### Fuel wise power generation performance in FY2010-11

Fuel	Power generated (MU)	Share in generation as %	Share in generation capacity as %
Thermal	664.9	82.0	65.0
Hydroelectric	114.3	14.1	21.6
Nuclear	26.3	3.2	2.8
Imported	5.6	0.7	10.6
<b>Total</b>	<b>811.1</b>	<b>100</b>	<b>100.0</b>

Source: CEA



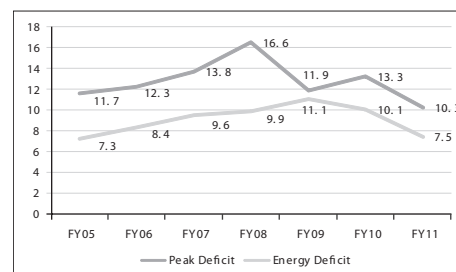
### Outlook of power generation sector

#### Demand and supply outlook

In order to sustain a GDP growth rate of over 8 per cent, it is essential that the power sector also grows at a similar rate.

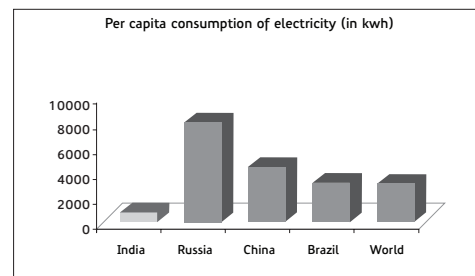
The power sector has witnessed acute shortage of electricity over the last few years. The energy deficit in FY10-11 was 7.5 per cent and the peak power deficit was 10.3 per cent indicating a huge gap between demand and supply of electricity. The gap between demand and supply has not decreased in the last few years, leading to persistent power shortages. The following table highlights the deficit situation in the last few years

#### Power deficit scenario - all India in the period FY05-11 (in %)



Source: CEA

In recent years, India's energy demand has been increasing very fast due to the population growth and economic development. The increase in installed power generation capacity has however not kept pace with the increase in demand for power thus leading to power shortages. Despite the overall increase in energy demand, per capita energy consumption in India, at 704 kwh, is still very low compared to other developing countries.



Source: Think BRIC-Comparative study of power sector by KPMG (Jan 2010)

According to the 17th Electric Power Survey, India requires 968.7 billion units of electricity in FY11-12 while the current generation in FY10-11 is 811.1 billion units. This implies that power generation has to increase by 19.4 per cent in FY 2011-12 just to meet the demand, almost double the growth rate of 5.5 per cent witnessed in FY10-11.

# Reliance Power Limited

## Management Discussion and Analysis

### • Long term demand and supply outlook

As per the Ministry of Power, to deliver a sustained GDP growth of 8 per cent till FY31-32, India's generation capacity has to grow to 962,210 MW, more than 6 times the current generation capacity. This implies a CAGR of 8.6 per cent over 22 years and an average capacity addition of over 36,000 MW every year, almost 4 times the capacity addition rate in the current 5 Year Plan till date (41,297 MW added in 4 years).

The GDP growth of India in the last few years has been significantly higher than the power sector growth thus putting more pressure on the sector. In the period FY02-11, while the GDP has been growing at an average of over 8 per cent, the power generation capacity has been growing at a CAGR of 7.0 per cent (from 132,329 MW in FY07 to 173,626 MW in FY11).

### Opportunities and threats

In the last decade, the government has taken various initiatives to increase public as well as private investments in the sector to enhance generation capacity and eliminate power deficit. The Parliament enacted the Electricity Act, 2003 and the Government has followed up on the reform agenda with various other policy measures to make the power generation sector attractive for investors. The Electricity Act, 2003, requires the Central Electricity Authority (CEA) to lay out the National Electricity Plan once in every five years and revise the same from time to time in accordance with the National Electricity Policy. This Plan serves as a roadmap for accelerated growth of the power sector. Now 100 per cent Foreign Direct Investment (FDI) is allowed in generation, transmission and distribution segments. Incentives are given to the sector through waiver of duties on capital equipments under the Mega Power Policy. These policy initiatives have resulted in building up investor confidence in the power sector and have created an ideal environment for increased participation by the private sector.

In order to attract further private participation in the power sector, the Government of India had announced the Ultra Mega Power Projects (UMPP) scheme under which the government would partner with the private sector for developing large power projects.

The policy framework for the power sector encourages developers to put power projects from which they can sell power through long term Power Purchase Agreements (PPA) at attractive and sustainable returns and also, to sell power through short term contracts (bilateral contracts) or spot markets (unscheduled interchange, power exchanges) at significantly high premium to the long term tariffs till there is a critical power deficit in India.

Gas based projects account for around 10 per cent of the total generation capacity of India, which is much lower than the world average. The current gas production in India is 165 mmscmd out of which 68 mmscmd is utilized by the power generation sector. The bulk of the additional production has to be absorbed by the fertilizer and power generation sector, the two biggest consumers of natural gas. This will lead to increased availability of gas for power generation and at reasonable prices. Due to an expected jump in the quantum of supply, gas is expected to increase its share of the total power generation pie by the next few years.

Considering the ever increasing electricity demand and inadequate availability of fuel there is a dire need to tap various new sources of energy including renewable energy. Further, growing awareness with regard to benefits of clean energy have also prompted renewed focus on renewable energy by all the stakeholders in the energy ecosystem.

India has one of the highest potentials for the effective use of renewable energy. India has a potential of 48,500 MW in wind energy and 25,000 MW in solar energy. Besides this, there is an additional potential of 148,700 MW of hydroelectric capacity, out of which only 25 per cent has become operational till now. The renewable energy capacity has gone up from 7,761 MW in

March 31, 2007 to 18,455 MW in March 31, 2011 (growth of over 135 per cent in 4 years). With coal shortage becoming a reality in the last couple of years, it is imperative for India to have a focused strategy for renewable energy. The Government has already started acting on this agenda. Some of the significant steps taken recently are

- Policy envisaging that all states should mandatorily meet Renewable Purchase Obligations (RPO) of 5 per cent of total generation which goes up by 1 per cent with every passing year till FY2020 to reach a level of 15 per cent.
- Launch of Jawaharlal Nehru National Solar Mission (JNNSM), which aims to ensure that solar energy technologies in the country achieve grid parity by 2022. It has plans for deployment of 20 GW of solar power by 2022.
- Imposition of Carbon cess of ₹ 50 per tonne for all domestic and imported coal based projects. The funds raised will be utilized to drive development in the renewable energy sector.

With increasing focus on environment related issues, power projects, employing clean and environment-friendly technology (hydroelectric and other renewable energy sources) can also earn carbon credits, which are traded extensively in the international market; thus providing an additional source of revenue.

### Key risks and concerns

Power sector is a highly capital intensive business with long gestation periods before commencement of revenue streams (construction periods of 4-5 years) and an even longer operating period (over 25 years). Since most of the projects have such a long time frame, there are some inherent risks in both the internal and external environment. We monitor the external environment and manage our internal environment to mitigate the concerns on a continuous basis. Some of the key concerns being faced by the sector currently are:

#### 1. Coal supply position

More than 50 per cent of India's generation capacity is coal based. According to the Integrated Energy Policy, by FY31-32, India requires 2,040 million tonnes of coal for power generation, more than 5 times its current consumption levels. The shortage of coal is so acute that most of the power generation companies are looking at imported coal as a viable alternative to domestic coal.

The total imported non cooking coal quantity has increased more than 3 times within the last 5 years and is expected to go up at a much faster rate once most of the imported coal based projects including the two Ultra Mega Power Projects which are being commissioned in the Country. The increase in the prices of imported coal is a matter of serious concern and there is an urgent need to undertake a review of the mechanism for passing on the increasing coal costs to end-consumers.

Realizing this, the Government has recently announced some policy changes and initiatives in coal mining. Currently coal blocks are awarded to private sector companies through a Screening Committee called the Standing Linkage Committee. The Government has amended the Mines and Minerals (Development and Regulation) Act, 1957 so that the allocation process by the Screening Committee is replaced by a transparent auction process. The Government has also announced draft guidelines for bidding of coal mining blocks. The Government is also in the process of announcing various policy initiatives which would encourage faster development of coal mines and thus reduce the demand-supply mis-match for coal.

#### 2. Weak financial condition of electricity distribution companies

The financial health of electricity distribution companies (DISCOMs), is fast emerging as an area of major concern threatening the very viability of the power sector. Their inability to generate adequate resources is affecting

## Management Discussion and Analysis

their ability to make capital investment, borrow funds at competitive rates and make timely payments of other stakeholders. Book losses of the utilities are rising with increasing power purchase costs without commensurate increase in tariffs. Further, the Aggregate Technical and Commercial (AT&C) losses of the Utilities are still at very high levels. The average of the AT&C losses reported by Indian distribution utilities is almost 30 per cent. AT&C losses in Indian utilities vary from one state to another. The cumulative losses incurred by the distribution companies is projected to rise to ₹ 116,089 crore by FY 2014-15 assuming 2008 tariff level with no increases, according to a Mercados study for the 13th Finance Commission. Power Finance Corporation has also brought out a report on the financial condition of the various distribution companies. The study shows that 35 out of the 39 utilities studied were incurring losses, and net worth of 22 utilities were found to be negative.

### 3. Execution risk

Power projects are highly capital intensive and have a long development and construction phase thus exposing them to various macroeconomic as well as project specific risks. During the development phase, a project faces the following key risks:

- Delays in statutory approvals and clearances from the authorities
- Delays in Land acquisition
- Non-availability / delays in obtaining Fuel, water & transmission linkages
- Availability and cost of capital – both equity and debt funding

During the construction stage which covers the period from the commencement of construction till the commissioning of projects, the key risks that need to be monitored are:

- Delays leading to time over-runs
- Increase in project costs leading to cost over-runs
- Challenges in transportation/logistics of equipments
- Hydrological & geological risks in case of hydroelectric projects

During the construction phase, ensuring that all the supply and erection contracts are placed on time and within the cost estimates is a critical challenge and thereafter ensuring that all the vendors and contractors perform their responsibilities as envisaged is a key risk.

### Internal control systems and their adequacy

The Company has put in place internal control systems and processes commensurate with its size and scale of operations. An Enterprise Resource Planning System developed by SAP has been implemented in the Company. The system has control processes designed to take care of various control and audit requirements. In addition, the Company has an Internal Audit function, which oversees the implementation and adherence to various systems and processes and preparation of Financial Statements as per Generally Accepted Principles and Practices. Further, the internal audit group also appoints reputed audit firms to undertake the exercise of conduct of Internal Audit at various locations. The report of the Internal Auditors is placed at the Audit Committee Meetings.

Reliance Power has put in place a Risk Management Framework, both at the corporate as well as the project level, which provides a process of identifying, assessing, monitoring, reporting and mitigating various risks at all levels at periodic intervals. Under the framework the Company has constituted a Risk Management Committee at both the Corporate Level as well as Project Level to continuously monitor report and mitigate various risks faced. The outcome of this monitoring is reported to the Audit Committee of the Board of Directors on a quarterly basis.

### Discussion on Operations of the company

The Company is in the business of setting up and operating

power projects and in the development of coal mines associated with such projects. The Company has identified a large portfolio of power projects of over 35,000 MW and is also developing coal mines with a potential to develop almost 95 million tonnes of coal per annum (MTPA). Of the power projects which the company is developing 600 MW are already operational while the balance capacities are under various stages of development.

### Operational projects

#### 1. Rosa Phase 1, a 600 MW coal-based power project in Uttar Pradesh

The successful commissioning of the second 300 MW unit of Rosa Phase 1 in June 2010 marked the commencement of operations of the entire 600 MW of the project. This is the first operational project of the company. However, fuel supply and evacuation constraints resulted in a lower Plant Load Factor (PLF) during the first nine months of the financial year 2010-11. However, with the resolution of the fuel supply and evacuation problems the plant has been operating very efficiently and has been consistently operating at over 100 per cent PLF. During the last quarter of the financial year the plant achieved a PLF of over 87 per cent.

To ensure continued efficient operations at the plant, the Company has installed world class Operations and Maintenance (O&M) systems. There is a strong O&M team at the site supported by an experienced O&M team at the corporate office. A training simulator which is a replica of unit distributed control system has been set up at Rosa for training operation staff at regular frequency. Employees are provided in house training as well as specialized training by equipment manufacturer.

The Company has installed a centralized fleet wide optimization and performance management center for monitoring, optimizing and condition monitoring of assets across the power stations. Latest reliability centered maintenance techniques have been employed in Rosa which gives the project significant benefits in terms of diagnostics and preventive maintenance and reduction of outages.

#### 2. Projects under development and execution

Reliance Power is developing a number of large and medium sized power projects with a combined planned installed capacity of over 35,000 MW, one of the largest portfolios of power generation assets under development in India.

These power projects are planned to be diverse in geographic location, fuel type, fuel source and off-take, and each project is planned to be strategically located near an available fuel supply or load center. Reliance Power has been successful in bagging three Ultra Mega Power Projects (3,960 MW each at Sasan in Madhya Pradesh, Talaiya in Jharkhand and Krishnapatnam in Andhra Pradesh). The Company intends to sell the power generated from other projects under a combination of long-term and short-term PPAs to state-owned and private distribution companies and industrial consumers.

All the projects are in various stages of operation, construction and development. A brief on the developments on these projects is provided.

### Coal Based Power Projects

#### 1. Rosa Phase 2, a 600 MW coal-based power project in Uttar Pradesh

Rosa Phase 2 is being implemented by Rosa Power Supply Company Limited (RPSCL) a wholly owned subsidiary of Reliance Power. Like Rosa Phase 1, this is also a coal based project with two subcritical technology based units of 300 MW each. The project is scheduled to commence power generation within the 11th plan (i.e. by March 2012). This is a brownfield expansion and hence is utilizing the additional land acquired and water allocated for Rosa Phase 1. The project has obtained all major approvals



# Reliance Power Limited

## Management Discussion and Analysis

from the Government of Uttar Pradesh and construction activities are in full swing at the site. The power generated from the plant will be sold to Uttar Pradesh Power Company Limited. Fuel supply has been secured for the project with Government of India awarding long-term coal linkage for the capacity expansion. The project has achieved financial closure with a consortium of banks led by IDBI Bank.

### 2. Butibori, a 600 MW coal-based power project in Maharashtra

Vidarbha Industries Power Limited (VIPL) is currently developing a 600 MW coal-based power project (2 units of 300 MW each) with subcritical technology located at Butibori, Maharashtra Industrial Development Corporation (MIDC) in Nagpur, Maharashtra. The construction of the Project is expected to be completed in the 11th Plan. The project is currently in the construction phase and is expected to begin commissioning by March 2012. The power generated from the project would be sold to industrial consumers and the balance to other off-takers through long-term and medium-term contracts.

### 3. Sasan Ultra Mega Power Project, a 3,960 MW pithead coal-based Project in Madhya Pradesh

The project is being developed by Sasan Power Limited (SPL), a wholly owned subsidiary of Reliance Power. Reliance Power was awarded the Sasan project following an international competitive bidding process and the project will be selling power to 14 Procurers comprising 7 States. The project will use coal from the captive coal blocks allocated for the project. The first unit of the project is expected to be commissioned towards the end of the calendar year 2012. The project has achieved financial closure. The construction activities at the project are progressing as per plans. The Company has also made significant progress in the development of coal mines allocated for the Sasan project. Coal production from the mines is expected to commence before the commissioning of the first unit of Sasan UMPP.

### 4. Krishnapatnam Ultra Mega Power Project, a 3,960 MW imported coal-based Project in Andhra Pradesh

Coastal Andhra Power Limited (CAPL), a wholly owned subsidiary of the Company is developing the project. Reliance Power was awarded the Krishnapatnam project following an International Competitive Bidding process and it will be selling power to 11 Procurers comprising 4 States. The Krishnapatnam project is located approximately 3 km from the nearest port where imported coal will be delivered to supply fuel for the project. Coal for the project is planned to be imported from Indonesia. The project has achieved financial closure and is scheduled to be completed in the year 2015.

### 5. 3,960 MW coal-based power project in Madhya Pradesh

Chitrangi Power Private Limited (CPPL), a wholly owned subsidiary of Reliance Power has plans to develop a 3,960 MW coal-based power project at Madhya Pradesh in different phases. The coal required for the project is likely to be sourced from the captive coal mines allocated to Reliance Power. The Company intends to sell the power through long term contracts.

### 6. Tilaiya Ultra Mega Power Project, a 3,960 MW pithead coal-based power project in Jharkhand

Jharkhand Integrated Power Limited (JIPL), a wholly owned subsidiary of Reliance Power is developing the Tilaiya Ultra Mega Power Project at Hazaribagh District in Jharkhand. The project was awarded to Reliance Power under international competitive bidding process and will be selling power to 18 Procurers comprising 10 states in Northern, Western and Eastern India. The project would be using coal from the captive coal mine blocks awarded along with the project. As

per the PPA the first unit is scheduled to be commissioned in May 2015 and the entire project is scheduled to be commissioned by May 2017.

### Gas Based Power Projects

The Company has identified and is developing various sites located in the states of Uttar Pradesh, Andhra Pradesh, Maharashtra and Gujarat for setting up of gas based power projects. Construction work has commenced at Samalkot located in Andhra Pradesh for setting up of a 2,400 MW gas power capacity. The construction activities at the site are in full swing and the first unit of the plant is scheduled for commissioning in the year 2011.

### Hydroelectric Power Projects

The Company is developing various hydroelectric power projects located in Arunachal Pradesh, Himachal Pradesh and Uttarakhand. These projects are in different stages of development. Hydroelectric power projects by nature have long gestation periods and require clearances from various authorities before commencement of construction activities. Some of these projects have achieved various milestones and are likely to be developed in the next few years.

### Renewable Power Projects

The Company has plans to have a portfolio of projects which are based on renewable energy such as Wind and Solar. Rajasthan Sun Technique Energy Private Limited (RSTEPL), a wholly-owned subsidiary, is developing a 100 MW concentrated solar power project in Jaisalmer, Rajasthan. Solar Power generated from this plant will be sold to NTPC Vidyut Vyapar Nigam (NVVN). The project will be set up at Dhursar in the state of Rajasthan and is scheduled for commissioning in 2013. The Company is also developing a 40 MW solar photovoltaic project at the same location which is scheduled for commissioning in 2012.

### Coal Mines

The Company has been allocated coal mines in India along with the ultra mega power project. The Company has prepared mine plans for taking out coal from these mines and the mine plans have been approved by the Ministry of Coal for producing up to 65 MTPA. The Company has also acquired coal mine concessions in Indonesia for which the Company is finalizing plans to produce 25 MTPA. The development of the mines are in different stages and are linked to the schedule of the projects for which the coal would be used.

### Coal Bed Methane (CBM) Blocks

The Company has stakes in Four Coal Bed Methane (CBM) blocks and one Oil and Gas block. Drilling work has commenced in one of the CMB blocks while exploratory work is in progress in all the blocks.

### Clean Development Mechanism (CDM)

Clean Development Mechanism (CDM) is one of the three market based mechanisms agreed under the Kyoto Protocol to reduce Greenhouse Gases (GHG). CDM encourages project developers, in the developing countries, to adopt environmental friendly technologies and/or fuels so that the GHG emissions can be reduced. Such reduced GHG emissions will enable the developers of those projects to generate Certified Emission Reductions (CERs). Such a move allows developing countries to implement GHG emission reduction projects in a manner that they assist developed countries to meet their GHG limitation targets in a cost-effective manner.

The Company had applied for the CDM registration of Sasan project in May 2010. In October 2010, Sasan project achieved the distinction of the world's largest power generation plant ever registered under CDM. It also established the unique recognition of being the first Ultra Mega Power Project (UMPP) from India to be registered with CDM Executive Board. Sasan Project will generate approximately 22.5 Million CERs during the initial 10 years with a revenue generation potential of ₹ 2,000 crore.

## Management Discussion and Analysis

The Company has applied for the CDM registration for the Krishnapatnam and Tilaiya UMPPs. Decision of the CDM Executive Board on both these UMPPs is expected in the current financial year.

The Company is also developing Samalkot project as a CDM project in three phases. The Company is also implementing the 100 MW solar thermal project located in Rajasthan as a CDM project.

### Health, safety and environment

The Company attaches utmost importance to safety standards at all installations of the Company. Necessary steps are regularly undertaken to ensure the safety of employees and equipment. Both external and internal safety audits are regularly conducted. Mock drills are conducted to gauge emergency and disaster management preparedness. The Board has also constituted a committee comprising of Independent Directors to have an oversight on these issues and to monitor and report to the Board actions being taken in this regard.

### Human Resources

The Company has been building up its human resources for the implementation of its large power capacity addition program. We are now a family of over 700 professionals. Teams have been put in place both at the Corporate Office and in all the project locations. The Company has adopted a strategy of putting senior and experienced (in the power sector) professionals as Project Leaders and Functional heads and teams are being built around them. Considering the fact that many of the power projects are located in remote areas, suitable compensation schemes as well as facilities for townships with education and medical facilities are being planned. The Company also has a Graduate Engineer Trainee Program under which Graduate Engineers are recruited and trained for working in Power Plants. These Graduate Engineers are recruited through a National Level competition offering opportunities to all the meritorious candidates across the country. The selection process involves online screening of the candidates followed by Group Discussion and Personal Interviews. The Company is planning to have simulators at various project locations where operational training services can be provided.

### Discussion on Financial Condition and Financial Performance

#### Financial Condition

Reliance Power Limited is the holding Company with the following subsidiary companies which are developing various power projects.

Company	Project
Rosa Power Supply Company Limited	Rosa Stage I and Stage II
Vidarbha Industries Power Limited	Butibori GCPP
Sasan Power Limited	Sasan UMPP
Coastal Andhra Power Limited	Krishnapatnam UMPP
Chitrangi Power Private Limited	Chitrangi
Maharashtra Energy Generation Limited	Shahpur
Jharkhand Integrated Power Limited	Tilaiya UMPP
Siyom Hydro Power Private Limited	Siyom HEPP
Urthing Sobla Hydro Power Private Limited	Urthing Sobla HEPP
Tato Hydro Power Private Limited	Tato II HEPP
Kalai Power Private Limited	Kalai II
Amulin Hydro Power Private Limited	Amulin
Emini Hydro Power Private Limited	Emini
Mihundon Hydro Power Private Limited	Mihundon
Samalkot Power Limited	Samalkot
Rajasthan Sun Technique Energy Private Limited	Jaisalmer
Dahanu Solar Power Private Limited	Dahanu

An extract of the Consolidated Balance Sheet is placed below:

	₹ in crore	
	As on March 31	
	2011	2010
<b>Source of Funds</b>		
Net Worth	16,833.44	14,463.05
Loan Funds	7,334.83	2,240.61
<b>Total</b>	<b>24,168.27</b>	<b>16,703.66</b>
<b>Application of Funds</b>		
Fixed Assets	16,259.53	9,143.63
Investments	5,678.99	7,915.24
Net Current Assets	2,229.75	-355.21
<b>Total</b>	<b>24,168.27</b>	<b>16,703.66</b>

Loan Funds have increased to ₹ 7,334.83 crore from ₹ 2,240.61 crore.

Fixed assets have increased to ₹ 16,259.53 crore from ₹ 9,143.63 crore.

Investments were at ₹ 5,678.99 in FY11 end as compared to ₹ 7,915.24 crore in FY10 end.

### Financial Performance

The first unit of Rosa Phase I, was declared commercially operational in March 2010 and the second unit become operational in June 2010. The remaining projects are presently under various stages of implementation. The Company made an Initial Public Offering (IPO) in January 2008 through which it raised ₹ 11,563.20 crore to be used mainly for equity infusion into various projects. The un-utilized cash available from the IPO is invested in various money-market instruments and earn income. An extract of the Consolidated Profit and Loss Account Statement is placed below:

Particulars	₹ in crore	
	Year ended 31.03.2011	Year ended 31.03.2010
<b>Income</b>		
Sale of Energy	1,023.68	20.72
Income from Other Operations	31.08	-
Dividend Income	190.94	224.80
Profit on redemption of MFs	531.49	572.89
Miscellaneous Income	140.84	24.97
<b>Total</b>	<b>1,918.03</b>	<b>843.38</b>
<b>Expenditure</b>		
Cost of Fuel	559.64	22.10
Other Operating Expenditure	23.24	-
Employee Cost/Managerial Remuneration	76.90	43.32
General, Administration & Other Expenses	165.85	60.94
Depreciation	100.88	5.71
Interest	219.52	8.71
<b>Total</b>	<b>1,146.03</b>	<b>140.78</b>
<b>PBT</b>	<b>772.00</b>	<b>702.60</b>
Taxes	11.56	18.71
PAT	760.44	683.89
EPS (₹) (basic and diluted)	2.94	2.85

# Reliance Power Limited

## Corporate Governance Report

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges in India, the report containing the details of corporate governance systems and processes followed at Reliance Power Limited is as under:

Reliance Power Limited has maintained the highest standards of corporate governance principles and best practices by adopting the **"Reliance Group – Corporate Governance Policies and Code of Conduct"** as is the norm for all the constituent companies in the group. These Policies and Code prescribe a set of systems, processes and principles, which conform to the best international standards and are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of investors both local and global and all other stakeholders.

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all its interactions with its stakeholders, including shareholders, employees, the government, lenders and the society. The Company believes that all its operations and actions must serve the underlying goals of enhancing long-term shareholder value.

In our commitment to practice sound governance principles, we are guided by the following core principles:

**1. Transparency**

To maintain the highest standards of transparency in all aspects of our interactions and dealings.

**2. Disclosures**

To ensure timely dissemination of all price sensitive information and matters of interest to our stakeholders.

**3. Empowerment and Accountability**

To demonstrate the highest levels of personal accountability and ensure that employees consistently pursue excellence in everything they do.

**4. Compliances**

To comply with all the laws and regulations as applicable to the Company.

**5. Ethical conduct**

To conduct the affairs of the Company in an ethical manner.

**6. Stakeholders' interests**

To promote the interests of all stakeholders including customers, shareholders, employees, lenders, vendors, governments and the community.

**Governance practices beyond regulatory requirements**

Our governance practices go beyond the mere letter of statutory and regulatory requirements. With this in mind, we have formulated a number of policy documents and introduced the following set of governance practices:

**A. Values and commitments**

We have set out and adopted policy documents on 'values and commitments' of Reliance Power. We believe that any business conduct can be ethical only when it rests on the nine core values viz. honesty, integrity, respect, fairness, purposefulness, trust, responsibility, citizenship and caring.

**B. Code of ethics**

Our policy document on 'code of ethics' demands that our employees conduct the business with impeccable integrity and by excluding any consideration of personal profit or advantage.

**C. Business policies**

Our 'Business Policies' cover a comprehensive range of issues

such as fair market practices, inside information, financial records and accounting integrity, external communication, work ethics, personal conduct, policy on prevention of sexual harassment, health, safety, environment and quality.

**D. Separation of the Board's supervisory role from the executive management**

In line with the best global practices, we have adopted the policy of separating the Board's supervisory role from the executive management. We have also split the offices of Chairman and the Chief Executive Officer.

**E. Prohibition of insider trading policy**

This document contains the policy on prohibiting trading in the equity shares of the Company, based on inside or privileged information.

**F. Policy on prevention of sexual harassment**

Our policy on prevention of sexual harassment aims at promoting a productive work environment and protects individual rights against sexual harassment.

**G. Whistle Blower policy**

Our Whistle Blower policy encourages disclosure in good faith of any wrongful conduct on a matter of general concern and protects the whistle blower from any adverse personnel action.

**H. Environment policy**

The Company is committed to achieving excellence in environmental performance, preservation and promotion of clean environment. These are of fundamental concern in all our business activities. A dedicated Committee of the Board comprising of Independent Directors has been set up during the year to address environmental aspects, safety, security, rehabilitation and resettlement of persons affected by the Company's projects. This is a voluntary initiative indicative of the Company's commitment as a responsible corporate citizen to promote a clean and green environment in discharging its responsibilities to the Society.

**I. Risk management**

Our risk management procedures ensure that the management controls various business related risks through means of a properly defined framework.

**J. Boardroom practices**

**i. Chairman**

In line with the highest global standards of corporate governance, the Board has delinked the Chairman's role from that of an executive in managing day-to-day business affairs.

**ii. Board charter**

The Board of Directors has adopted a comprehensive charter, which sets out clear and transparent guidelines on matters relating to the composition of the Board, the scope and function of various Board committees, etc.

**iii. Board committees**

The Board has constituted the Audit Committee, Nomination/Remuneration Committee and Shareholders/Investors Grievance Committee. During the year, a new Committee christened as the "Environment, Health, Safety, Security, Rehabilitation and Resettlement Committee" comprising predominantly of Independent directors was set up. The Board rotates the Chairmen of these Committees.



Corporate Governance Report

**iv. Tenure of independent director**

Tenure of independent directors on the Board of the Company shall not extend beyond nine years, subject to their re-appointment on retirement by rotation as per statutory provisions.

**v. Independent director's interaction with shareholders**

Member(s) of the Shareholders / Investors Grievances Committee interact with shareholders on their suggestions and queries, if any, which are forwarded to the Company Secretary.

**vi. Lead independent director**

Recognizing the need for a representative and spokesperson for the independent directors, the board has appointed an independent director as the lead independent director. The lead independent director performs the following roles, in addition to playing the role of a non-executive independent director:

- preside over all executive sessions of the Board's independent directors;
- work closely with the Chairman to finalise the information flow, meeting agendas and meeting schedules;
- liaise between the Chairman and the independent directors on the Board; and
- take a lead role along with the Chairman, in the Board evaluation process.

The board has designated Dr Yogendra Narain as the lead independent director. The position of the lead independent director is rotated.

**vii. Training of Board Members**

The Board members are periodically given formal orientation and training with respect to the Company's vision, strategic direction, core values including ethics, corporate governance practices, financial matters and business operations. The Directors are facilitated to get familiar with the Company's functions at the operational levels. Periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. The Board members are also provided with the necessary documents/brochures, reports and internal policies to enable them to familiarize themselves with the Company's procedures and practices.

**viii. Meeting of independent directors with operating teams**

The independent directors of the Company meet in executive sessions with the various operating teams as and when they deem necessary. These discussions may include topics such as, operating policies and procedures, risk management strategies, measures to improve efficiencies, performance and compensation, strategic issues for Board consideration, flow of information to directors, management progression and succession and others as the independent directors may determine. During these executive sessions, the independent directors have access to members of management and other advisors, as the independent directors may determine and deem fit.

**ix. Monitoring of subsidiaries**

All the subsidiary companies are managed by the Boards. Their Boards have the rights and obligations to manage such companies in the best interest of their stakeholders. The Company monitors performance of subsidiary companies, *inter alia*, by the following means:

- (a) All minutes of Board meetings of the subsidiary companies are periodically placed before the Company's Board.
- (b) Financial statements, in particular the investments made by the subsidiary companies, are reviewed quarterly by the Audit Committee of the Company.
- (c) A statement containing all significant transactions and arrangements entered into by the subsidiary companies is placed before the Audit Committee.
- (d) Quarterly review of Risk Management process by the Risk Management Committee / Board.

**x. Commitment of directors**

The meeting dates for the entire financial year are scheduled at the beginning of the year and an annual calendar of meetings of the board and its committees is circulated to the directors. This enables the directors to plan their commitments and facilitates attendance at the meetings of the board and its committees.

**K. Governance practices being followed to promote the interests of our stakeholders**

We have introduced several trend setting governance practices to improve stakeholders satisfaction. Some of the major ones among them are:

**i. Employees**

In our relentless pursuit of driving, 'operational excellence', and our resolve to make Reliance Power a "Great Place to Work", we focus on evolving efficient and agile organization structures, relentlessly driving capability, leadership and culture building and acquiring, developing and retaining high quality talent. We review and revise our HR policies constantly to align them to the market and industry benchmarks, making them increasingly transparent and employee-friendly. These policies have been extensively communicated to employees and automated.

We have a dedicated service portal which offers various online HR services and facilities to employees. Some of these facilities are; details of current and past salaries, income-tax computations, attendance and leave management, goal setting with relevant Key Performance Indicators (KPIs), potential assessment module, performance evaluation system, feedback mechanism, reward and recognition policy, grievance redressal system, exit interviews, training and development module, etc.

We regularly conduct an employee engagement survey through an independent external organization aimed to identify the areas of strengths as well as those which need improvement. The results of this survey are communicated to all employees and appropriate action is initiated to enhance employee satisfaction based on their feedback. As a means of providing accelerated career growth to high performing talent, we have a pilot

# Reliance Power Limited

## Corporate Governance Report

program of assessment centers, wherein employees who have a proven track record are put through a rigorous assessment program for higher roles.

We have institutionalised a leadership development process, linked to Reliance DNA & leadership competencies, which identifies high potential talent on a periodic basis and provides necessary learning interventions to help them take on larger responsibilities and roles.

### ii. Shareholders

The Company recognizes the importance of two-way communication with shareholders and of giving a balanced report of results and progress and responds to questions and issues raised in a timely and consistent manner. To ensure this, the Company's corporate website; [www.reliancepower.co.in](http://www.reliancepower.co.in) has information for institutional and retail shareholders alike. Shareholders seeking information may contact the Company directly throughout the year. They also have an opportunity to ask questions in person at the Annual General Meeting. Shareholders can contact RPower via dedicated shareholders contact points as provided in this report or through any of Investor Service Centers of the Company's Registrars and Transfer Agents spread in more than 84 cities across India, details of which are available on the Company's website.

### iii. Lenders

The Company has been prompt in honouring all debt obligations to its lenders.

### iv. Society

The Company, in keeping with its Corporate Social Responsibility policy, focuses on healthcare, education, and other social initiatives. A major step forward taken during the year in this area has been the constitution of a Board Committee to address issues relating to the environment, health, safety, security and the rehabilitation and resettlement of persons affected at the Company's project sites.

### L. Role of the Company Secretary in Governance Process

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the directors and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters. All the Directors of the Company have access to the advice and services of the Company Secretary.

### M. Independent Statutory Auditors

The Company's accounts are audited by a panel of two independent audit firms namely:

M/s Price Waterhouse, Chartered Accountants.

M/s Chaturvedi & Shah, Chartered Accountants.

### Compliance with the code and rules of Luxembourg Stock Exchange

The Global Depository Receipts (GDR) issued by the Company are listed on the Luxembourg Stock Exchange (LSE). The Company has reviewed the code on corporate governance of LSE, though

the same are not applicable to the Company. However, the Company's corporate governance practices conform to these codes and rules.

### Compliance with clause 49 of the listing agreement

The Company is fully compliant with the mandatory requirements of Clause 49 of the listing agreement formulated by the Securities and Exchange Board of India.

We present our report on compliance of governance conditions specified in Clause 49 of the listing agreement:

#### I. Board of Directors

##### 1. Board Composition - Board strength and representation

The current strength of the Board of Directors of the Company is five.

The composition of and the category of directors on the Board of the Company is as under:

Category	Particulars of the Directors
Promoter, Non-Executive and Non-Independent Director	Shri Anil Dhirubhai Ambani, Chairman
Independent Directors	Shri S L Rao Shri J L Bajaj Dr Yogendra Narain
Non-Executive and Non-Independent Director	Dr V K Chaturvedi

During the year, Shri K H Mankad, Whole-time Director relinquished his position due to health reasons w.e.f. March 14, 2011.

Notes:

- None of the Directors is related to any other director.
- None of the Directors has any business relationship with the Company.
- None of the Directors has received any loans and advances from the Company during the year.
- All the independent Directors of the Company furnish a declaration at the time of their appointment as also annually that they qualify the conditions of their being independent. All such declarations are placed before the Board.

During the year, Shri Ramaswami Kalidas, was appointed (i) as Company Secretary with effect from November 13, 2010 pursuant to Section 383A of the Companies Act, 1956 in place of the previous incumbent, and (ii) as the Manager of the Company in terms of provisions of the Companies Act, 1956, for a period of five years with effect from May 27, 2011 in substitution of the previous incumbent Shri Paresh Rathod who relinquished his position simultaneous with the above appointment.

##### 2. Conduct of Board proceedings

The day-to-day business is conducted by the executives and the business heads of the Company under the direction of the designated CEO and the supervision of the Board led by the Chairman. The Board holds minimum four meetings every year to review and discuss the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company.

**Corporate Governance Report**

The Board performs the following specific functions in addition to overseeing the business and the management.

- review, monitor and approve major financial and business strategies and corporate actions;
- assess critical risks facing the Company – review options for their mitigation;
- provide counsel on the selection, evaluation, development and compensation of senior management;
- ensure that processes are in place for maintaining the integrity of
  - a the Company;
  - b the financial statements;
  - c compliance with law;
  - d relationship with all the stakeholders;
- delegation of appropriate authority to the senior executives of the Company for effective management of operations.

**3. Board meetings**

The Board held five meetings during FY 2010-11 on the following dates:

May 15, 2010, July 4, 2010, July 30, 2010, November 12, 2010 and February 14, 2011.

The maximum time gap between any two meetings was 104 days and the minimum gap was 25 days.

The Board periodically reviews compliance reports of all laws applicable to the Company.

**4. Standards issued by ICSI**

The Institute of Company Secretaries of India (ICSI) has issued various 'Secretarial Standards' on key corporate functions like Board meetings, General meetings, Payment of Dividend, Maintenance of Registers and Records, Minutes of Meetings, Transmission of Shares and Debentures, Passing of Resolutions by Circulation, Affixing of common Seal, Forfeiture of Shares and Board's Report.

Although these standards are not mandatory, the Company adheres to them voluntarily.

**5. Attendance of Directors and other Directorships**

Attendance of the Directors at the Board Meetings held during FY 2010-11 and the last Annual General Meeting (AGM) held on September 28, 2010, details of directorships (calculated as per provisions of Sections 275 and 278 of the Companies Act, 1956), Committee Memberships and the Committee Chairmanships, held by directors as on March 31, 2011 are as under:

Name of Director	Number of Board Meetings attended out of five meetings held during the tenure	Attendance at the Last AGM held on 28-09-2010	No. of Directorships (including RPower)	Committee(s) position (including RPower)	
				Member	Chairman
Shri Anil Dhirubhai Ambani	5	Present	6	1	None
Shri S L Rao	5	Absent	5	5	3
Shri J L Bajaj	5	Present	4	3	2
Dr Yogendra Narain	4	Present	1	1	None
Dr V K Chaturvedi	5	Present	1	2	None
Shri K H Mankad *	4	Present	–	–	–

\* Shri K H Mankad, has relinquished his position as Whole-time Director w.e.f. March 14, 2011 due to health reasons.

Notes:

- (a) The information provided above pertains to the following committees constituted in accordance with the provisions of Clause 49 of the listing agreement: i. Audit committee, ii. Shareholders/investors grievances committee.
- (b) Membership of committees includes chairmanship, if any.

**6. Other directorships**

None of the Directors hold directorships in more than 15 public limited companies.

**7. Membership of Board committees**

None of the Directors has membership in more than 10 committees of the Board and Chairmanship of more than 5 committees of the Board, across the Companies with which they are associated as Directors.

**8. Details of Directors**

The abbreviated resumes of all directors are furnished hereunder:

**Shri Anil D Ambani**

Regarded as one of the foremost corporate leaders of contemporary India, Shri Anil D Ambani, 52, is the Chairman of Reliance Power Limited, Reliance Communications Limited, Reliance Capital Limited and Reliance Infrastructure Limited. He is also on the Board of Reliance Infratel Limited and Reliance Anil Dhirubhai Ambani Group Limited. He is the president of the Dhirubhai Ambani Institute of Information and Communication Technology, Gandhinagar, Gujarat.

He is a member of the Shareholders/Investors Grievance Committee of Reliance Communications Limited.

An MBA from the Wharton School of the University of Pennsylvania, Shri Ambani is credited with pioneering several path-breaking financial innovations in the Indian capital markets. He spearheaded the country's first forays into overseas capital markets with international public offerings of global Depository receipts, convertibles and bonds. Under his Chairmanship, the Constituent Companies of the Reliance Group have raised nearly US\$ 7 billion from global financial markets in a period of less than 3 years.

Shri Ambani has been associated with a number of prestigious academic institutions in India and abroad.

He is currently a member of:

- Wharton Board of Overseers, The Wharton School, USA
- Board of Governors, Indian Institute of Management (IIM), Ahmedabad
- Executive Board, Indian School of Business (ISB), Hyderabad.

# Reliance Power Limited

## Corporate Governance Report

In June 2004, Shri Ambani was elected as an Independent member of the Rajya Sabha – Upper House, Parliament of India, a position he chose to resign voluntarily on March 29, 2006.

### Select Awards and Achievements

- Awarded by Light Readings as the Person of the Year – 2008 for outstanding achievements in the communication industry.
- Voted 'the Businessman of the Year' in a poll conducted by The Times of India – TNS, December 2006
- Voted the 'Best role model' among business leaders in the biannual Mood of the Nation poll conducted by India Today magazine, August 2006
- Conferred 'the CEO of the Year 2004' in the Platts Global Energy Awards
- Conferred 'The Entrepreneur of the Decade Award' by the Bombay Management Association, October 2002
- Awarded the First Wharton Indian Alumni Award by the Wharton India Economic Forum (WIEF) in recognition of his contribution to the establishment of Reliance as a global leader in many of its business areas, December 2001.

Shri Anil D Ambani holds 4,65,792 equity shares of the Company including 1,000 shares held jointly with AAA Project Ventures Privated Limited as of March 31, 2011.

**Shri S L Rao**, 75, has been a professional manager for 28 years in multinational Companies. He is an applied economist, a widely read newspaper columnist, writer and speaker on governance, the economy and infrastructure issues. He has taught in reputed management schools in India as visiting faculty. He was a Visiting Fellow at the Indian Ocean Centre, Australia (1996–98). From 1990 to 1996 he was Director – General of the National Council of Applied Economic Research (NCAER), a premier research institution in India, which during his tenure, was known the world over for its work on Indian markets, human development indicators, social infrastructure and economic forecasting. He was the first Chairman of the Central Electricity Regulatory Commission (CERC) in 1998. His leadership made CERC highly regarded for its independence, innovation, transparency and objectivity. He worked in industry and as a management consultant for 28 years. He was President of the Madras Management Association (1983–84) and All India Management Association (1985–86), a founder and former Vice President of the People's Union for Civil Liberties, Tamil Nadu (1981–84). He was founder Chairman of the Forum of Indian Regulators. He has co-authored or edited 14 books and articles on the economy and management. He is or has been a Columnist in the Telegraph, Deccan Herald, Economic Times and The Week. He has written or edited 14 books and written innumerable papers and articles. His last book was "From Servants to Masters?, The Evolution of Professional Management in India" (2007).

He was Chairman and is Member of the Board of Governors, The Institute for Social and Economic Change, Bangalore. He is a Member of the National Committee, Aga Khan Foundation of India, Board of Governors of Indian Institute of Management, Lucknow, and Institute for Integrated Learning and Management, Delhi, (CIRC)–CUTS Institute of Regulation and Competition, Trustee of Dakshinachitra (Museum), Madras, and Bangalore International Centre.

He is on the Board of Kanoria Chemicals and Industries Limited, Reliance Infrastructure Limited, Rain CII Carbon (Vizag) Limited, Honeywell Automation India Limited and three private limited companies. He is the member of the Audit Committee of the Company and the Chairman of the Audit Committee of Reliance Infrastructure Limited, Honeywell Automation India Limited, Rain CII Carbon (Vizag) Limited and a member of the Shareholders/ Investors Grievances Committee of the Company. Shri Rao holds 25 shares of the Company as of March 31, 2011.

**Shri J L Bajaj**, 72, is former Chairman of Uttar Pradesh Electricity Regulatory Commission (UPERC). He retired from the Indian Administrative Service in the rank of Secretary to Government of India. In the Government of India, he held positions as Advisor (Industry) Planning Commission and Additional Secretary in the Department of Economic Affairs. He was also Chairman, Administrative Reforms and Decentralisation Commission, Agriculture Production Commissioner, Secretary Planning and Secretary Finance in the Government of Uttar Pradesh. He has conducted studies for national and international institutions including the World Bank, Department for International Development (DFID) and United Nations Development Programme (UNDP). He has advised Governments and institutions in Malaysia, Sri Lanka, Jamaica, China and Mongolia as well as State Governments in India. He has authored a number of books and articles which have been published in national and international journals. He is on the Board of IL & FS Trust Company Limited, Uttarakhand Power Corporation Limited and Power Transmission Corporation of Uttarakhand Limited. He is a Member of audit committee of IL&FS Trust Company Limited, Chairman of Audit committee as well as Shareholders/Investors Grievances Committee of the Company. Shri Bajaj holds 27 shares of the Company as of March 31, 2011.

**Dr Yogendra Narain**, 68, is a former Secretary-General, Rajya Sabha – the Upper House of the Parliament of India. Dr Yogendra Narain retired from the Indian Administrative Services after serving for over 42 years. He has worked in various capacities in the administration in the State of Uttar Pradesh and the Government of India. He served as Principal Secretary, Power and Irrigation, Uttar Pradesh. He also served as the Principal Secretary to the Governor, Uttar Pradesh; as Secretary, Ministry of Surface Transport, Government of India; Chief Secretary, Government of Uttar Pradesh and Defence Secretary to the Government of India. He is also the founder-Chairman of the Greater NOIDA Industrial Development Authority and the founder-Chairman of the National Highways Authority of India. Dr Narain holds degrees such as B.Sc., M.A. (Political Science), Diploma in Development Economics, M. Phil and Ph. D.

He is member of Audit Committee of the Company. Dr Narain does not hold any shares in the Company as of March 31, 2011.

**Dr V K Chaturvedi**, 68, is a former Chairman and Managing Director of Nuclear Power Corporation of India Limited. In the past, he has also served as a Member of the Atomic Energy Commission, Government of India and Chairman, World Association of Nuclear Operators (WANO), Tokyo Centre. In the year 2002–03, he was a Governor in the International WANO Board. Dr Chaturvedi is a gold medalist in mechanical engineering (1965 batch) from Vikram

## Corporate Governance Report

University and later he did his post-graduation in nuclear engineering from BARC training school, Mumbai. He has over 43 years of experience in design, construction, commissioning and operation of nuclear power plants. He was conferred the 'Padma Shri' in the year 2001, one of India's highest civilian awards. He is also a recipient of number of other prizes and awards.

He is presently Member of Audit Committee and Shareholders/Investors Grievances Committee of the Company. Dr Chaturvedi does not hold any shares in the Company as of March 31, 2011.

### 9. Insurance Coverage

The Company has obtained Directors and Officers liability insurance coverage in respect of any legal action that might be initiated against Directors and Officers.

### II. Audit Committee

In terms of Clause 49 of the listing agreement as well as Section 292A of the Companies Act, 1956, the Board has constituted the Audit Committee of the Board of Directors. The Audit Committee consists of Shri J L Bajaj, Shri S L Rao, Dr Yogendra Narain and Dr V K Chaturvedi. The Audit Committee is chaired by Shri J L Bajaj, who has wide experience on economic and financial issues. All members of the Committee are financially literate. The Audit Committee, *inter alia*, advises the management on areas where systems, processes, measures for controlling and monitoring revenue assurance, internal audit can be improved. The minutes of the meetings of the Audit Committee are placed before the Board. The terms of reference of the Audit Committee are in accordance with all the items listed in Clause 49(II) of the listing agreement as follows:

- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ii. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and fixation of audit fees.
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- iv. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a. matters required to be included in the Director's Responsibility Statement to be included in the Boards report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
  - b. changes, if any, in accounting policies and practices and reasons for the same;
  - c. major accounting entries involving estimates based on the exercise of judgment by management;
  - d. significant adjustments made in the financial statements arising out of audit findings;
  - e. compliance with listing and other legal requirements relating to financial statements;
  - f. disclosure of any related party transactions;
  - g. qualifications in the draft audit report.
- v. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.

- vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- vii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of internal control systems.
- viii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- ix. Discussion with internal auditors any significant findings and follow up thereon.
- x. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- xi. Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- xii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- xiii. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- xiv. Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualification, experience and background, etc. of the candidate.
- xv. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- xvi. To review financial statements of Subsidiary companies, in particular its Investments.
- xvii. Review of information by Audit Committee:
  - a. Management discussion and analysis of financial condition and results of operations;
  - b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - d. Internal audit reports relating to internal control weaknesses and;
  - e. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

The Audit Committee has the following powers:

- i. to investigate any activity within its terms of reference.
- ii. to seek information from any employee.
- iii. to obtain outside legal or other professional advice.



# Reliance Power Limited

## Corporate Governance Report

- iv. to secure attendance of outsiders with relevant expertise, if it considers necessary.

### Attendance at the meetings of the Audit Committee held during 2010-11

The Audit Committee held its meetings on May 14, 2010, July 30, 2010, November 12, 2010, February 13, 2011 and on March 13, 2011 and the maximum gap between any two meetings was 104 days and the minimum gap was 27 days.

Members	Meetings held during the tenure of directors	Meetings attended
Shri J L Bajaj, Chairman	5	5
Shri S L Rao	5	5
Dr Yogendra Narain	5	5
Dr V K Chaturvedi	5	5

The Chairman of the Audit Committee was present at the last Annual General Meeting.

The meetings considered all the points in terms of its reference at periodic intervals.

With effect from November 13, 2010, Shri Ramaswami Kalidas, Company Secretary, is acting as the Secretary to the Audit Committee in place of the previous incumbent.

During the year, the Committee discussed with the Company's auditors the overall scope and plans for an independent audit. The Management represented to the Committee that the Company's financial statements were prepared in accordance with prevailing laws and regulations. The Committee discussed the Company's audited financial statements, the rationality of significant judgments and the clarity of disclosures in the financial statements. Based on the review and discussions conducted with the Management and the auditors, the Audit Committee believes that the Company's financial statements are fairly presented in conformity with prevailing laws and regulations in all material aspects.

The Committee has also reviewed the internal controls put in place to ensure that the accounts of the Company are properly maintained and that the accounting transactions are in accordance with the prevailing laws and regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the internal control systems of the Company. The Committee also reviewed the financial policies of the Company and expressed its satisfaction with the same. The Committee, after review expressed, its satisfaction on the independence of both the internal and the statutory auditors.

Based on the Committee's discussion with the Management and the auditors and the Committee's review of the representations of the Management, the Committee has recommended the following to the Board of Directors:

1. The audited annual financial statements of the Company for the year ended March 31, 2011, be accepted by the Board as a true and fair statement of the financial status of the Company.
2. The audited abridged financial statements of the Company for the year ended March 31, 2011, be accepted by the Board as a true and fair statement of the financial status of the Company.
3. The audited consolidated financial statements of the Company, its subsidiaries and Joint Ventures for the year

ended March 31, 2011, be accepted by the Board as a true and fair statement of the financial status.

4. The audited abridged consolidated financial statements of the Company, its subsidiaries and Joint Ventures for the year ended March 31, 2011, be accepted by the Board as a true and fair statement of the financial status.

### III. Nomination / Remuneration Committee

The Nomination/Remuneration Committee of the Board has been constituted to formulate from time to time (a) processes for selection and appointment of new directors and succession plans and (b) recommend to the Board from time to time, a compensation structure for directors and the Manager. The Nomination/Remuneration Committee comprises of Dr V K Chaturvedi, Shri S L Rao and Shri J L Bajaj. Dr V K Chaturvedi is the Chairman of the Committee. One meeting of the Committee was held during the year 2010-11.

With effect from November 13, 2010, Shri Ramaswami Kalidas, Company Secretary, is acting as the Secretary to the Nomination / Remuneration Committee.

Except Shri K H Mankad, Whole-time Director, who relinquished his position during the year, all other directors, being non-executive, were paid only sitting fees for attending the meetings of the Board and its committees, as under:

#### Details of Sitting Fees paid to non-executive directors during the year 2010-11

₹ in lakh		
Name	Position	Sitting Fees
Shri Anil Dhirubhai Ambani	Chairman	1.20
Shri S L Rao	Director	3.20
Shri J L Bajaj	Director	3.20
Dr Yogendra Narain	Director	2.00
Dr V K Chaturvedi	Director	4.80
<b>Total</b>		<b>14.40</b>

#### Remuneration paid to executive director during 2010-11

Shri K H Mankad, Whole-time Director, who relinquished his office with effect from March 14, 2011 was paid a remuneration of ₹ 33.82 lakh.

Notes :

- a. The salary and perquisites include all fixed elements of remuneration i.e. salary and other allowances and benefits.
- b. The Company did not pay any amount to directors by way of commission.
- c. The Company has so far not issued any stock options to its directors.
- d. The Company did not pay bonus and any incentive to the Whole-time Director during his tenure of office.
- e. There were no other pecuniary relationships or transactions of non-executive directors vis-à-vis the Company.
- f. Pursuant to the limits approved by the Board, all non-executive directors are paid sitting fees of ₹ 20,000 for attending each meeting of the Board and its committees.

## Corporate Governance Report

**Details of service contract:**

Shri K H Mankad was re-appointed as whole-time director for a period of 2 years effective from November 7, 2010 to November 6, 2012.

For any termination of service contract, the Company or the Whole-time director is required to give one month notice or pay one month salary in lieu thereof to the other party.

Shri K H Mankad, relinquished his position as Whole-time Director of the Company with effect from March 14, 2011.

**Managerial remuneration policy**

The Nomination/Remuneration Committee determines and recommends to the Board, the compensation of the directors and the manager. The key components of the Company's remuneration policy are:

- compensation will be a major driver of performance.
- compensation will be competitive and benchmarked with a select group of companies from the utility sector.
- compensation will be transparent, fair and simple to administer.
- compensation will be fully legal and tax compliant.

**IV. Shareholders / Investors Grievance Committee**

The Shareholders / Investors Grievance Committee comprised of Shri J L Bajaj as Chairman and Shri S L Rao and Dr V K Chaturvedi as members. The Company has appointed Karvy Computershare Private Limited to act as Registrar and Transfer Agent of the Company.

The Committee, *inter alia*, approves issue of duplicate certificates and oversees and reviews all matters connected with transfer of securities of the Company. The Committee also monitors redressal of investor's grievances. Particulars of investors' grievances received and redressed are furnished in the Investor Information section of this Report. The Committee oversees the performance of the Registrar and Transfer Agent of the Company and recommends measures for overall improvement in the quality of investor services. The Committee also monitors implementation and compliance of the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

The Shareholders / Investors Grievance Committee held its meetings on May 14, 2010, July 30, 2010, November 12, 2010 and February 13, 2011 and the maximum gap between any two meetings was 104 days and the minimum gap was 76 days.

Attendance of members at the meeting of the Shareholders/ Investors Grievance Committee held during FY 2010-11:

Name	Meetings held during the tenure of directors	Meetings attended
Shri J L Bajaj	4	4
Shri S L Rao	4	4
Dr V K Chaturvedi	4	4

Overall attendance: 100 per cent

With effect from November 13, 2010, Shri Ramaswami Kalidas, Company Secretary acts as the Secretary to the Shareholders/Investors Grievance Committee.

**V. Compliance Officer**

With effect from November 13, 2010, Shri Ramaswami Kalidas, has been appointed in place of the previous

incumbent, as Company Secretary and the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges. He has also been appointed as Manager w.e.f. May 27, 2011, for a period of five years, subject to the approval of the shareholders.

The total number of complaints received and replied to the satisfaction of shareholders during the year under review was 1,444. There were no complaints which were pending as on March 31, 2011. The details of the time taken for effecting transfer of shares and the nature of complaints are furnished separately in the investor information section of this report.

There were no pending requests for transfers of shares and dematerialisation as on March 31, 2011.

**VI. Employees Stock Option Scheme (ESOS) Compensation Committee**

The ESOS Compensation Committee comprises of three directors i.e. Shri S L Rao and Shri J L Bajaj, Independent Directors and Dr V K Chaturvedi, Non-executive Director. Shri S L Rao is the Chairman of the Committee. The Committee did not meet physically during the year. With effect from November 13, 2010, Shri Ramaswami Kalidas, Company Secretary acts as the Secretary to the ESOS Compensation Committee.

**VII. Employee Stock Option Scheme**

In order to share the growth in value and reward the employees for having participated in the success of the Company, our Employee Stock Option Scheme (the Scheme) has been implemented by the Company to the eligible employees based on specified criteria under Employee Stock Option Plans, which covers eligible employees of the Company and its subsidiaries.

The Plan has been prepared in due compliance of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and other applicable laws. The Options will vest at the end of one year from the date of Grant and shall be eligible for exercise up to a period of nine years from the date of Vesting under the Plan.

**VIII Environment, Health, Safety, Security, Rehabilitation and Resettlement Committee**

A new Committee as named above was constituted by the Board during the year comprising of the following Directors:

1. Dr Yogendra Narain
2. Shri S L Rao
3. Shri J L Bajaj
4. Dr V K Chaturvedi

At its first Meeting held on March 13, 2011, Dr Yogendra Narain has been appointed as the Chairman of the committee. The meeting was attended by all the Members of the Committee.

The terms of reference of the Committee *inter alia* include the following :

- Review of the Company's health, safety, security and the environmental policies and performance including processes to ensure compliance with applicable laws and regulations.
- Reporting to the Board periodically on health, safety, security, environment and rehabilitation issues affecting the Company.



# Reliance Power Limited

## Corporate Governance Report

- Develop a policy on rehabilitation and resettlement of persons affected by the Company's projects which can be seamlessly integrated with the Company's business objectives.

In achieving its objectives, the Committee shall, where necessary collaborate with local NGOs and voluntary Agencies.

The Committee shall hold at least two Meetings during an year.

### IX. General Body Meetings

The Company held its last three Annual General Meetings as under :

Year	Date and Time	Whether Special Resolution(s) passed or not
2009-10	September 28, 2010 10.00 a.m.	No
2008-09	July 28, 2009 11.00 a.m.	Yes Amendment to the Articles of Association of the Company
2007-08	September 23, 2008 11.00 a.m.	No

Above Annual General meetings were held at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020.

### X. Postal Ballot

During the year, Special resolutions as proposed in Postal Ballot Notice dated August 3, 2010, were passed on September 7, 2010, which related to (i) Utilisation of IPO Proceeds, (ii) Issue of equity shares to the Qualified Institutional Buyers and (iii) Raising of Resources through Issue of Securities in the International Markets. Shri Anil Lohia, Chartered Accountant, was appointed as the scrutinizer for overseeing the Postal Ballot process. The above resolutions have been passed with the requisite majority as per the following details:

Sr. No.	Particulars of resolutions	% of votes cast in favour of resolution
1	Special resolution for Utilisation of IPO proceeds	99.9%
2	Special Resolution for Issue of equity shares to the Qualified Institutional Buyers	99.9%
3	Special Resolution for Raising of Resources through Issue of Securities in the International Markets	99.9%

The Company has complied with the procedures for the postal ballot in terms of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 and amendments thereto made from time to time.

### XI. Means of communication

- Quarterly Results:** Quarterly Results are published in one English daily newspaper circulating in the whole

or substantially the whole of India and in one daily Marathi vernacular newspaper and are also posted on the Company's website [www.reliancepower.co.in](http://www.reliancepower.co.in).

- Media Releases and Presentations:** Official media releases are sent to the Stock Exchanges before their release to the media for wider dissemination. Presentations made to media, analysts, institutional investors, etc. are posted on the Company's website.
- Website:** The Company's website contains a separate dedicated section 'Investor Relations'. It contains comprehensive database of information of interest to our investors including the financial results and Annual Report of the Company, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered/ facilities extended by the Company to our investors, in an user friendly manner. The basic information about the Company as called for in terms of clause 54 of the Listing Agreement with the Stock Exchanges is provided on the Company's website and the same is updated regularly.
- Annual Report:** Annual Report containing, *inter alia*, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD&A) Report forms part of the Annual Report and is displayed on the Company's website.

The Ministry of Corporate Affairs ("MCA"), Government of India, has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies vide General Circular 17/2011 dated April 21, 2011 in terms of which a company would have ensured compliance with the provisions of Section 53 of the Act, if service of documents have been made through electronic mode. In such a case, the Company has to obtain e-mail addresses of its members for sending the notices / documents through e-mail giving an advance opportunity to each shareholder to register their e-mail address and changes therein, if any, from time to time with the Company.

The Company has welcomed the Green Initiative and accordingly sent e-mails to the shareholders whose e-mail IDs are available with the Company for sending the documents such as notices for general meetings, Financial Statements, Annual Reports, etc. including Annual Report for the year ended March 31, 2011 in electronic form.

- Corporate Filing and Dissemination System (CFDS):** The CFDS portal jointly owned, managed and maintained by BSE and NSE is a single source to view information filed by listed companies. All disclosures and communications to BSE & NSE are filed electronically through the CFDS portal and hard copies of the said disclosures and correspondence are also filed with the stock exchanges.
- Unique Investor helpdesk:** Exclusively for investor servicing, the Company has set up a unique investor Help Desk with multiple access modes as under:  
Toll free no. (India) : 1800 4250 999

**Corporate Governance Report**

Telephone no. : +91 40 4030 8000  
 Fax no. : +91 40 2342 0859  
 E-mail : rpower@karvy.com  
 Post your request : <http://kcpl.karvy.com/adag>

- g. **Designated e-mail ID:** The Company has also designated the e-mail-id [reliancepower.investors@relianceada.com](mailto:reliancepower.investors@relianceada.com) for investor servicing.

**XII. Compliance with other mandatory requirements**

**1. Management Discussion and Analysis**

A Management Discussion and Analysis Report forms part of this annual report and includes discussions on various matters specified under clause 49(IV)(F) of the listing agreement.

**2. Subsidiaries**

During the year ended March 31, 2011, Rosa Power Supply Company Limited, the Company's wholly owned subsidiary, became a 'material non listed indian subsidiary'. In line with the requirements of Clause 49 of the Listing Agreement, the Board of Directors have at their meeting held on May 27, 2011, nominated Shri J L Bajaj, an Independent director of the Company on the Board of the subsidiary company.

The Company monitors performance of subsidiary companies, *inter alia*, by the following means:

- Financial statements, in particular the investments made by unlisted subsidiary companies are reviewed quarterly by the Audit Committee of the Company.
- Minutes of the meetings of the Board of Directors of all subsidiary companies are placed before the Company's Board regularly.
- A statement containing all the significant transactions and arrangements entered into by the unlisted subsidiary companies is placed before the Company's Board / Audit Committee.
- Quarterly review of Risk Management process by the Risk Management Committee / Audit Committee / Board.

**3. Disclosures**

- There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority.

**b. Related Party Transactions**

The details of all significant transactions with related parties are periodically placed before the Audit Committee. The Company has entered into related party transactions as set out in the notes to accounts, which are not likely to have a conflict with the interest of the Company.

**c. Accounting Treatment**

In the preparation of financial statements, the Company has followed the Accounting Standards as prescribed under Companies (Accounting Standards) Rules, 2006, as applicable. The Accounting Policies followed by the Company to the extent relevant, are set out elsewhere in this Annual Report.

**d. Risk Management**

The Company has laid down a robust Risk Management Policy defining Risk profiles involving Strategic, Technological, Operational, Financial, Organisational, Legal and Regulatory risks within a well defined framework. The Risk Management Policy acts as an enabler of growth for the Company by helping its businesses to identify the inherent risks, assess, evaluate and monitor these risks continuously and undertake effective steps to manage these risks.

A Risk Management Committee (RMC) under the Chairmanship of the designated CEO consisting of Senior Executives of the Company periodically reviews the robustness of the Risk Management Policy. The periodical updates on the Risk Management practices and mitigation plan of the Company and subsidiaries are presented to the Audit Committee and Board of Directors. The Audit Committee and Board periodically review such updates and findings and suggest areas where internal controls and risk management practices can be improved.

**e. Code of Conduct**

The Company has adopted the code of conduct and ethics for directors and senior management.

The code had been circulated to all the members of the Board and senior management and the same has been put on the Company's website [www.reliancepower.co.in](http://www.reliancepower.co.in). The Board members and senior management have affirmed their compliance with the code and a declaration signed by the Manager of the Company appointed in terms of the Companies Act, 1956 [i.e the CEO within the meaning of clause 49(V) of the listing agreement] is given below:

"It is hereby declared that the Company has obtained from all members of the Board and senior management personnel affirmation that they have complied with the code of conduct for Directors and senior management of the Company for the year 2010-11."

Ramaswami Kalidas  
 Manager

**f. CEO and CFO Certification**

The Chief Financial Officer and the Manager of the Company give certification on financial reporting and internal controls to the Board as required under Clause 49(V) of the Listing Agreement.

**g. Review of Directors' Responsibility Statement**

The Board in its report has confirmed that the annual accounts for the year ended March 31, 2011 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

**XIII. Policy on insider trading**

The Company has formulated a Code of Conduct for Prevention of Insider Trading ('the Code') in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. The Company Secretary is the Compliance Officer under the Code responsible for complying with the procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trades, monitoring of trades and implementation of the Code of Conduct under the overall supervision of the

# Reliance Power Limited

## Corporate Governance Report

Board. The Company's Code, *inter alia*, prohibits purchase and/or sale of shares of the Company by an insider, while in possession of unpublished price sensitive information in relation to the Company and also during certain prohibited periods. The Company's updated Code is available on the Company's website.

### XIV. Compliance with Clause 5A of the Listing Agreement

As per Clause 5A(I) of the Listing Agreement, the Company reports the following details in respect of equity shares lying in suspense account relating to Initial Public Offer (IPO) and Bonus.

Particulars	No. of Shareholders	No. of Shares
i. Aggregate number of shareholders and the outstanding shares lying in suspense account as on April 1, 2010	6,202	1,61,996
ii. Number of shareholders who approached issuer for transfer of shares from suspense account during the year	206	5,386
iii. Number of shareholders to whom shares were transferred from suspense account during the year.	206	5,386
iv. Aggregate number of shareholders and the outstanding shares lying in suspense account as on March 31, 2011	5,996	1,56,610

The voting rights on the shares outstanding in the suspense account as on March 31, 2011 shall remain frozen till the rightful owner of such shares claims the shares.

As per Clause 5A(II) of the Listing Agreement, the Company has sent two reminders for the shares issued in the physical form pursuant to the Composite Scheme of Arrangement between Reliance Natural Resources Limited ('RNRL') and Reliance Power Limited ('the Company' or 'RPower') and others as approved by the Hon'ble High Court of Judicature at Bombay, vide its order dated October 15, 2010, which remain unclaimed. Wherever the shareholders have claimed the shares, after proper verification, the share certificates were dispatched to them. The Company will be sending a third reminder in due course of time. The remaining unclaimed shares will be dematerialised and transferred into one folio under the nomenclature of "Unclaimed Suspense Account" in due course in accordance with the requirement of the listing agreement.

### XV. Compliance with non-mandatory requirements

#### 1 Tenure of independent directors on the Board

The tenure of Independent Directors on the Board of the Company shall not exceed nine years in aggregate.

#### 2 Nomination/Remuneration Committee

The Board has set up a Nomination/Remuneration Committee details whereof are furnished at serial No III of this Report.

### 3 Disclosures

The quarterly financial results including summary of significant events of relevant period are published in newspapers and posted on the website of the Company.

### 4 Audit qualifications

Strategic decisions were taken during the year resulting in unqualified financial statements of the Company.

### 5 Training of Board members

A programme has been devised to train Board members in the business model of the Company, risk profile of the business parameters and their responsibilities as directors.

### 6 Whistle blower policy

The Company has formulated a policy to prohibit managerial personnel from taking adverse action against employees who are disclosing in good faith alleged wrongful conduct on matters of public concern involving violation of any law, mismanagement, gross waste or misappropriation of public funds, substantial and specific danger to public health and safety or an abuse of authority.

The policy also lays down the mechanism for making enquiry into whistle blower complaints received by the Company. Employees aware of any alleged wrongful conduct are encouraged to make a disclosure to the audit committee.

Employees knowingly making false allegations of alleged wrongful conduct to the audit committee shall be subject to disciplinary action. No personnel of the Company has been denied access to the Grievance Redressal mechanism of the Company.

### XVI. Corporate Governance Voluntary Guidelines 2009

The Company has ensured substantially compliance with most of the guidelines issued by the Ministry of corporate Affairs on Corporate Governance in the year 2009 notwithstanding that they are subject to only voluntary compliance by Corporates.

### XVII. General shareholder information

The mandatory and various additional information of interest to investors are voluntarily furnished in a separate section on 'Investor Information' elsewhere in this Annual Report.

### Auditor's certificate on corporate governance

The Auditor's certificate on compliance of clause 49 of the listing agreement relating to corporate governance is published elsewhere in this report.

### Review of governance practices

We have in this report attempted to present the governance practices and principles being followed at Reliance Power, as evolved over a period, and as best suited to the needs of our business and stakeholders.

Our disclosures and governance practices are continually revisited, reviewed and revised to respond to the dynamic needs of our business and to ensure that our standards are at par with the globally recognised practices of governance, so as to meet the expectations of all our stakeholders.

## Investor Information

### Annual General Meeting (AGM)

The 17<sup>th</sup> AGM of the Company will be held as per the following schedule:

Day and date	: Tuesday, September 27, 2011
Time	: 2.00 p.m. or soon after the conclusion of the AGM of Reliance Communications Limited convened on the same day, whichever is later.
Venue	: Birla Matushri Sabhagar 19, New Marine Lines Mumbai 400 020

### Financial Year of the Company

The financial year of the Company is from April 1 to March 31, each year.

**Website :** The website of the Company [www.reliancepower.co.in](http://www.reliancepower.co.in) contains a sub-menu 'Investor Information'. The basic information about the Company like details of its businesses, financial information, share holding pattern, compliance with corporate governance, contact information of officials handling investor grievances, etc. is provided in the Company's website and the same is updated regularly.

**Dedicated e-mail ID for investors :** For the convenience of our investors, the Company has designed an e-mail ID for investors i.e. [reliancepower.investors@relianceada.com](mailto:reliancepower.investors@relianceada.com)

### Registrar and Transfer Agent (RTA)

Karvy Computershare Private Limited

Unit: Reliance Power Limited

Madhura Estates, Municipal No. 1-9/13/C

Plot No. 13 & 13C, Madhapur Village

Hyderabad 500 081, Andhra Pradesh, India

Toll free no. (India) : 1800 4250 999

Tel no. : +91 40 4030 8000

Fax no. : +91 40 2342 0859

e-mail : [rpower@karvy.com](mailto:rpower@karvy.com)

Post your request : <http://kcpl.karvy.com/adag>

Shareholders/Investors are requested to forward share transfer documents, dematerialisation requests and other related correspondence directly to Karvy Computershare Private Limited at the above address for speedy response.

**Book Closure dates for the purpose of AGM:** The Register of Members and Share transfer Books of the Company will remain closed from Monday, September 19, 2011 to Tuesday, September 27, 2011 (both days inclusive), for the purpose of AGM.

### Nomination facility

Individual shareholders holding share(s) in physical form can nominate any person in respect of the share(s) held by them. This will save the nominee from going through the lengthy process of getting the share(s) transmitted to her/his name later on. For further details, shareholders may write to the RTA of the Company or visit the Investor Information section at our website [www.reliancepower.co.in](http://www.reliancepower.co.in).

### Share Transfer System

Shareholders / investors are requested to send share certificate(s) alongwith the share transfer deed in the prescribed Form 7B, duly filled in executed and affixed with the share transfer stamp, to the Company's RTA. If the transfer documents are in order, the transfer of shares is registered within 7 days of receipt of transfer documents by Company's RTA.

### Permanent Account Number (PAN) for transfer of shares in physical form mandatory

SEBI vide its Circular dated May 20, 2009 has stated that for securities market transactions and off-market transactions

involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company's RTA for registration of such transfer of shares.

### Odd lot shares scheme for small shareholders

In view of the difficulty experienced by the shareholders of the Company in selling their odd lot shares in the stock market and to mitigate the hardships caused to them, Reliance Group has framed a scheme for the purchase and disposal of odd lot equity shares at the prevailing market price. The scheme has been launched and is available to the shareholders of Reliance Power Limited, who hold up to 49 shares in physical form. The shareholders who wish to avail the above facility can contact the Registrar and Transfer Agent of the Company.

### Key Financial Reporting Dates for the Year 2011-12

Unaudited Results for the First Quarter ending June 30, 2011	: On or before August 14, 2011
Unaudited Results for the Second Quarter / half year ending September 30, 2011	: On or before November 14, 2011
Unaudited Results for the Third Quarter ending December 31, 2011	: On or before February 14, 2012
Audited Results for the Financial Year 2011-12	: On or before May 30, 2012

### Unclaimed fractional bonus warrants

The Company had issued fractional bonus warrants to the members in lieu of their fractional entitlements to bonus shares pursuant to the bonus shares allotted to them on June 11, 2008. Members who have not so far encashed their fractional bonus warrants or have not received the fractional bonus warrants are requested to seek issuance of duplicate fractional bonus warrants. Members may write to Karvy Computershare Private Limited, the RTA of the Company for payment of the unclaimed amount against the fractional warrants.

### Unclaimed fractional warrants - Composite Scheme of Arrangement

The Company has issued to the shareholders of Reliance Natural Resources Limited ('RNRL') fractional warrants against the sale proceeds arising out of the consolidation and disposal of their fractional entitlements consequent upon the Composite Scheme of Arrangement between Reliance Natural Resources Limited ('RNRL') and Reliance Power Limited ('the Company' or 'RPower') and others, as approved by the Hon'ble High Court of Judicature at Bombay, vide its order dated October 15, 2010. Members who have not so far encashed their fractional warrants or have not received the fractional warrants are requested to seek issuance of duplicate fractional warrants by communicating with our RTA, Karvy Computershare Private Limited, for payment of their unclaimed amounts due.

### Persons falling within the definition of 'group' as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969)

The following persons constitute the Group within the definition of the term 'group' as defined by the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969), which exercises, or is established to be in a position to exercise control directly or indirectly, over the Company.

Shri Anil Dhirubhai Ambani, Smt Tina A. Ambani, Smt Kokila D Ambani, Shri Jai Anmol Ambani, Master Jai Anshul Ambani, K D Ambani Trust, Fidelity Shares and Securities Private Limited, Gaylord Investments and Trading Private Limited, Guruvas Textiles Private Limited, Hansdhwani Trading Company Private Limited, KDA Enterprises Private Limited, Shreeji Comtrade LLP, Guruvas

## Reliance Power Limited

### Investor Information

Commercials LLP, Shrikrishna Tradecom LLP, Lord Comtrade LLP, Krupa Commercials LLP, Dhvani Enterprises LLP, Reliance Innoventures Private Limited, AAA Enterprises Private Limited, AAA Communication Private Limited, AAA Project Ventures Private Limited, AAA Power Systems (Global) Private Limited, AAA Pivotal Enterprises Private Limited, AAA Infrastructure Consulting & Engineers Private Limited, AAA Entertainment Private Limited, AAA Industries Private Limited, AAA & Sons Enterprises Private Limited, AAA International Capital Private Limited, AAA Business Machines Private Limited, AAA Infrastructure Finance Management Private Limited, AAA Corporation Private Limited, AAA Facilities Solutions Private Limited, AAA Resources Private Limited, AAA Home Entertainment Services Private Limited, AAA Micro Services Private Limited, AAA Integrated Services Private Limited, AAA Electrical Power Development Private Limited, Atlanta Advisory Services Private Limited, AAA Industrial Services Private Limited, AAA Utility Ventures Private Limited, AAA Commercial Enterprises Private Limited, Relcom Software Solutions Private Limited, AAA Capital Consultants Private Limited, Aricent Commercial Services Private Limited, AAA Engineering Services Private Limited, Acerock Infrastructure & Consulting Private Limited, Sealink Infra Technology Private Limited, Ambani Enterprises Private Limited, Dhirubhai Ambani Enterprises Private Limited, Quadro Mercantile Private Limited, AAA Multivision Services Private Limited, Whitehills Mercantile Private Limited, Whitehills Corporate Services Private Limited, AAA Cinecreation Services Private Limited, Alpoft Techventures Private Limited, AAA Allied Services Private Limited, AAA Infra Advising Services Private Limited, AAA Advertisement Private Limited, AAA Evershine Entertainment Private Limited, Jumbo

Mercantile Private Limited, Atlantic Ventures Private Limited, Microtech Development Private Limited, AAA Illuminative Solutions Private Limited, ADA Enterprises and Ventures Private Limited, Ambani Industries Private Limited, Reliance Enterprises and Ventures Private Limited, Shreenathji Krupa Project Management Private Limited, Shriji Krupa Endeavour Management Private Limited, Solaris Information Technologies Private Limited, Sevenstar Corporate Services Private Limited, Ariel Trading Private Limited, Trans-Pacific Advisory Services Private Limited, Trans-Americas Enterprise Private Limited, Trans-Atlantic Endeavour Management Private Limited, AAA Communication Partners, AAA Enterprises Partners, AAA Project Ventures Partners, AAA Project Ventures Holdings Partners, RCom Holdings Partners, RCap Holdings Partners, RPower Holdings Partners, RInfra Holdings Partners, Reliance Innoventures Partners, Reliance ADA Group Holdings Partners, AAA Infrastructure Investments Private Limited, AAA Enterprises and Ventures Private Limited, AAA Telecom Holdings Private Limited, AAA Commercial Enterprises Private Limited, Deltainfra Technology Private Limited, Trans-Pacific Holdings Private Limited, Reliance ADA Group Trustees Private Limited, Reliance Capital Limited, Reliance General Insurance Company Limited, Reliance Land Private Limited, Reliance Media works Limited, Reliance Broadcast Network Limited, Reliance Communications Limited, Reliance Infrastructure Limited.

The above disclosure has been made, *inter alia*, for the purpose of Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

### Shareholding Pattern

Category	As on 31.03.2011		As on 31.03.2010	
	No. of shares	%	No. of shares	%
1 Promoters				
i. Reliance Infrastructure Limited	1,07,75,00,000	38.41	1,07,75,00,000	44.96
ii. AAA Project Ventures Private Limited, AAA International Capital Private Limited, Reliance Enterprises and Ventures Private Limited and Others	1,17,83,96,656	42.01	95,45,00,000	39.82
<b>Sub-total</b>	2,25,58,96,656	80.42	2,03,20,00,000	84.78
2 Foreign Holdings				
i. Foreign Institutional Investors	12,94,44,780	4.61	8,81,61,912	3.68
ii. Non Resident Indians/Overseas Corporate Bodies	78,53,804	0.28	33,77,317	0.14
<b>Sub-total</b>	13,72,98,584	4.89	9,15,39,229	3.82
3 Banks, Financial Institutions, Insurance Companies, Governments	4,42,76,075	1.58	3,47,57,532	1.45
4. Mutual Funds and Unit Trust of India	48,49,878	0.17	68,05,247	0.28
5 Private Corporate Bodies	5,65,44,872	2.02	4,46,18,276	1.86
6. Indian Public/Others	30,62,60,401	10.92	18,70,79,716	7.81
<b>Total</b>	2,80,51,26,466	100.00	239,68,00,000	100.00

#### Notes:

The outstanding Foreign Currency Convertible Bonds, if converted into the Equity Shares of the Company, would result in increase to the paid up Equity Share Capital of the Company by 13,15,37,871 Equity Shares each of ₹ 10.

#### Distribution of shareholding

Number of shares	Number of Shareholders as on 31.03.2011		Total shares as on 31.03.2011		Number of Shareholders as on 31.03.2010		Total shares as on 31.03.2010	
	Holders	%	Shares	%	Holders	%	Shares	%
1 – 500	48,06,585	98.54	22,28,30,297	7.94	34,82,701	99.07	14,53,47,257	6.07
501 – 5,000	68,538	1.41	7,37,63,102	2.63	30,882	0.88	3,46,03,511	1.44
5,001 – 1,00,000	2,400	0.05	3,53,12,701	1.26	1,560	0.04	2,56,24,746	1.07
1,00,001 and above	237	0.00	2,47,32,20,366	88.17	173	0.01	219,12,24,486	91.42
<b>Total</b>	48,77,760	100.00	2,80,51,26,466	100.00	35,15,316	100.00	239,68,00,000	100.00



## Investor Information

### Dematerialisation of shares

The Company has admitted its shares to the depository system of National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of shares. The International Securities Identification Number (ISIN) allotted to the Company is INE614G01033. The equity shares of the Company are compulsorily traded in dematerialized form as mandated by the Securities and Exchange Board of India (SEBI).

Out of total 280,51,26,466 equity shares, 279,34,00,372 equity shares constituting 99.58 per cent of total equity share capital are held in dematerialized form with NSDL and CDSL as on March 31, 2011.

Electronic holdings			Physical holdings			Total		
No. of beneficial owners	No. of Shares	%	No. of Folios	No. of Shares	%	No. of Shareholders	No. of Shares	%
40,65,300	2,79,34,00,372	99.58	8,12,460	1,17,26,094	0.42	48,77,760	2,80,51,26,466	100.00

The equity shares of the Company are actively traded on the Indian Stock Exchanges

### Investors' grievances attended

Received from	Received during April to March		Redressed during April to March		Pending as on	
	2010-11	2009-10	2010-11	2009-10	31.03.2011	31.03.2010
Securities and Exchange Board of India	524	936	524	979	0	0
Stock Exchanges	74	76	74	76	0	0
NSDL/CDSL	11	3	11	3	0	0
Other (ROC)	27	57	27	57	0	0
Direct from investors	808	3,189	808	3,243	0	0
Total	1,444	4,261	1,444	4,358	0	0

### Analysis of Grievances

Particulars	Number		%	
	2010-11	2010-11	2009-10	2009-10
Non receipt of Refund Orders/ Credit of shares	43	2.98	1,904	44.68
Non receipt of Refund Orders	640	44.32	1,470	34.50
Non Credit of Shares/ Others	299	20.71	839	19.69
Non Credit of bonus Shares/ Others	377	26.11	9	0.21
Non receipt of fractional warrants	73	5.05	39	0.92
Non receipt of annual report	12	0.83	0	0.00
Total	1,444	100.00	4,261	100.00

Note:

- Investors queries / grievances are normally attended within a period of 3 days from the date of receipt thereof, except in cases involving inter face with external agencies or compliance with longer procedural requirements as specified by the authorities concerned.
- The grievances relate substantially to the IPO made by the Company, which elicited responses from more than 5 million applicants, as well as in respect of the Bonus issue made by the Company subsequently.

### Green Initiative in Corporate Governance

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. In accordance with the recent circular no. 17/2011 dated April 21, 2011 and circular no. 18/2011 dated April 29, 2011 issued by the Ministry, Companies can now send various notices and documents, including Annual Report, to its shareholders through electronic mode to the registered e-mail addresses of shareholders. This welcome initiative of MCA will reduce paper consumption to a great extent and enhance corporate contribution to a greener and safer environment. All shareholders of the Company can contribute to this initiative and reduce paper usage by opting to receive various notices and documents through electronic mode to their registered e-mail address. Company had informed all the shareholders who have registered their e-mail address with the depository/ Company for their consent to use their e-mail address for sending documents including Annual Report through e-mail. The Annual Reports are being sent through e-mail to the shareholders who have registered their e-mail address. The shareholders who hold shares in physical form can register their e-mail address with our Registrar and Transfer Agent - Karvy Computershare Private Limited. All the shareholders are requested to contribute to this initiative and reduce paper usage by opting to receive various notices and documents through electronic mode to their registered e-mail address with the depository/ Company.

### Legal proceedings

There are certain pending cases relating to non-receipt of refund orders and non-credit of shares in demat account, in which the Company has been made a respondent. These cases are however, not material in value.

## Reliance Power Limited

### Investor Information

#### Equity Capital Build-up

Dates	Particulars of issue	No. of shares (in '000)	Cumulative No. of shares (in '000)	Nominal value of shares (₹ in crore)
Upto 31.01.2008	Allotment(s) made prior to Initial Public Offering (IPO)	20,00,000	20,00,000	2,000.00
01.02.2008	Allotment of shares pursuant to Initial Public Offering (IPO)	2,60,000	22,60,000	2,260.00
11.06.2008	Issue of Bonus shares	1,36,800	23,96,800	2,396.80
12.11.2010	Allotment of shares pursuant to Scheme of Arrangement between Reliance Natural Resources Limited and the Company	4,08,283	28,05,083	2,805.08
25.03.2011	Allotment of shares pursuant to conversion of 4.928 per cent Foreign Currency Convertible Bond	44	28,05,126	2,805.13

#### Stock Price and Volume

Monthly high and low quotations as also the volume of shares traded on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE)

2010 - 11	Bombay Stock Exchange			National Stock Exchange		
	High ₹	Low ₹	Volume No. of shares	High ₹	Low ₹	Volume No. of shares
April '10	168.10	150.90	1,83,85,802	165.60	150.00	4,25,80,687
May '10	163.50	130.00	3,08,19,528	163.85	133.00	7,62,60,257
June '10	181.80	150.55	5,35,04,164	181.70	150.50	12,75,40,304
July '10	189.80	163.30	3,38,88,435	190.00	163.45	9,14,32,455
August '10	165.00	150.60	1,28,63,651	165.70	147.60	3,51,01,366
September '10	164.80	152.10	1,04,59,967	165.00	151.85	3,20,25,074
October '10	171.80	152.50	1,11,54,265	171.35	151.50	3,50,20,743
November '10	191.00	151.60	3,14,25,288	192.80	151.20	13,08,79,737
December '10	165.00	148.00	1,64,35,750	164.90	147.70	4,39,94,597
January '11	162.10	134.05	1,71,17,798	162.20	133.20	4,58,35,001
February '11	136.70	106.15	3,01,21,657	136.60	106.00	8,27,42,718
March '11	131.15	110.20	3,34,01,266	131.85	110.10	8,72,69,646

#### An Index Scrip

The Equity shares of the Company are actively traded on bourses and included in almost all indices i.e. BSE-100, BSE-200, BSE-500, BSE Sectoral, S&P CNX Nifty, S&P CNX 500, CNX 100, S&P CNX Defty, CNX Infrastructure, CNX Energy, CNX Service and Futures and Options Trading.

#### Share Price Performance in comparison with broad based indices - Sensex (BSE) and Nifty (NSE) as on March 31, 2011

Period	RPower	Sensex	Nifty
FY 2010-11	(-) 13.24 per cent	10.94 per cent	11.14 per cent
2 years	26.54 per cent	100.29 per cent	93.11 per cent
3 years	(-) 59.16 per cent	24.29 per cent	23.22 per cent

Note : The equity shares of the Company were listed on BSE and NSE effective from February 11, 2008.

#### Stock Exchange Listings

##### 1. Stock Exchanges on which the shares of the Company are listed

- National Stock Exchange of India Limited (NSE)  
Exchange Plaza  
Bandra-Kurla Complex  
Bandra (East)  
Mumbai 400 051

Tel nos. : +91 22 2659 8235 / 8236

Fax nos. : +91 22 2659 8237 / 38

e-mail : cmlist@nse.co.in

website : www.nseindia.com

- Bombay Stock Exchange Limited (BSE)

1st Floor, New Trading Ring

Rotunda Building

P J Towers, Dalal Street

Fort Mumbai 400 001

Tel nos. : +91 22 2272 1233 / 34

Fax nos. : +91 22 2272 2037 / 39 / 41 / 61

E-mail : corp.relations@bseindia.com

website : www.bseindia.com

The listing fees payable to BSE & NSE for FY 2011-12 have been paid in full by the Company.

##### 2. Stock Exchange on which Company's Global Depository Receipts (GDRs) are listed (Effective from May 17, 2011)

Luxembourg Stock Exchange Undertaking

Societe de la Bourse de Luxembourg, S.A.

BP 165 / L-2011 Luxembourg

Telephone : 00352 47 79 36-1

Facsimile : 00352 47 32 98

E-mail : info@bourse.lu

##### 3. Depository for GDR holders

###### Depository

Deutsche Bank Trust

Company Americas, 60

Wall Street

New York 10005

Telephone : +1 212 250 9100

Fax : +1 212 797 0327

###### Custodian

Deutsche Bank AG

Mumbai Branch

222, Kodak House

Post Box No.1142

Fort

Mumbai 400 001

##### 4. Stock Codes/Symbol

Bombay Stock Exchange Limited : 532939

National Stock Exchange of India Limited : RPOWER

**Investor Information**

**5. Security Code for GDRs**

	ISIN	CUSIP	Common Code
Rule 144A GDRs	US75950V1035	75950V103	056264027
Regulation S GDRs	US75950V2025	75950V202	056264019

Note : The GDRs have been admitted for listing and trading on the official list of the Luxembourg Stock Exchange and for trading on the Euro MTF Market. The Rule 144A GDRs have been accepted for clearance and settlement through the facilities of the DTC, New York. The Regulation S GDRs have been accepted for clearance and settlement through the facilities of Euroclear and Clearstream, Luxembourg.

**6. Demat ISIN number in NSDL and CDSL for equity shares: INE614G01033**

The annual custodian fees for the Financial Year 2011-12 have been paid to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

**7. Corporate Identity Number (CIN)**

Our CIN, as allotted by the Ministry of Corporate Affairs, Government of India, is L40101MH1995PLC084687, and our Company is registered within the jurisdiction of the Registrar of Companies, Maharashtra, Mumbai.

**Depository Services:** For guidance on depository services, shareholders may write to the RTA of the Company or National Securities Depository Limited, Trade World, 5th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, Telephone: +91 22 24994200, Fax : +91 22 24972993 / 24976351, e-mail : info@nsdl.co.in, website : www.nsdl.co.in or Central Depository Services (India) Limited, Phiroze Jeejeebhoy Towers, 17<sup>th</sup> Floor, Dalal Street, Mumbai 400 023. Telephone: +91 22 2272 3333 Fax: +91 22 2272 3199/2072, website: www.cdsindia.com, e-mail: investors@cdsindia.com

**Communication to members**

The quarterly financial results of the Company are announced within 45 days of the end of the respective quarter. The Company's media releases and details of significant developments are also made available on the website. In addition, these are published in leading newspapers, apart from being hosted on the Company's website: www.reliancepower.co.in

**Reconciliation of share capital audit**

The Securities and Exchange Board of India has directed vide Circular No. D&CC/ FITTC/CIR-16/2002 dated December 31, 2002 that all issuer companies shall submit a certificate of capital integrity, reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued / paid-up capital.

The said certificate, duly certified by the Chartered Accountants is submitted to the Stock Exchanges where the securities of the Company are listed within 30 days of the end of each quarter and the Certificate is also placed before the Board of Directors of the Company.

**Outstanding Foreign Currency Convertible Bonds (FCCBs)**

Pursuant to the Composite Scheme of Arrangement between Reliance Natural Resources Limited (RNRL) and Reliance Power Limited (RPower) and others ('the Scheme'), the liabilities in respect of 4.928% Foreign Currency Convertible Bonds (FCCBs) amounting to US \$ 300 million (₹ 1,350 crore) raised by RNRL has devolved upon RPower. The FCCBs have a maturity period of 5 years and 1 day and are not listed. The FCCBs are convertible any time after November 27, 2006 up to October

10, 2011. The holder of 1 (one) of FCCB has exercised its right of conversion of the FCCB into Equity Shares, pursuant to which RPower has allotted 43,860 Equity shares to the Bond holder in accordance with above composite scheme of Arrangement and the subject shares have been listed at both the Exchanges in which the Company's shares are listed for trading. The balance 2,999 FCCBs, if fully converted into equity shares of RPower would result into the issue of 13,15,37,871 equity shares of ₹ 10 each of RPower.

**Investors' correspondence may be addressed to the Registrar of the Company:**

Shareholders/Investors are requested to forward documents related to share transfer, dematerialisation requests (through their respective Depository Participant) and other related correspondence directly to Karvy Computershare Private Limited at the below mentioned address for speedy response.

Karvy Computershare Private Limited  
Unit: Reliance Power Limited  
Madhura Estate  
Municipal No. 1-9/13/C  
Plot No. 13 & 13C  
Madhapur Village  
Hyderabad 500 081  
Andhra Pradesh  
India

**Shareholders / Investors can also send the above correspondence to the Compliance Officer of the Company at the following address:**

Shri Ramaswami Kalidas  
Company Secretary and Manager  
Reliance Power Limited  
G Block, Ground Floor  
Dhirubhai Ambani Knowledge City  
Navi Mumbai 400 710  
Tel : +91 22 3038 5119  
Fax : +91 22 3038 5169  
E-mail : reliancepower.investors@relianceada.com

**Plant Locations**

The 600 MW plant of the Company's wholly owned subsidiary Rosa Power Supply Company Limited which has become operational during the year is located as under:

Hardoi Road, P.O. Rosar Kothi, Tehsil : Sadar, Rosar Kothi 242 401 U.P.

In addition, the Company and its subsidiaries are in process of setting up power generation plants at various locations which are in different stages of implementation as given in detail in the Management Discussion and Analysis Report.

## Reliance Power Limited

### Auditors' Report on Abridged Financial Statements

To

#### The Members of Reliance Power Limited

We have examined the attached abridged Balance Sheet of Reliance Power Limited ('the Company') as at March 31, 2011 and the abridged Profit and Loss Account and the abridged Cash Flow Statement for the year ended on that date, annexed thereto, together with the notes thereon. These abridged financial statements have been prepared by the Company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and are based on the financial statements of the Company for the year ended March 31, 2011 prepared in accordance with Schedule VI of the Companies Act, 1956 and is covered by our report of even date to the members of the

Company which report is attached herewith.

For **Chaturvedi & Shah**  
Chartered Accountants  
Firm Regn. No: 101720 W

For **Price Waterhouse**  
Chartered Accountants  
Firm Regn. No: 301112E

**C.D. Lala**  
Partner  
Membership No. 35671  
Place : Mumbai  
Date : May 27, 2011

**Partha Ghosh**  
Partner  
Membership No. 55913  
Place : Brussels  
Date : May 27, 2011

### Auditors' Report on Financial Statements

To

#### The Members of Reliance Power Limited

1. We have audited the attached Balance Sheet of Reliance Power Limited (the "Company") as at March 31, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit 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. 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 audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - (e) On the basis of written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
    - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

For **Chaturvedi & Shah**  
Chartered Accountants  
Firm Regn. No: 101720 W

For **Price Waterhouse**  
Chartered Accountants  
Firm Regn. No: 301112E

**C.D. Lala**  
Partner  
Membership No. 35671  
Place : Mumbai  
Date : May 27, 2011

**Partha Ghosh**  
Partner  
Membership No. 55913  
Place : Brussels  
Date : May 27, 2011

Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Reliance Power Limited on the financial statements for the year ended March 31, 2011

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
3. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
4. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
5. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
7. The Central Government of India pursuant to the Cost Accounting Records (Electricity Industry) Rules, 2001 ('Rules') has prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act to the Company. However, the Rules are not applicable to the Company, as the Company has not started commercial operations.
8. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, the question of payment of cess by the company does not arise. There are no undisputed amounts payable in respect of such applicable statutory dues as at March 31, 2011 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
9. The Company has no accumulated losses as at March 31, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
10. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
11. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
13. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
14. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
15. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained except 4.928% Convertible Bonds (FCCBs) of Rs. 1,022,485,000 which, as explained, pending utilisation are invested in the money market instruments and fixed deposits.
16. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
17. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
18. The Company has not issued any debentures
19. The Company has not raised any money by public issues during the year. The Management has disclosed the end use of monies during the year, out of public issue raised in the earlier year (Refer Note 6 of Schedule 15 of the financial statements) which has been verified by us.
20. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.
21. Clause (ii) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, is not applicable in the case of the Company for the year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

For **Chaturvedi & Shah**  
Chartered Accountants  
Firm Regn. No: 101720 W

For **Price Waterhouse**  
Chartered Accountants  
Firm Regn. No: 301112E

**C.D. Lala**  
Partner  
Membership No. 35671  
Place : Mumbai  
Date : May 27, 2011

**Partha Ghosh**  
Partner  
Membership No. 55913  
Place : Brussels  
Date : May 27, 2011



# Reliance Power Limited

## Abridged Balance Sheet as at March 31, 2011

(Statement containing salient features of Balance Sheet as per Section 219(1)(b)(iv) of the Companies Act, 1956)

	As at March 31, 2011		As at March 31, 2010	
	₹	₹	₹	₹
<b>SOURCES OF FUNDS</b>				
<b>(1) Shareholders' Funds</b>				
(a) Share Capital – Equity		28,051,264,660		23,968,000,000
(b) Reserves and Surplus				
(i) Capital Reserves	195,779,841		-	
(ii) Securities Premium Account	110,482,282,932		110,478,160,093	
(iii) General Reserve	3,301,624,122		46,056,629	
(iv) General Reserve (arise pursuant to Composite Scheme of Arrangement)	11,150,283,946		-	
(v) General Reserve (arise pursuant to the Scheme of Amalgamation)	1,870,702,894		-	
(vi) Profit and Loss Account	3,913,677,972	130,914,351,707	6,168,216,389	116,692,433,111
<b>(2) Loan Funds</b>				
Unsecured Loans		15,540,535,000		-
<b>Total</b>		<b>174,506,151,367</b>		<b>140,660,433,111</b>
<b>APPLICATION OF FUNDS</b>				
<b>(1) Fixed Assets</b>				
(a) Net Block (Original cost less depreciation)	852,312,398		787,592,441	
(b) Capital Work In Progress	588,629,770	1,440,942,168	552,993,570	1,340,586,011
<b>(2) Investments</b>				
(a) Investments in Subsidiaries (Unquoted)	61,611,422,272		22,613,798,987	
(b) Others				
– Quoted	16,350,000,000		6,150,000,000	
[Market Value Rs. 17,089,444,000 (Previous Year Rs. 6,221,097,377)]				
– Unquoted	7,821,826,179	85,783,248,451	43,366,643,648	72,130,442,635
<b>(3) Current Assets, Loans and Advances</b>				
(a) Current Assets				
(i) Bank Balances	12,349,152,187		982,138,057	
(ii) Sundry Debtors	121,993,903		-	
(iii) Other Current Assets	1,158,751,577		31,843,863	
(b) Loans and Advances				
(i) To Subsidiaries	62,005,560,518		66,421,417,774	
(ii) To Others	12,834,934,014		110,812,163	
	88,470,392,199		67,546,211,857	
Less: Current Liabilities and Provisions				
(a) Current Liabilities	1,155,139,450		336,001,980	
(b) Provisions	33,292,001		20,805,412	
	1,188,431,451		356,807,392	
Net Current Assets		87,281,960,748		67,189,404,465
<b>Total</b>		<b>174,506,151,367</b>		<b>140,660,433,111</b>

Refer Notes forming part of the abridged financial statements

Compiled from the Audited Standalone Financial Statements of the Company referred to in our Report dated May 27, 2011

As per our attached report of even date

**For Price Waterhouse**  
Chartered Accountants  
Firm Registration No: 301112 E

**For Chaturvedi & Shah**  
Chartered Accountants  
Firm Registration No: 101720 W

**Partha Ghosh**  
Partner  
Membership No. 55913

**C D Lala**  
Partner  
Membership No. 35671

Place: Brussels  
Date : May 27, 2011

Place: Mumbai  
Date : May 27, 2011

**For and on behalf of the Board of Directors**

**Anil D Ambani** Chairman

**S L Rao**  
**J L Bajaj**  
**Dr V K Chaturvedi** } Directors

**J P Chalasani** Chief Executive Officer

**Ramaswami Kalidas** Company Secretary and Manager

Place: Mumbai  
Date : May 27, 2011

## Reliance Power Limited

### Abridged Profit and Loss Account for the Year Ended March 31, 2011

(Statement containing salient features of Profit and Loss Account as per Section 219(1)(b)(iv) of the Companies Act, 1956)

	Year ended March 31, 2011	Year ended March 31, 2010
	₹	₹
<b>INCOME</b>		
Operating Income	363,785,106	85,506,849
Dividend Income	1,419,081,179	2,120,188,646
Profit on redemption of Mutual Fund	1,915,649,718	1,642,801,494
Interest on Bank and other Deposits	914,522,796	31,879,837
Miscellaneous Income	102,248,057	352,400
	<b>4,715,286,856</b>	<b>3,880,729,226</b>
<b>EXPENDITURE</b>		
Operating Expenditure	232,424,811	-
Salaries, Wages and Other Employee Benefits	601,626,724	383,271,391
Managerial Remuneration	5,844,683	7,166,597
Legal and Professional Charges	143,234,832	254,289,353
Auditors' Remuneration	17,085,865	5,060,017
Interest and Finance Charges	423,465,978	16,937,882
Depreciation	11,411,583	5,138,812
Administration and Other Expenses	743,517,713	319,484,283
	<b>2,178,612,189</b>	<b>991,348,335</b>
<b>Profit before Taxation and Adjustments</b>	<b>2,536,674,667</b>	<b>2,889,380,891</b>
<b>Provision for Taxation</b>		
Current Tax	-	156,800,000
Wealth Tax	322,745	250,000
Excess Provision of earlier years written back	(209,109,661)	-
<b>Profit after tax and before adjustments</b>	<b>2,745,461,583</b>	<b>2,732,330,891</b>
<b>Adjustments pursuant to the Scheme of amalgamation with Sasan Power Infraventures Private Limited</b>		
Investments in Sasan Power Infraventures Private Limited written-off	1,780,100,000	-
Less: Withdrawn from General Reserve	(1,780,100,000)	-
<b>Profit after Tax and Adjustments</b>	<b>2,745,461,583</b>	<b>2,732,330,891</b>
<b>Profit and Loss Account balance brought forward</b>	<b>6,168,216,389</b>	<b>3,435,885,498</b>
<b>Profit and Loss Account balance available for appropriation</b>	<b>8,913,677,972</b>	<b>6,168,216,389</b>
<b>Appropriation:</b>		
Transfer to General Reserve	5,000,000,000	-
<b>Profit and Loss Account balance carried forward to Balance Sheet</b>	<b>3,913,677,972</b>	<b>6,168,216,389</b>
<b>Earnings Per Share - Basic and Diluted</b>	<b>1.06</b>	<b>1.14</b>

Refer notes forming part of the abridged financial statements

Compiled from the Audited Standalone Financial Statements of the Company referred to in our Report dated May 27, 2011

As per our attached report of even date

**For Price Waterhouse**  
Chartered Accountants  
Firm Registration No: 301112 E

**For Chaturvedi & Shah**  
Chartered Accountants  
Firm Registration No: 101720 W

**Partha Ghosh**  
Partner  
Membership No. 55913

**C D Lala**  
Partner  
Membership No. 35671

Place: Brussels  
Date : May 27, 2011

Place: Mumbai  
Date : May 27, 2011

**For and on behalf of the Board of Directors**

**Anil D Ambani** Chairman

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**J L Bajaj**  
**Dr V K Chaturvedi** } Directors

**J P Chalasani** Chief Executive Officer

**Ramaswami Kalidas** Company Secretary and Manager

Place: Mumbai  
Date : May 27, 2011

# Reliance Power Limited

## Abridged Cash Flow Statement for the year ended March 31, 2011

	Year ended March 31, 2011 ₹	Year ended March 31, 2010 ₹
<b>(A) Cash Flow from/(used in) Operating Activities</b>		
Net Profit /(loss) before taxation	2,536,674,667	2,889,380,891
Adjusted for :		
Depreciation	11,411,583	5,138,812
Interest and Finance Charges	423,465,978	16,937,882
Dividend Income	(1,419,081,179)	(2,120,188,646)
Profit on redemption of mutual funds	(1,915,649,718)	(1,642,801,494)
Interest on Bank and other Deposits	(914,522,796)	(31,879,837)
Unrealised Exchange Loss (Net)	10,564,461	-
Loss on Sale of Assets	587,273	145,772
Provision for Leave Encashment	7,229,916	7,798,931
Operating Loss before working capital changes	(1,259,319,815)	(875,467,689)
Adjustments for :		
Trade and other Receivables	(1,334,190,238)	(20,296,582)
Trade and other Payables	226,179,738	(28,816,484)
	(1,108,010,500)	(49,113,066)
Taxes Paid	(12,307,899)	(9,431,405)
<b>Net cash used in Operating Activities</b>	<b>(2,379,638,214)</b>	<b>(934,012,160)</b>
<b>(B) Cash flow from/(used in) Investing Activities</b>		
Purchase of Fixed Assets (including Capital Work in Progress)	(73,320,194)	(22,032,349)
Sale of Fixed Assets	2,432,013	586,972
Dividend Income	1,391,116,976	2,120,188,646
Interest on Bank and other Deposits	453,488,454	52,523
Inter Corporate Deposits to subsidiaries	(20,961,050,000)	(25,680,700,000)
Refund of Deposits from subsidiaries	31,378,400,000	35,201,500,000
Advance against Investments in Subsidiaries	(38,663,650,242)	(44,955,821,182)
Refund of Share Application Money by Subsidiaries	13,118,000,000	29,848,359,169
Other Advances to/on behalf of Subsidiaries (Net)	(2,244,433,503)	678,428,020
Investment in Equity Shares of Subsidiaries	(2,219,600,000)	(800,000)
Sale of Investments in Subsidiaries	986,000	-
Investment in Preference shares of Subsidiaries	(3,785,480,000)	(5,940,550,000)
Sale of Mutual Funds (Net of Purchase)	31,721,544,280	10,780,828,661
Taxes Paid	(113,345,264)	(175,533,126)
<b>Net cash generated from Investing Activities</b>	<b>10,005,088,520</b>	<b>1,854,507,334</b>
<b>(C) Cash flow from/(used in) Financing Activities</b>		
Inter Corporate Deposits from Subsidiaries	2,150,000,000	-
Interest and Finance Charges	(493,321,462)	(16,937,882)
Refund of Unclaimed Share Application Money	(6,535,020)	(65,642,211)
<b>Net cash generated from/(used in) Financing Activities</b>	<b>1,650,143,518</b>	<b>(82,580,093)</b>
<b>Net Increase in Cash and Cash equivalents (A+B+C)</b>	<b>9,275,593,824</b>	<b>837,915,081</b>
<b>Opening Balance of Cash and Cash equivalents</b>		
- Balance in Current Account	81,531,084	143,660,227
- Balance in Fixed Deposit	900,606,973	562,749
<b>Cash and Cash Equivalents acquired:</b>		
- Pursuant to the composite scheme of arrangement with Reliance Natural Resource Limited	2,090,292,973	-
- On Merger with Reliance Futura Limited pursuant to the composite scheme of arrangement	42,100	-
- Pursuant to the scheme of merger with Sasan Power Infraventures Private Limited	1,085,233	-
<b>Closing Balance of Cash and Cash equivalents</b>		
- Balance in Current Account <sup>(1)</sup>	172,002,686	81,531,084
- Balance in Fixed Deposit <sup>(2)</sup>	12,177,149,501	900,606,973

<sup>(1)</sup>Includes unclaimed share application money refund amount of Rs. 32,945,252 (Previous Year: 39,480,272)

<sup>(2)</sup>Including Cash Collateral of Rs. 2,491,639,011 (Previous Year: Rs. 900,606,973) as at March 31, 2011.

Previous year figures have been regrouped / reclassified / rearranged wherever necessary to make them comparable to those for the current year. Refer Notes forming part of the abridged financial statements

Compiled from the Audited Standalone Financial Statements of the Company referred to in our Report dated May 27, 2011

### As per our attached report of even date

**For Price Waterhouse**  
Chartered Accountants  
Firm Registration No: 301112 E

**For Chaturvedi & Shah**  
Chartered Accountants  
Firm Registration No: 101720 W

**Partha Ghosh**  
Partner  
Membership No. 55913

**C D Lala**  
Partner  
Membership No. 35671

Place : Brussels  
Date : May 27, 2011

Place : Mumbai  
Date : May 27, 2011

### For and on behalf of the Board of Directors

**Anil D Ambani** Chairman

**S L Rao**  
**J L Bajaj**  
**Dr V K Chaturvedi** } Directors

**J P Chalasani** Chief Executive Officer  
**Ramaswami Kalidas** Company Secretary and Manager

Place : Mumbai  
Date : May 27, 2011

Notes to Abridged Financial Statements

1) **Significant Accounting Policies:**

(a) **Basis of Accounting**

The financial statements are prepared on an accrual basis of accounting and in accordance with the generally accepted accounting principles in India, provisions of the Companies Act, 1956 (the Act) and comply in material aspects with the accounting standards notified under Section 211 (3C) of the Act, read with Companies (Accounting Standards) Rules, 2006.

(b) **Use of Estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

(c) **Revenue Recognition**

Income from fuel handling and service charges is recognised on the basis of services rendered as per the terms of contract. Revenue on trading of coal is recognised on transfer of property to the buyers for consideration.

Service income represents income from support services recognised as per the terms of the service agreements entered into with the respective parties.

Profit on sale/redemption of investments is accounted on sale/redemption of such investments. Income from mutual fund scheme having fixed maturity plans is accounted on declaration of dividend or on maturity of such investments.

(d) **Foreign Currency Transactions**

(i) Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transactions. Exchange differences arising on reporting of short term foreign currency monetary items at rates different from those at which they were initially recorded are recorded in the Profit and Loss account.

(ii) In respect of long term foreign currency monetary items, the Company has availed the option to adjust the cost of the asset towards the exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded, in so far as they relate to depreciable capital asset and depreciating the same over the balance life of asset. With respect to exchange differences arising on other long term foreign currency monetary items, the same is accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long term monetary item but not beyond March 31, 2011.

(iii) Non-monetary items denominated in foreign currency are stated at the rate prevailing on the date of transaction.

(e) **Fixed Assets and Capital Work-in-progress**

(i) The gross block of fixed assets is stated at cost of acquisition or construction, including any cost attributable in bringing the assets to their working condition for their intended use.

(ii) All project related expenditure viz, civil works, machinery under erection, construction and erection materials, pre-operative expenditure incidental/attributable to construction of project, borrowing cost incurred prior to the date of commercial operation and trial run expenditure are shown under Capital Work-in-Progress. These expenses are net of recoveries and income (net of tax) from surplus funds arising out of project specific borrowings.

(f) **Intangible Assets**

(i) Intangible assets are recognized where it is probable that the future economic benefit attributable to the assets will flow to the Company and its cost can be reliably measured.

(ii) Expenditure incurred on acquisition of intangible assets which is not put to use at the reporting date is disclosed under capital work-in-progress.

(g) **Depreciation/Amortisation**

(i) **Tangible Assets:**

Fixed assets are depreciated under the straight line method as per the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.

(ii) **Intangible Assets:**

Software expenses are amortised over a period of three years.

(h) **Investments**

Long-term investments are stated at cost less provision for diminution other than temporary, if any, in the value of such investments. Current investments are valued at lower of cost and fair value.

(i) **Employee benefits**

(i) **Short term employee benefits:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are charged off to the Profit and Loss account/Capital Work-in-progress, as applicable.

(ii) **Defined Contribution Plans:**

Contributions to defined contribution schemes such as provident fund, superannuation, etc are charged off to the Profit and Loss account/Capital Work-in-progress, as applicable, during the year in which the employee renders the related service.

(iii) **Defined Benefit Plans:**

The Company also provides employee benefits in the form of gratuity and leave encashment, the liability for which as at the year end is determined by independent actuary based on actuarial valuation using the projected unit credit method. Such defined benefits are charged off to the Profit and Loss account/Capital Work-in-progress, as applicable. Actuarial gains and losses are recognized immediately in the Profit and Loss Account /Capital Work-in-progress, as applicable.

## Reliance Power Limited

### Notes to Abridged Financial Statements

#### (j) Employee Stock Option Scheme (ESOS)

The employees of the Company and independent directors are entitled for grant of stock option (equity shares), based on the eligibility criteria set in ESOS plan of the Company. The employee compensation expenses are accounted on the basis of "intrinsic value method". The excess, if any, of quoted market price over the exercise price on the date of grant would be recognised as compensation cost over the vesting period. The Company recognises compensation cost on the basis of estimated number of stock options expected to vest. Subsequently, if there are any indications resulting in a difference in the number of stock option expected to vest, the Company revises its previous estimate and accordingly recognises/(reverses) compensation cost on employee service.

#### (k) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

#### (l) Accounting for Taxes on Income

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future. However in respect of unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future.

#### (m) Provisions

Provisions are recognised when the Company has a present legal obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

#### (n) Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account.

#### 2) (a) Contingent Liabilities

Counter guarantees / Bank guarantees issued on behalf of subsidiary companies aggregating to Rs. 26,467,407,680 (Previous Year Rs.12,000,000,000) to power procurers / banks / financial institutions primarily issued towards the construction of power plant / finance raised by respective subsidiary.

#### (b) Capital Commitments

Estimated amount of contracts remaining unexecuted on capital account (net of advances paid) and not provided for Rs. 28,968,335 (Previous Year Rs. Nil).

#### 3) (Note No. 6 of Schedule 15 of financial statements)

##### Utilisation of Initial Public Offer Proceeds

The utilisation of Initial Public Offer (IPO) proceeds up to March 31, 2011 is given below:

Particulars	(Amount in ₹)
<b>Proceeds from IPO</b>	<b>115,632,000,000</b>
<b>Utilisation up to March 31, 2011 (Refer Note below)</b>	
<b>Funding subsidiaries to part finance the construction and development costs of following Projects</b>	<b>74,334,660,653</b>
600 MW Rosa Phase I, 600 MW Rosa Phase II, 300 MW Butibori, 3,960 MW Sasan, 1,200 MW Shahapur Coal, 400 MW Urthing Sobla, 3,960 MW Krishnapatnam, 700 MW Tato II, 1,000 MW Siyom, 3,960 MW Chitrangi, Coal Resources, 1,200 MW Kalai II, 4,000 MW Tilaiya, 420 MW Amulin, 500 MW Emmini, 400 MW Mihundon, 300 MW Butibori Phase II, 2,400 MW Samalkot	
<b>Share issue expenses</b>	<b>1,185,839,907</b>
<b>Total Utilised Amount</b>	<b>75,520,500,560</b>
<b>Unutilised amount</b>	<b>40,111,499,440</b>
<b>Break up of unutilised amount:*</b>	
Investments in Liquid and Fixed Maturity Funds (Including held by subsidiaries)	31,612,663,837
Bank Balance in Fixed Deposits and Current Account (Including subsidiaries)	8,468,835,603
Deposit with Bombay Stock Exchange Limited	30,000,000
<b>Total</b>	<b>40,111,499,440</b>

\*Includes Rs.14,801,670,034 unutilised money invested by subsidiaries.

Note:

Pursuant to the approval of shareholders of the Company by postal ballot in response to notice to the members dated August 3, 2010, utilisation of IPO Proceeds as stated in the Prospectus dated January 19, 2008 (Prospectus) stands revised to include the purposes other than those mentioned in the prospectus, namely for general corporate purposes including, but not limited to funding the subsidiaries to part finance the construction, development and commissioning the proposed projects namely 3,960 MW Krishnapatnam ultra mega power project and 3,960 MW Chitrangi power project. Actual utilisation is net of refunds received. Accordingly the above disclosure has been made.



Notes to Abridged Financial Statements

4) (Note No. 7 of Schedule 15 of financial statements)

**Composite Scheme of Arrangement**

- (a) The Composite Scheme of Arrangement ('Scheme') under Section 391 to 394 read with Sections 78, 100 to 103 of the Act between the Company, Reliance Natural Resources Limited (RNRL), the wholly owned subsidiary – Reliance Futura Limited (RFL) and four wholly owned subsidiaries of RFL – Atos Trading Private Limited (ATPL), Atos Mercantile Private Limited (AMPL), Reliance Prima Limited (RPrima) and Coastal Andhra Power Infrastructure Limited (CAPIL) has been sanctioned by Hon'ble High Court of Judicature at Bombay vide order dated October 15, 2010. The Scheme has become effective on October 29, 2010 on filing with Registrar of Companies (RoC) with an appointed date as on October 15, 2010.
- (b) RNRL was engaged in the business of sourcing, supply and transportation of gas, coal and liquid fuels. It was also involved in exploration and production of Coal Bed Methane (CBM) Blocks.
- (c) Demerger of Business Undertaking of RNRL into the Company:

In accordance with the Scheme,

- i) The business undertaking of RNRL representing undertaking related to exploration, fuel handling, shipping and related activities as a going concern, has been transferred to the Company. The transfer of assets and liabilities representing the business undertaking has been approved by the Board of Directors (BoD) of the Company at their meeting held on February 14, 2011.
- ii) As a consideration, one fully paid equity share of Rs.10 each of the Company has been allotted for every four fully paid up equity shares of Rs.5 each of RNRL to shareholders of RNRL. Accordingly, 408,282,606 equity shares of Rs.10 each have been allotted to the shareholders of RNRL and an equivalent amount of Rs. 4,082,826,060 has been credited to share capital.
- iii) Assets aggregating to Rs. 29,209,825,420 and liabilities of Rs. 13,931,285,372 have been transferred at book values in the books of the Company. The difference between the assets taken over and liabilities plus face value of equity shares issued (Refer (ii) above) aggregating to Rs. 11,195,713,988, has been recognised as General Reserve (created pursuant to the 'Scheme'). The net assets taken over include:

<b>Assets / Liabilities Taken Over</b>	<b>(Amount in ₹)</b>
<b>Assets</b>	
Fixed Assets (Net Block)	5,799,340
Investments in subsidiaries and mutual funds	15,297,368,203
Current Assets, Loans and Advances	13,906,657,877
<b>Total</b>	<b>29,209,825,420</b>
<b>Liabilities</b>	
4.928% Convertible Bonds (FCCBs)	13,254,000,000
Current Liabilities and Provisions	677,285,372
<b>Total</b>	<b>13,931,285,372</b>

- iv) On re-organisation of its share capital, RNRL has allotted 100,000 equity shares of Rs. 5 each to the Company and has become a wholly owned unlisted subsidiary.
- v) The difference in accounting policy with regard to depreciation on fixed assets between RNRL and the Company aggregating to Rs. 35,667,493 has been adjusted to the General Reserve of the Company.
- (d) Transfer of exploration block undertakings from the Company to CAPIL, ATPL, AMPL, RPrima:
- In accordance with the Scheme,
- i) The acquired CBM blocks from RNRL at Sohagpur (Madhya Pradesh), Barmer (Rajasthan), Kothagudam (Andhra Pradesh) and Oil Blocks at Mizoram, have been transferred to CAPIL, ATPL, AMPL and RPrima, respectively as a going concern.
- ii) There is no consideration on transfer of these blocks to respective subsidiaries as these subsidiaries are directly/indirectly controlled by the Company.
- iii) The assets and liabilities have been transferred at book values to the respective subsidiaries and the aggregate amount of net assets transferred amounting to Rs. 45,430,042 has been debited to General Reserve (created pursuant to the Scheme).
- (e) Merger of RFL with the Company:
- RFL was incorporated with the main objects of designing, developing, engineering power projects, etc. in India and abroad. In accordance with the Scheme,
- i) Net assets aggregating to Rs. 195,779,841 transferred have been accounted for at a fair value in the books of the Company. The net assets taken over primarily include Investments in mutual funds.
- ii) There is no consideration payable as the entire share capital has been held by the Company and accordingly for an equivalent amount of net assets taken over, capital reserve of Rs. 195,779,841 has been created.
- iii) The merger has been accounted for under the Purchase Method as prescribed by Accounting Standard 14 (AS 14) 'Accounting for Amalgamations' as prescribed under the Companies (Accounting Standards) Rules, 2006.

5) (Note No. 8 of Schedule 15 of financial statements)

RNRL had issued 4.928% Convertible Bonds (FCCBs) of USD 300,000,000 vide letter of offer dated October 12, 2006. As per the terms of the above mentioned scheme, FCCBs shall be treated as FCCBs issued by the Company with same rights and obligations. The Bonds are convertible into equity shares at any time on or after November 27, 2006 and before October 11,

## Reliance Power Limited

### Notes to Abridged Financial Statements

2011 at the option of the Bondholder. The bonds are secured by the issuance of an irrevocable letter of credit to the trustee on behalf of the Bondholders by Barclays Bank Plc. The principal value of FCCBs are convertible at an exchange rate of Rs. 45.615 for one USD, determined on the basis of the buying rate on October 12, 2006. The Bonds were originally convertible at a price of Rs. 26 per share for each fully paid share of Rs. 5 to be issued by RNRL. Upon the scheme (Refer Note 7 above) being effective and on the basis of share exchange ratio given in 7 (c) above, the effective conversion price of the Bond stands at Rs. 104 per share for every fully paid equity share of Rs. 10 each to be issued by the Company on exercise of the option. The Bond may, subject to certain conditions relating to trading of shares, be redeemed at the option of the Company on or after November 7, 2007 and on or before October 10, 2011. The Bonds, however, fall due for redemption at the principal amount on October 17, 2011, unless they are previously redeemed, converted, purchased or cancelled.

During the year, one FCCB having a face value of USD 100,000 has been converted against which the Company has allotted 43,860 fully paid equity shares of Rs. 10 each at a premium of Rs. 94 per share on the basis of effective price stated above.

**6) (Note No. 9 of Schedule 15 of financial statements)**

**Scheme of Amalgamation between Company and SPIPL**

Sasan Power Infraventures Private Limited (SPIPL), a wholly owned subsidiary of the Company, incorporated with the main object to operate, install, develop, promote and maintain projects in infrastructure sectors including setting up power plants etc., was amalgamated into the Company pursuant to the Scheme of Amalgamation (Scheme), as on and from January 1, 2011, being the appointed date pursuant to the approval of Board of Directors of the Company and sanctioned by the Hon'ble High Court of Judicature at Bombay vide its order dated April 29, 2011 which was filed with the Registrar of Companies on May 25, 2011.

The Company has carried out the accounting treatment prescribed in the Scheme as approved by the Hon'ble High Court of Judicature at Bombay. The required disclosures as per paragraph 42 of Accounting Standard 14 (AS 14) 'Accounting for Amalgamations' as prescribed under the Companies (Accounting Standards) Rules, 2006 has been provided. Further, the Company has also been legally advised that the said accounting treatment carried out in line with the Scheme approved by the Hon'ble Court of Judicature at Bombay is not in violation of any applicable rules and regulations.

Hence, in accordance with the Scheme

- a) The Company has taken over all the assets aggregating to Rs. 1,887,775,120 and liabilities aggregating to Rs. 17,072,226 at their respective book values. The difference aggregating to Rs. 1,870,702,894 being the excess arising on transfer of assets and liabilities has been credited to General Reserve (arising pursuant to the Scheme).
- b) There is no consideration payable or receivable on implementation of the Scheme as the Scheme involves a wholly owned subsidiary. The entire issued, subscribed and paid up capital of the subsidiary has been cancelled and no shares have been allotted or exchanged in lieu of the same.
- c) Investments in equity share capital of SPIPL amounting to Rs. 1,780,100,000 has been written off in the Profit and Loss Account and an equivalent amount has been withdrawn from General Reserve vide board approval dated May 27, 2011, to off-set the said write off and credited the same to Profit and Loss Account.

Had the Scheme not prescribed the above accounting treatments, the treatment in accordance with AS 14 would have been:

- a) Rs. 1,870,702,894 being the excess arising on transfer of assets and liabilities credited to General Reserve (arising pursuant to the Scheme), would have been credited to Capital Reserve.
- b) Rs. 1,780,100,000 being the investment of the Company (share capital plus securities premium) in SPIPL debited to the Profit and Loss Account, would be debited to the Capital Reserve.
- c) Rs. 1,780,100,000 withdrawn from General Reserve would have not been withdrawn.

The above accounting treatment as per the Scheme does not have a material impact on the Profit for the year and on the net worth of the Company.

**7) (Note No. 10 of Schedule 15 of financial statements)**

**Employee Stock Option Scheme (ESOS)**

Pursuant to the approval accorded by the Shareholders on September 30, 2007 under Section 81(1A) of the Companies Act, 1956, the Company has administered and implemented Employee Stock Option Scheme (ESOS) in terms of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Guidelines). The Board of Directors of the Company have constituted its ESOS compensation committee to operate and monitor the ESOS scheme which is administered through ESOS Trust.

The ESOS compensation committee of the Board of Directors of the Company approved a grant of upto 20,000,000 stock options to the eligible employees of the Company and its subsidiaries on May 8, 2010. The options are granted to the employees of the Company and its subsidiaries on satisfying the performance and other eligibility criteria set out in ESOS Plan. In accordance with the scheme, each option entitles the employee to apply for one fully paid equity share of Rs. 10 of the Company at an exercise price of Rs. 162 per share. The vesting period of options will commence on expiry of one year from the grant date and all the options granted shall vest immediately. The vested options can be exercised by the eligible employees over a period of nine years from the date of vesting.

The Company has opted for accounting the Compensation expenses under 'Intrinsic Value Method'. The closing market price on the date of grant was Rs. 140.20 per share at National Stock Exchange (being latest trading price with highest trading volume). As the exercise price of the share is more than market price, the Company has not accounted for any compensation cost during the year. The Company has advanced Rs. 1,400,010,000 (disclosed under Schedule 7 - Loans and Advances) to the ESOS trust for purchase of equity shares from the market. The ESOS trust has purchased 8,500,000 shares from the given advance.

The fair value of option granted was determined under Binomial Option Pricing -Hull & White Model. The details pertaining to number of options, weighted average price and assumptions considered for fair value are disclosed below:

Notes to Abridged Financial Statements

Particulars	Option Details
Weighted average share price	Rs. 140.20
Exercise price	Rs. 162.00
Expected volatility	41.88%
Weighted Average period of option	7.25 Years
Risk free interest rate	7.74%
Expected dividend	-
Fair Value of option	Rs. 50.42
Opening balance of options	Nil
Options granted during the year	8,500,000
Vested during the year	Nil
Exercised during the year	Nil
Closing balance of options	8,500,000

The expected volatility was determined based on the volatility of the equity share for the period of one year prior to issue of the option.

Had the Company opted for accounting of Compensation cost under 'Fair value Method', Profit after tax would have been lower by Rs. 385,125,918 and Earnings per share (Basic and diluted) would have been Rs. 0.91.

8) (Note No. 11 of Schedule 15 of financial statements)

**Project Status**

- The Company is currently developing a 7,480 MW gas-fired power project to be located at the Dhirubhai Ambani Energy City in Dehra village, Dadri, Uttar Pradesh. The State of Uttar Pradesh in the year 2004 has acquired 2,100 acres of land and conveyed the same to the Company in the year 2005. While the State is in the process of acquiring further 400 acres of land for the project, a few land owners have filed writ petitions before the Allahabad High Court challenging the acquisition process under the Land Acquisition Act, 1894 ("the Act"). The Allahabad High Court has disposed off the writ petitions upholding the Section 4 notification and directed compliance with certain procedures relating to land acquisition that were left out earlier by State Government. The Company has filed appeal against the Allahabad High Court order which is now pending before Supreme Court. Few land owners have also filed appeals/petitions before the Supreme Court challenging Allahabad High Court upholding Section 4 notification and alleging highhanded and forceful actions during the acquisition process, which are pending.
- The construction and other allied activities at Dadri project will be commenced as soon as the gas supply is firmed up and on settlement of land acquisition issues. Expenditure incurred during the construction and incidental to setting up the project are carried forward as "Capital Work in Progress". These expenses would be capitalised as fixed assets on completion of the project and commencement of commercial operations. Considering the current status and future plans with regard to the project, the Company does not envisage provision for impairment as at the balance sheet date.

9) (Note No. 12 of Schedule 15 of financial statements)

**Assignment of Samalkot Power Project**

During the year, the Company had entered into Erection, Procurement, Construction and Service contract with Reliance Infrastructure Limited (R Infra) for its proposed 2,400 mega watt gas based power project (Samalkot Power Project) at Samalkot (Andhra Pradesh). As per the terms of contract, the Company had given an advance of Rs. 7,874,400,000 to R Infra. The Company has entered into Deed of assignment on March 21, 2011 with a wholly owned subsidiary Samalkot Power Limited (special purpose vehicle (SPV) for Samalkot Power Project). In accordance with the terms of assignment, the Company has transferred all rights, obligations, assets including the aforesaid advance and liabilities, pertaining to the Samalkot Power Project to the said SPV. The said capital advance paid has been considered as an Inter-Corporate Deposit as at the year end.

10) (Note No. 13 of Schedule 15 of financial statements)

**Disclosure under Accounting Standard 15 (revised 2005) "Employee Benefits" (AS-15)**

The Company has classified various employee benefits as under:

**Defined contribution plans**

- Provident fund
- Superannuation fund
- State defined contribution plans
  - Employees' Pension Scheme 1995

The provident fund and the state defined contribution plan are operated by the regional provident fund commissioner and the superannuation fund is administered by the trust. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

The Company has recognised the following amounts in the Profit and Loss Account for the year:

	(Amount in ₹)	
	2010-2011	2009-2010
(a) Contribution to provident fund	19,108,342	11,617,507
(b) Contribution to employees' superannuation fund	3,316,826	2,709,060
(c) Contribution to employees' pension scheme 1995	1,781,448	1,092,418

## Reliance Power Limited

### Notes to Abridged Financial Statements

#### Defined Benefit Plans

(a) Gratuity

(b) Leave encashment

Leave encashment is payable to eligible employees who have earned leave, during the employment and/or on separation as per the Company's policy.

Valuations in respect of gratuity and leave encashment have been carried out by an independent actuary, as at the Balance Sheet date, based on the following assumptions:

	2010-2011		2009-2010	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount rate (per annum)	8.25%	8.25%	8.25%	8.25%
Rate of increase in compensation levels	7.50%	7.50%	7.50%	7.50%
Rate of return on plan assets	8.25%	-	8.25%	-
Expected average remaining working lives of employees in no. of years	9.44	-	9.6	-

The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

	Gratuity		Leave Encashment	
	2010-2011	2009-2010	2010-2011	2009-2010
(Amount in ₹)				
<b>(i) Changes in present value of obligation</b>				
Opening balance of present value of obligation	22,108,763	14,149,132	20,805,412	13,006,481
Liability on arrangement with RNRL (Refer Note 7)	2,841,130	-	5,256,673	-
Liability on transfer of Employees within the Group	169,922	636,553	-	527,560
Interest Cost	1,945,551	1,412,859	2,347,333	1,685,912
Current Service Cost	5,137,647	4,688,981	10,453,111	9,723,824
Actuarial (gains)/loss	5,375,464	1,221,238	579,992	(3,635,408)
Benefits paid	-	-	(6,150,520)	(502,957)
Closing balance of present value of obligation	37,578,477	22,108,763	33,292,001	20,805,412
<b>(ii) Changes in fair value of plan assets</b>				
Opening balance of present value of plan assets	27,409,564	13,834,653	-	-
Plan asset on arrangement with RNRL (Refer Note 7)	2,443,235	-	-	-
Assets on transfer of Employees within the Group	636,553	-	-	-
Expected return on plan assets	1,963,506	1,037,599	-	-
Employer's Contributions	11,000,000	8,000,000	6,150,520	502,957
Actuarial gain/(loss) on plan assets	(386,435)	291,262	-	-
Benefits paid	-	-	(6,150,520)	(502,957)
Closing balance of fair value of plan assets	43,066,423	23,163,514	-	-
Plan assets pending transfer	(4,246,050)	4,246,050	-	-
Closing balance of fair value of plan assets (Including pending transfer)	38,820,373	27,409,564	-	-
<b>(iii) Percentage of each category of plan assets to total fair value of plan assets</b>				
Administered by Life Insurance Corporation of India	100%	100%	-	-
<b>(iv) Reconciliation of present value of defined benefit obligations and the fair value of assets</b>				
Closing balance of present value of obligation	37,578,477	22,108,763	33,292,001	20,805,412
Closing balance of fair value of plan assets	38,820,373	27,409,564	-	-
Funded (asset)/liability recognised in the Balance Sheet*	(1,241,896)	(5,300,801)	-	-
Unfunded liability recognised in the Balance Sheet #	-	-	33,292,001	20,805,412

## Notes to Abridged Financial Statements

		(Amount in ₹)			
		Gratuity		Leave Encashment	
		2010-2011	2009-2010	2010-2011	2009-2010
<b>(v) Amounts recognised in the Balance Sheet</b>					
Closing balance of present value of obligation		<b>37,578,477</b>	22,108,763	<b>33,292,001</b>	20,805,412
Closing balance of fair value of plan assets		<b>38,820,373</b>	27,409,564	-	-
Funded (asset)/liability recognised in the Balance Sheet*		<b>(1,241,896)</b>	(5,300,801)	-	-
Unfunded liability recognised in the Balance Sheet #		-	-	<b>33,292,001</b>	20,805,412
<b>(vi) Expenses recognised in the Profit and Loss Account</b>					
Current service cost		<b>5,137,647</b>	4,688,981	<b>10,453,111</b>	9,723,824
Interest cost		<b>1,945,551</b>	1,412,859	<b>2,347,333</b>	1,685,912
Expected return on plan assets		<b>(1,963,506)</b>	(1,037,599)	-	-
Net actuarial (gain)/loss		<b>5,761,899</b>	929,976	<b>579,992</b>	(3,635,408)
Total expenses recognised in the Profit and Loss Account		<b>10,881,591</b>	5,994,217	<b>13,380,436</b>	7,774,328
<b>(vii) Expected Employer's Contribution for the next year</b>		<b>10,000,000</b>	3,000,000	<b>5,590,000</b>	5,612,000

\*Grouped under Schedule 7 under Advance Recoverable in Cash or kind for value to be received.

#Grouped under Schedule 8 under Provision for Leave Encashment.

**(viii) Disclosure as required under Para 120 (n) of AS-15;**

		(Amount in ₹)							
		2010-2011		2009-2010		2008-2009		2007-2008	
Sr. No.	Particulars	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
(i)	Present Value of the Defined Benefit Obligation	<b>37,578,477</b>	<b>33,292,001</b>	22,108,763	20,805,412	14,149,132	13,006,481	6,733,555	3,870,827
	Fair Value of the Plan Assets	<b>38,820,373</b>	-	27,409,564	-	17,444,150	-	7,904,441	-
	(Surplus)/ Deficit in the Plan	<b>(1,241,896)</b>	-	(5,300,801)	-	(3,295,018)	-	(1,170,886)	-
(ii)	<b>Experience Adjustments</b>								
	On Plan liabilities	<b>5,375,464</b>	<b>579,992</b>	30,055	(4,850,523)	2,070,918	5,663,028	-	-
	On Plan Assets	<b>(386,435)</b>	-	291,262	-	-	-	-	-
	Total Experience Adjustment	<b>5,761,899</b>	<b>579,992</b>	321,317	(4,850,523)	2,070,918	5,663,028	-	-

Since the Company had adopted AS - 15 during the financial year 2007-2008, the disclosure for gratuity and leave encashment figures have been presented upto financial year 2007-2008.

**11) (Note No. 14 of Schedule 15 of financial statements)****Related Party Transactions**

As per accounting standard-18 'Related Party Disclosures' as prescribed under Companies (Accounting Standards) Rules, 2006, the Company's related parties and transactions are disclosed below:

**A. Parties where Control exists****(i) Subsidiaries: (Direct and Step Down Subsidiaries)**

1. Sasan Power Limited (SPL)
2. Rosa Power Supply Company Limited (RPSCL)
3. Maharashtra Energy Generation Limited (MEGL)
4. Vidarbha Industries Power Limited (VIPL)
5. Tato Hydro Power Private Limited (THPPL)
6. Siyom Hydro Power Private Limited (SHPPL)
7. Chitrangi Power Private Limited (CPPL)
8. Urthing Sobla Hydro Power Private Limited (USHPPL)
9. Kalai Power Private Limited (KPPL)
10. Coastal Andhra Power Limited (CAPL)
11. Reliance Coal Resources Private Limited (RCRPL)
12. Reliance Power International SARL (RPIS)
13. Sasan Power Infrastructure Limited (SPIL) (w.e.f. 16.08.2010)
14. Erstwhile Sasan Power Infrastructures Private Limited (Erstwhile SPIPL) (w.e.f. 16.08.2010) (Refer Note 9 above)



## Reliance Power Limited

### Notes to Abridged Financial Statements

15. Maharashtra Energy Generation Infrastructure Limited (MEGIL)
  16. Amulin Hydro Power Private Limited (AHPPL)
  17. Emini Hydro Power Private Limited (EHPPL)
  18. Mihundon Hydro Power Private Limited (MHPPL)
  19. Jharkhand Integrated Power Limited (JIPL)
  20. Reliance CleanGen Limited (Formerly Reliance Patalganga Power Limited) (RPPL) (w.e.f. 05.06.2010)
  21. Rajasthan Sun Technique Energy Private Limited (Formerly Ballerina Advisory Services Private Limited) (RSTEPL) (w.e.f. 29.07.2010)
  22. Erstwhile Reliance Futura Limited (Erstwhile RFL) (w.e.f. 29.06.2010) (Refer Note 7 above)
  23. Dahanu Solar Power Private Limited (Formerly Reliance Last Mile Communications Private Limited) (DSPPL) (w.e.f. 08.09.2010)
  24. Solar Generation Company (Rajasthan) Private Limited (SGCPL) (w.e.f. 29.09.2010)
  25. Bharuch Power Limited (BPL) (w.e.f. 08.06.2010)
  26. Samalkot Power Limited (SMPL) (w.e.f. 29.07.2010)
  27. Reliance Prima Limited (RPrima) (w.e.f. 30.06.2010)
  28. Atos Trading Private Limited (ATPL) (w.e.f. 30.06.2010)
  29. Atos Mercantile Private Limited (AMPL) (w.e.f. 30.06.2010)
  30. Coastal Andhra Power Infrastructure Limited (CAPIL)
  31. Reliance Power Netherlands BV (RPN) (w.e.f. 09.07.2010)
  32. PT Heramba Coal Resources (PTH) (w.e.f. 02.08.2010)
  33. PT Avaneesh Coal Resources (PTA) (w.e.f. 02.08.2010)
  34. Reliance Natural Resources Limited (RNRL) (w.e.f. 15.10.2010)\*
  35. Reliance Fuel Resources Limited (RFRL) (w.e.f. 15.10.2010)\*
  36. Reliance Natural Resources (Singapore) Pte Limited (RNRL-Singapore) (w.e.f. 15.10.2010)\*
  37. Reliance Renewable Power Private Limited (RRPPL) (w.e.f. 29.10.2010)
  38. Reliance Biomass Power Private Limited (RBPPL) (w.e.f. 10.11.2010)
  39. Reliance Solar Resources Power Private Limited (RSRPPL) (w.e.f. 10.11.2010)
  40. Reliance Clean Power Private Limited (RCPPL) (w.e.f. 10.11.2010)
  41. Reliance Tidal Power Private Limited (RTPPL) (w.e.f. 10.11.2010)
  42. Reliance Geothermal Power Private Limited (RGTPPL) (w.e.f. 10.11.2010)
  43. Reliance Wind Power Private Limited (RWPPL) (w.e.f. 11.11.2010)
  44. Reliance Green Power Private Limited (RGPPL) (w.e.f. 11.11.2010)
  45. PT Sumukha Coal Services (PTS) (w.e.f. 15.10.2010)
  46. PT Brayan Bintang Tiga Energi (BBE) (w.e.f. 04.10.2010)
  47. PT Sriwijaya Bintang Tiga Energi (SBE) (w.e.f. 04.10.2010)
- \*Transferred on account of Composite Scheme of Arrangement (Refer Note 7 above)

**(ii) Major Investing Parties/Promoters having significant influence on the Company directly or indirectly**  
**Companies**

Reliance Infrastructure Limited (R Infra)  
AAA Project Ventures Private Limited (APVPL)

**Individual**

Shri Anil D Ambani

**B. Other related parties with whom transactions have taken place during the year:**

**(i) Key Managerial Personnel**

1. Shri K H Mankad (Whole-time Director) (up to March 13, 2011)
2. Shri J P Chalasani (Chief Executive Officer)
3. Shri Paresch Rathod (Manager)

**(ii) Enterprises over which individual described in clause A (ii) above has control**

1. Reliance Infocomm Infrastructure Private Limited (RIIPL)
2. Reliance General Insurance Company Limited (RGICL)
3. Reliance Communication Infrastructure Limited (RCIL)
4. Reliance Capital Limited (RCL)
5. Reliance Communication Limited (RCom)

**(iii) Others**

BSES Kerala Power Limited (BKPL), subsidiary of R Infra

Notes to Abridged Financial Statements

C. Details of transactions during the year and closing balance at the end of the year:

		(Amount in ₹)
	2010-2011	2009-2010
<b>(i) Transaction during the year</b>		
Operating Income		
Fuel Handling and Service Charges		
- R Infra	282,533,541	-
- BKPL	7,385,358	-
Operating Expenditure		
Fuel Handling and Service Charges		
- BKPL	4,113,096	-
Purchase of Coal		
- R Infra	45,076,861	-
Professional charges received towards support/shared services		
- RPSCCL	11,030,000	16,545,000
- SPL	11,030,000	22,060,000
- VIPL	5,515,000	11,030,000
- THPPL	23,548,580	4,412,000
- SHPPL	28,899,740	4,412,000
- USHPPL	2,206,000	4,412,000
- CAPL	11,030,000	22,060,000
- KPPL	2,206,000	2,206,000
- JIPL	11,030,000	7,177,054
Dividend Income on Preference Shares		
- RNRL Singapore	27,964,203	-
Professional charges paid towards shared services		
- R Infra	-	50,170,955
Purchase of Assets/Advance given against capital contract		
- R Infra (Engineering and Procurement Contract given)*	7,874,400,000	-
- RCIL	-	4,080,919
*Refer Note 12 above		
Reimbursement of expenses incurred on our behalf		
- RCL	-	942,058
- R Infra	18,909	-
Reimbursement of expenses/taxes/advances paid		
- RCom	-	2,480,347
Subsidiaries:		
- RPSCCL	126,606	30,226,021
- SPL	131,826,077	143,809,861
- VIPL	7,538,477	6,398,056
- MEGL	15,079	1,653,039
- THPPL	5,747,666	1,225,611
- SHPPL	2,678,054	420,127
- USHPPL	439,723	838,856
- SPIL	3,752,170	112,800,000
- Erstwhile SPIPL (Refer Note 9 above)	4,100,000	60,000,000
- MEGIL	905,605	54,700,000
- DSPPL	6,906,744	-
- Erstwhile RFL (Refer Note 7 above)	1,210,000	-
- BPL	2,211,752	-
- RPrima	3,310,000	-
- RNRL	62,199,137	-
- SMPL	347,909,861	-
- RSTEPL	17,837,840	-
- CAPL	22,386,093	23,683,874
- CAPIL	11,842,765	104,100,000
- AHPPL	43,354	-
- EHPPL	44,182	-
- MHPPL	43,354	-
- RPPL	3,540,000	-
- AMPL	2,592,350	-
- ATPL	3,505,135	-
- CPPL	16,647,974	2,208,739
- KPPL	3,836,714	319,789
- JIPL	59,405,617	386,892,614
- RCRPL	1,068,128	481,752
- RWPL	100,500,000	-
Inter - Corporate Deposit from Subsidiary		
- RSTEPL	2,150,000,000	-

## Reliance Power Limited

### Notes to Abridged Financial Statements

	(Amount in ₹)	
	2010-2011	2009-2010
Tender Fees received		
- R Infra	-	1,000,000
Tender Fees paid		
- R Infra	-	100,000
Insurance		
- RGICL	1,889,953	1,792,826
Rent/Support Services		
- RIIPL	120,359,474	110,454,651
- RCL	242,646	3,148,829
Investment in subsidiaries*		
Equity Shares		
- AHPPL	-	100,000
- EHPPL	-	100,000
- JIPL	-	500,000
- MHPPL	-	100,000
- RPPL	500,000	-
- RNRL (Refer Note 7 above)	500,000	-
- DSPPL	100,000	-
- SGCPL	100,000	-
- RSTEPL	2,200,100,000	-
- Erstwhile RFL (Refer Note 7 above)	500,000	-
- Erstwhile SPIPL (Refer Note 9 above)	17,800,000	-
*Excludes disclosure of allotment of equity and preference shares out of share application money given, which has been separately disclosed below		
Purchase of Shares		
- SPIL (7.5% Preference Shares of CPPL)	538,000,000	-
- SPIL (7.5% Preference Shares of TATO)	73,290,000	-
- MEGL (Equity shares of MEGIL)	-	5,000,000
- CAPL (Equity shares of CAPIL)	-	500,000
- MEGIL (7.5% Preference Shares of RPSCCL)	833,900,000	719,400,000
- Erstwhile SPIPL (7.5% Preference Shares of JIPL)	1,778,400,000	-
- SPIL (7.5% Preference Shares of CAPL)	561,890,000	2,188,175,000
- Erstwhile SPIPL (7.5% Preference Shares of CAPL)	-	1,019,150,000
- CAPIL (7.5% Preference Shares of CAPL)	-	2,008,325,000
Sale of Shares		
- RFL (Equity shares of CAPIL)	500,000	-
Share application money given		
- RPSCCL	2,697,850,000	15,759,050,000
- SPL	13,317,500,242	9,789,900,000
- MEGL	-	3,634,011
- VIPL	1,373,600,000	1,130,810,000
- CPPL	12,403,600,000	15,210,870,000
- THPPL	8,300,000	98,300,000
- SHPPL	81,400,000	71,900,000
- USHPPL	4,900,000	24,800,000
- CAPL	8,362,250,000	693,458,977
- RCRPL	371,500,000	119,025,000
- KPPL	41,650,000	6,300,000
- AHPPL	300,000	378,000,000
- EHPPL	300,000	351,000,000
- JIPL	200,000	1,078,773,194
- MHPPL	300,000	240,000,000
Share application money refunded		
- RPSCCL	48,000,000	12,785,000,000
- SPL	-	15,250,192
- MEGL	9,500,000	500,000,000
- CPPL	12,938,000,000	2,261,400,000
- THPPL	5,000,000	200,000,000
- SHPPL	25,000,000	2,130,000,000
- CAPL	92,500,000	9,887,708,977
- KPPL	-	1,000,000,000
- JIPL	-	1,069,000,000
Inter Corporate Deposits Given		
- SPIL	-	6,220,000,000
- Erstwhile SPIPL (Refer Note 9 above)	-	4,700,700,000
- MEGIL	-	6,260,000,000
- CAPIL	-	7,500,000,000

Notes to Abridged Financial Statements

		(Amount in ₹)
	2010-2011	2009-2010
- SPL	-	1,000,000,000
- RPSCCL	4,186,650,000	-
Refund of Inter Corporate Deposit		
- SPIIL	10,240,200,000	9,950,800,000
- Erstwhile SPIPL (Refer Note 9 above)	11,450,700,000	3,250,000,000
- CAPIL	2,584,000,000	3,250,700,000
- MEGL	-	7,500,000,000
- CAPL	-	10,250,000,000
- SPL	-	1,000,000,000
- MEGIL	5,502,000,000	-
- RPSCCL	1,601,500,000	-
Advances received		
- SPIIL	-	1,774,150,000
- Erstwhile SPIPL	-	1,773,850,000
- CAPIL	-	1,782,250,000
Sitting Fees		
- Shri Anil D Ambani	120,000	100,000
Remuneration to Key Management Personnel		
- Shri K H Mankad	3,382,213	4,780,856
- Shri J P Chalasani	16,392,060	11,365,311
- Shri Paresh Rathod	1,022,470	1,205,741
Contingent Liabilities		
Counter Guarantee/Bank Guarantees issued		
- JIPL	2,081,600,000	6,000,000,000
- VIPL	1,496,179,025	-
- CPPL	3,967,974,000	-
- CAPL	1,705,996,315	-
- CAPIL	15,416,555	-
- ATPL	41,211,170	-
- RCRL	250,000,000	-
- RPrima	43,643,880	-
- SPL	3,035,989,735	-
- RSTEPL	1,147,050,000	-
- RPN	669,750,000	-
- R Infra	-	465,000,000
<b>(ii) Closing Balance</b>		
Investment in Subsidiaries		
Equity Shares		
- RPSCCL	4,169,000,000	4,169,000,000
- SPIIL	500,000	500,000
- Erstwhile SPIPL (Refer Note 9 above)	-	100,000
- RPIS	268,987	268,987
- SPL	16,263,205,000	12,500,500,000
- MEGL	500,000	500,000
- VIPL	500,000	500,000
- SHPPL	100,000	100,000
- CPPL	100,000	100,000
- USHPPL	80,000	80,000
- KPPL	100,000	100,000
- CAPL	500,000	500,000
- RCRPL	100,000	100,000
- THPPL	100,000	100,000
- MEGIL	5,000,000	5,000,000
- AHPPL	100,000	100,000
- EHPPL	100,000	100,000
- JIPL	500,000	500,000
- MHPPL	100,000	100,000
- CAPIL	153,363,225	500,000
- RNRL (Singapore)*	4,217,157	-
- AMPL	3,106,055	-
- ATPL	40,111,114	-
- RPrima	455,734	-
- RPPL	500,000	-
- DSPPL	100,000	-
- RFRL*	10,000,000	-
- SGCPPL	100,000	-
- RSTEPL	2,200,100,000	-
- RNRL*	500,000	-

## Reliance Power Limited

### Notes to Abridged Financial Statements

		(Amount in ₹)
	2010-2011	2009-2010
*Transferred from RNRL due to Composite Scheme of Arrangement (Refer Note 7 above)		
Preference Shares		
- CAPL	5,777,540,000	5,215,650,000
- SPL	16,263,200,000	-
- CPPL	538,000,000	-
- JIPL	1,778,400,000	-
- SHPPL	500,000,000	-
- THPPL	73,290,000	-
- RNRL (Singapore)*	12,274,285,000	-
- RPSCL	1,553,300,000	719,400,000
*Transferred from RNRL due to Composite Scheme of Arrangement (Refer Note 7 above)		
Loans and advances*		
- RPSCL	11,105,150,000	5,870,150,000
- SPL	354,530	6,709,536,036
- MEGL	76,634,011	86,134,011
- VIPL	4,742,381,901	3,370,137,998
- CPPL	12,417,074,611	12,951,320,000
- THPPL	35,917,643	32,200,000
- SHPPL	111,100,000	51,757,265
- USHPPL	145,300,000	140,400,000
- CAPL	8,996,536,159	725,774,649
- RCRPL	609,034,619	237,534,619
- KPPL	163,950,000	122,300,000
- JIPL	8,910,076,482	9,773,194
- MHPPL	240,300,000	240,000,000
- EHPPL	351,300,000	351,000,000
- AHPPL	378,300,000	378,000,000
- SPIL	2,732,800,000	12,973,000,000
- Erstwhile SPIPL (Refer Note 9 above)	-	11,510,700,000
- CAPIL	1,779,537,250	4,353,400,000
- MEGIL	806,300,000	6,308,300,000
- AMPL	2,537,200	-
- ATPL	3,505,135	-
- RNRL	62,199,137	-
- DSPPL	6,899,573	-
- BPL	2,211,752	-
- RPrima	3,310,000	-
- SMPL (Refer Note 12 above)	8,222,250,514	-
- RWPPPL	100,500,000	-
- RSTEPL	100,000	-
<b>Unsecured Loan</b>		
- RSTEPL	2,150,000,000	-
<b>Current Liabilities and Provisions</b>		
- R Infra	95,232,631	43,232,687
- RCL	242,646	2,833,946
- RIIPPL	36,914,780	32,642,858
<b>Current Assets</b>		
- R Infra	68,861,096	-
- BKPL	3,275,912	-
- RNRL (Singapore)	122,742,850	-
<b>Contingent Liabilities (closing balances)</b>		
Counter Guarantees/Bank Guarantees issued		
- SPL	6,035,989,735	3,000,000,000
- CAPL	4,705,996,315	3,000,000,000
- JIPL	8,081,600,000	6,000,000,000
- VIPL	1,508,776,025	-
- CAPIL	15,416,555	-
- ATPL	41,211,170	-
- RCRPL	250,000,000	-
- RPrima	43,643,880	-
- CPPL	3,967,974,000	-
- RSTEPL	1,147,050,000	-
- RPN	669,750,000	-

\*Includes Inter corporate deposits, share application money and other receivables.



Notes to Abridged Financial Statements

(iii) Other transactions:

- The Company has pledged 51% of its holding in equity shares of Sasan Power Limited and Coastal Andhra Power Limited in accordance with sponsored support agreement dated April 21, 2009 and July 7, 2010 respectively, as a security towards the term loan availed by these companies.
  - The Company has given equity support undertaking/financial support undertaking towards cost overrun to financial institution/banks for rupee/foreign currency loan taken by Rosa Power Supply Company Limited, Coastal Andhra Power Limited, Sasan Power Limited and Vidarbha Industries Power Limited.
  - The Company has transferred all rights, obligations and assets pertaining to 2,400 MW Samalkot Power Project to Samalkot Power Limited in accordance with Deed of Assignment with the said Company. (Refer Note 12 above)
  - Reliance Infrastructure Limited (R Infra) has issued Keep Well Letter in favour of a bank, who in turn has issued letter of credit in favour of FCCB holders of the Company, for which the Company has incurred Rs. 3,215,114 towards keep well charges during the period October 15, 2010 to March 31, 2011.
  - The Company on behalf of the subsidiary – JIPL has paid Rs. 8,900,000,000 as an advance against EPC contract entered by JIPL with R Infra. The said advance has been considered as Inter Corporate Deposit and accordingly disclosed.
  - During the year, pursuant to the Composite Scheme of Arrangement, the Company has entered into transactions with subsidiaries in accordance with the Scheme sanctioned by Hon'ble High Court. (Refer Note 7 above)
- The above disclosures do not include transactions with public utility service providers, viz, electricity, telecommunications in the normal course of business.

12) (Note No. 15 of Schedule 15 of financial statements)

Earnings Per Share

Particulars	2010-2011	2009-2010
<b>Profit available to Equity Shareholders</b>		
Profit after Tax (A) (Rs.)	<b>2,745,461,583</b>	2,732,330,891
<b>Number of Equity Shares</b>		
Weighted Average number of Equity shares outstanding (Basic) (B)	<b>2,584,722,698</b>	2,396,800,000
Basic and Diluted Earnings Per Share (A/B) (Rs.)	<b>1.06</b>	1.14
Nominal value of an equity share (Rs.)	<b>10.00</b>	10.00

4.928% Convertible Bonds (FCCBs) transferred to the Company pursuant to the Scheme (Refer Notes 7 and 8 above) have an anti-dilutive effect on the earnings per share in the current year and hence have not been considered for the purpose of computing diluted earnings per share.

13) (Note No. 16 of Schedule 15 of financial statements)

Segment Reporting

The Company operates in two business segments i.e. Power Generation and Associated Business Activities (termed as "Others"). Associated Business Activities includes project management, supervision and support services for generation and allied processes. Business segment have been identified as reportable primary segment in accordance with Accounting Standard 17 'Segment Reporting' as prescribed under Companies (Accounting Standards) Rules, 2006, taking into account the organisational and internal reporting structure as well as evaluation of risk and return for these segments. Segment reporting policies are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included as "unallocable".

**Geographical Segments:** The Company's operations are mainly confined within India and as such there are no reportable geographical segments.

Information about Business Segments – Primary

Particulars	2010-2011				2009-2010			
	Power Generation	Others	Unallocable	Total	Power Generation	Others	Unallocable	Total
<b>Revenue</b>								
External Revenue	-	363,785,106	-	<b>363,785,106</b>	-	85,506,849	-	85,506,849
Total Revenue	-	363,785,106	-	<b>363,785,106</b>	-	85,506,849	-	85,506,849
<b>Result</b>								
Segment Result	-	131,360,295	-	<b>131,360,295</b>	-	85,506,849	-	85,506,849
Corporate Income (Net of Corporate Expenses)	-	-	1,914,257,554	<b>1,914,257,554</b>	-	-	2,788,932,087	2,788,932,087
Interest Income (Net of Interest and Finance Charges)	-	-	491,056,818	<b>491,056,818</b>	-	-	14,941,955	14,941,955
Profit before taxation	-	131,360,295	2,405,314,372	<b>2,536,674,667</b>	-	85,506,849	2,803,874,042	2,889,380,891
Taxes	-	-	(208,786,916)	<b>(208,786,916)</b>	-	-	157,050,000	157,050,000
Profit after tax	-	131,360,295	2,614,101,288	<b>2,745,461,583</b>	-	85,506,849	2,646,824,042	2,732,330,891
<b>Other Information</b>								
Segment Assets	1,297,464,691	121,993,903	174,275,124,224	<b>175,694,582,818</b>	1,296,951,166	-	139,720,289,337	141,017,240,503
Segment Liabilities	6,212,767	113,145,116	16,609,608,568	<b>16,728,966,451</b>	1,982,799	-	354,824,593	356,807,392
Capital Expenditure	5,869,143	-	70,460,140	<b>76,329,283</b>	6,378,921	-	19,599,033	25,977,954
Depreciation	-	-	11,411,583	<b>11,411,583</b>	-	-	5,138,812	5,138,812
Non Cash expenses other than Depreciation	-	-	10,564,461	<b>10,564,461</b>	-	-	-	-

## Reliance Power Limited

### Notes to Abridged Financial Statements

14) (Note No. 17 of Schedule 15 of financial statements)

#### Disclosure of Loans and Advances to Subsidiaries pursuant to Clause 32 of the Listing Agreement

(Amount in ₹)

Name	Amount outstanding*		Maximum amount outstanding	
	as at March 31, 2011	March 31, 2010	during the year 2010-2011	2009-2010
<b>Subsidiaries:</b>				
Sasan Power Limited	354,530	6,709,536,036	20,039,347,110	18,363,138,784
Rosa Power Supply Company Limited	11,105,150,000	5,870,150,000	12,275,238,204	15,461,100,000
Maharashtra Energy Generation Limited	76,634,011	86,134,011	86,134,011	8,085,832,601
Vidarbha Industries Power Limited	4,742,381,901	3,370,137,998	4,742,381,901	3,373,010,734
Tato Hydro Power Private Limited	35,917,643	32,200,000	62,211,984	229,564,016
Siyom Hydro Power Private Limited	111,100,000	51,757,265	111,100,000	2,114,839,272
Urthing Sobla Hydro Power Private Limited	145,300,000	140,400,000	145,300,000	141,879,978
Coastal Andhra Power Limited	8,996,536,159	725,774,650	8,996,536,159	20,191,351,920
Chitrangi Power Private Limited	12,417,074,611	12,951,320,000	18,886,019,769	14,991,742,410
Reliance Coal Resources Private Limited	609,034,619	237,534,619	609,034,619	237,534,619
Kalai Power Private Limited	163,950,000	122,300,000	163,950,000	1,122,961,800
Sasan Power Infrastructure Limited	2,732,800,000	12,973,000,000	12,973,000,000	16,591,000,000
Erstwhile Sasan Power Infrastructures Private Limited	-	11,510,700,000	11,510,700,000	11,510,700,000
Maharashtra Energy Generation Infrastructure Limited	806,300,000	6,308,300,000	6,308,300,000	6,308,300,000
Reliance Natural Resources Limited	62,199,137	-	62,199,137	-
Reliance Prima Limited	3,310,000	-	3,310,000	-
Rajasthan Sun Technique Energy Private Limited	100,000	-	17,793,678	-
Samalkot Power Limited	8,222,250,514	-	8,222,250,514	-
Reliance Wind Power Private Limited	100,500,000	-	100,500,000	-
Coastal Andhra Power Infrastructure Limited	1,779,537,250	4,353,400,000	4,353,400,000	4,853,400,000
Erstwhile Reliance Futura Limited	-	-	1,200,000	-
Jharkhand Integrated Power Limited	8,910,076,482	9,773,194	8,910,076,482	1,096,405,412
Amulin Hydro Power Private Limited	378,300,000	378,000,000	378,300,000	378,000,000
Atos Mercantile Private Limited	2,537,200	-	2,537,200	-
Atos Trading Private Limited	3,505,135	-	3,505,135	-
Bharuch Power Limited	2,211,752	-	2,211,752	-
Reliance CleanGen Limited	-	-	3,540,000	-
Dahanu Solar Power Private Limited	6,899,574	-	6,899,574	-
Emini Hydro Power Private Limited	351,300,000	351,000,000	351,300,000	351,000,000
Mihundon Hydro Power Private Limited	240,300,000	240,000,000	240,328,955	240,000,000

\* Including Share Application Money and Inter Corporate Deposits

As at the year-end, the Company-

(a) has no loans and advances in the nature of loans, wherein there is no repayment schedule or repayment is beyond seven years and

(b) has no loans and advances in the nature of loans to firms/companies in which directors are interested.

15) (Note No. 19 of Schedule 15 of financial statements)

#### The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below

	2010-2011		2009-2010	
	USD	Rupees	USD	Rupees
<b>(a) Amount receivable in foreign currency:</b>				
Investment in Preference Shares	274,900,000	12,274,285,000	-	-
Dividend Receivable on Preference Shares	2,749,000	122,742,850	-	-
<b>(b) Amount payable in foreign currency:</b>				
4.928% Convertible Bonds (FCCBs)	299,900,000	13,390,535,000	-	-
Interest Payable on FCCBs	7,983,996	356,485,438	-	-

**Notes to Abridged Financial Statements**

16) (Note No. 20 of Schedule 15 of financial statements)

**Disclosure as required under accounting standard - 19 "Accounting for Leases" as prescribed under Companies (Accounting Standards) Rules, 2006**

Future minimum lease payments under non cancellable operating lease for the office premises are as under:-

Particulars	Lease Rental Debited to Profit and Loss Account (₹)	Future Minimum Lease Rentals (₹)			Period of Lease*
		Less Than 1 Year	Between 1 to 5 Years	More than 5 Years	
Noida office	11,124,961	11,209,889	934,197	Nil	48 months lease

\*The lease terms are renewable on a mutual consent of lessor and lessee. The lease rentals have been included under the head "Rent expenses" under Schedule 13 in Profit and Loss Account.

17) (Note No. 21 of Schedule 15 of financial statements)

**Disclosure under Micro, Small and Medium Enterprises Development Act, 2006**

There are no Micro and Small Scale Business Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2011. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

18) (Note No. 22 of Schedule 15 of financial statements)

The Company has used the option available under Accounting Standard 11 as referred under Note 1(d) above. The exchange gain/loss (disclosed under Schedule 13) arising on revaluation of FCCB (including its interest), being a liability other than on depreciable assets, has been fully amortised upto March 31, 2011. Accordingly there is no unamortised balance of the same as at the year end in "Foreign Currency Monetary Item Translation Difference Account".

19) (Note No. 24 of Schedule 15 of financial statements)

The management has been legally advised that the Company is considered to be established with the object of providing infrastructural facilities and accordingly, Section 372A of the Companies Act, 1956 is not applicable to the Company.

**20) Key Ratios**

S. No.	Particulars	2010-2011	2009-2010
a)	Total Income / Total Assets	0.03	0.03
b)	Net Profit before Interest and Tax / Capital Employed	0.02	0.02
c)	Return on Net worth %	1.73	1.94
d)	Net Profit / Total Income %	58.22	70.41

Note:- Capital Employed includes Shareholders' funds and Debt funds.

Net worth represents total Shareholders' funds.

21) (Note No. 26 of Schedule 15 of financial statements)

Figures for the previous year have been regrouped/rearranged wherever necessary. Previous year figures are not comparable with that of the current year on account of the effects of the Schemes.

As per our attached report of even date

**For Price Waterhouse**

Chartered Accountants  
Firm Registration No: 301112 E

**For Chaturvedi & Shah**

Chartered Accountants  
Firm Registration No: 101720 W

**Partha Ghosh**

Partner  
Membership No. 55913

**C D Lala**

Partner  
Membership No. 35671

Place : Brussels  
Date : May 27, 2011

Place : Mumbai  
Date : May 27, 2011

**For and on behalf of the Board of Directors**

Anil D Ambani

Chairman

S L Rao

J L Bajaj

Dr V K Chaturvedi

} Directors

J P Chalasani

Chief Executive Officer

Ramaswami Kalidas

Company Secretary  
and Manager

Place : Mumbai  
Date : May 27, 2011

**Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956**

### I. Registration Details:

**II. Capital raised during the year: (Amount in Rs. thousands)**

### III. Position of mobilisation and deployment of funds: (Amount in Rs. thousands)

**Sources of Funds:**

Unsecured Loans: 

		1	5	5	4	0	5	3	5
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### Application of Funds:

Accumulated Losses							N	I	L
--------------------	--	--	--	--	--	--	---	---	---

**IV. Performance of the Company: (Amount in Rs. thousands)**

Earnings per Share in Rs.: 

						1	.	0	6
--	--	--	--	--	--	---	---	---	---

 Dividend Rate (%): 

						N	I	L
--	--	--	--	--	--	---	---	---

**V. Generic Names of Three Principal Products / Services of Company (As per monetary terms)**

Product Description	G	E	N	E	R	A	T	I	O	N						
	O	N	C	O	M	M	E	N	C	E	M	E	N	T	O	F
	P	R	O	J	E	C	T									

**Auditors' Report on the Abridged Consolidated Financial Statements**

To

**The Board of Directors of Reliance Power Limited**

We have examined the attached abridged consolidated Balance Sheet of Reliance Power Limited ('the Company'), its subsidiaries and joint controlled operations, hereinafter referred to as "Group", as at March 31, 2011 and the related abridged consolidated Profit and Loss Account and abridged consolidated Cash Flow Statement for the year ended on that date, annexed thereto, together with the notes thereon. These abridged consolidated financial statements have been prepared by the Company, to the extent possible, on the basis of Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956.

These abridged consolidated financial statements are based on the consolidated financial statements of the Group for the year ended March 31, 2011, prepared on the basis of separate financial statements of the Company, its subsidiaries and joint ventures in accordance with the requirements of Accounting Standard 21 -

Consolidated Financial Statements and Accounting Standard 27 - Financial Reporting of Interests in Joint Ventures as prescribed under the Companies (Accounting Standards) Rules, 2006 and is covered by our report of even date to the Board of Directors of the Company which report is attached herewith.

For **Chaturvedi & Shah**  
Chartered Accountants  
Firm Registration  
No: 101720W

For **Price Waterhouse**  
Chartered Accountants  
Firm Registration  
No: 301112E

**C D Lala**  
Partner  
Membership No. 35671  
Date : May 27, 2011  
Place : Mumbai

**Partha Ghosh**  
Partner  
Membership No. 55913  
Date : May 27, 2011  
Place : Brussels

**Auditors' Report on the Consolidated Financial Statements**

To

**The Board of Directors of Reliance Power Limited**

- We have audited the attached consolidated balance sheet of Reliance Power Limited (the "Company") and its subsidiaries and its jointly controlled operations, hereinafter referred to as the "Group" (Refer Note 1 (b) II on Schedule 16 to the attached consolidated financial statements) as at March 31, 2011, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company'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 audit.
- We conducted our audit 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. 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 audit provides a reasonable basis for our opinion.
- Price Waterhouse did not audit the financial statements and other financial information of twenty subsidiaries included in these consolidated financial statements, whose financial statements reflect total assets of Rs. 11,625,430,473 and net assets of Rs. 11,330,651,801 as at March 31, 2011, total revenue of Rs. 2,153,921,147, net profit before tax of Rs. 1,949,367,955 and net cash outflows amounting to Rs. 32,266,315 for the year then ended that have been audited by Chaturvedi & Shah on whose reports Price Waterhouse has placed reliance for the purpose of this report.
- Price Waterhouse and Chaturvedi & Shah did not audit the financial statements and other financial information of six subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets of Rs. 2,010,256,863 and net assets of Rs. 1,985,502,074 as at March 31, 2011, total revenue of Rs. 82,043,583, net profit before tax of Rs. 61,856,512 and net cash inflows amounting to Rs. 9,501,765 for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

- Price Waterhouse and Chaturvedi & Shah did not audit the financial statements and other financial information of eight subsidiaries included in these consolidated financial statements, whose financial statements reflect total assets of Rs. 13,823,530,176 and net assets of Rs. 12,969,088,293 as at March 31, 2011, total revenue of Rs. 99,117,820, net profit before tax of Rs. 77,817,209 and net cash inflows amounting to Rs. 463,303,044 for the year then ended. These financial statements and other financial information have been incorporated in the consolidated financial statements of the Group based on the un-audited financial statements as provided by the management of the respective component, as audited financial statements of the component as at and for the year ended March 31, 2011 are not available.
- We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements and Accounting Standard (AS) 27 - Financial Reporting of Interests in Joint Ventures as notified under sub-section 3C of Section 211 of the Companies Act, 1956.
- Based on our audit and on consideration of reports of other auditors, one of the joint auditors and certification by management on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
  - in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
  - in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Chaturvedi & Shah**  
Chartered Accountants  
Firm Registration  
No: 101720W

For **Price Waterhouse**  
Chartered Accountants  
Firm Registration  
No: 301112E

**C D Lala**  
Partner  
Membership No. 35671  
Date : May 27, 2011  
Place : Mumbai

**Partha Ghosh**  
Partner  
Membership No. 55913  
Date : May 27, 2011  
Place : Brussels



# Reliance Power Limited

## Abridged Consolidated Balance Sheet as at March 31, 2011

(Statement containing salient features of Balance Sheet as per Section 219(1)(b)(iv) of the Companies Act, 1956)

	As at March 31, 2011		As at March 31, 2010	
	₹	₹	₹	₹
<b>SOURCES OF FUNDS</b>				
(1) Shareholders' Funds				
(a) Share Capital – Equity		28,051,264,660		23,968,000,000
(b) Reserves and Surplus				
(i) Capital Reserves	780,946,301		238,221	
(ii) Securities Premium Account	110,482,282,932		110,478,160,093	
(iii) General Reserve	5,081,724,122		46,056,629	
(iv) General Reserve (arised pursuant to the Composite Scheme of Arrangement)	11,195,713,988		-	
(v) Profit and Loss Account	12,742,402,493		10,137,999,961	
		140,283,069,836		120,662,454,904
(2) Minority Interest		47,291		-
(3) Loan Funds				
Secured Loans		56,563,826,837		22,156,102,944
Unsecured Loans		16,784,500,880		250,000,000
<b>Total</b>		<b>241,682,709,504</b>		<b>167,036,557,848</b>
<b>APPLICATION OF FUNDS</b>				
(1) Fixed Assets				
(a) Net Block	36,368,427,232		23,407,636,531	
(b) Capital Work In Progress	126,226,838,902		68,028,637,256	
		162,595,266,134		91,436,273,787
(2) Investments				
Others				
– Quoted	19,300,000,000		10,400,000,000	
{Market Value Rs. 20,219,977,500				
(Previous Year Rs. 10,479,497,377)}				
– Unquoted	37,489,908,261		68,752,434,105	
		56,789,908,261		79,152,434,105
(3) Current Assets, Loans and Advances				
(a) Current Assets				
(i) Inventories	536,517,045		486,555,561	
(ii) Sundry Debtors	3,471,225,512		288,123,583	
(iii) Cash and Bank Balance	19,161,446,816		1,337,955,799	
(iv) Other Current Assets	1,072,365,628		31,896,984	
(b) Loans and Advances	15,286,551,626		1,232,494,276	
	39,528,106,627		3,377,026,203	
Less: Current Liabilities and Provisions				
(a) Current Liabilities	16,417,441,569		6,501,157,193	
(b) Provisions	813,129,949		428,019,054	
	17,230,571,518		6,929,176,247	
Net Current Assets		22,297,535,109		(3,552,150,044)
<b>Total</b>		<b>241,682,709,504</b>		<b>167,036,557,848</b>

Refer Notes forming part of the Abridged Consolidated Financial Statements

Compiled from the Audited Consolidated Financial Statements of the Company referred to in our Report dated May 27, 2011

As per our attached report of even date

For Price Waterhouse

Chartered Accountants

Firm Registration No: 301112 E

For Chaturvedi & Shah

Chartered Accountants

Firm Registration No: 101720 W

Partha Ghosh

Partner

Membership No. 55913

C D Lala

Partner

Membership No. 35671

Place : Brussels

Date : May 27, 2011

Place : Mumbai

Date : May 27, 2011

For and on behalf of the Board of Directors

Anil D Ambani

Chairman

S L Rao

J L Bajaj

Dr V K Chaturvedi

Directors

J P Chalasani

Chief Executive Officer

Ramaswami Kalidas

Company Secretary  
and Manager

Place : Mumbai

Date : May 27, 2011

## Reliance Power Limited

### Abridged Consolidated Profit and Loss Account for the Year Ended March 31, 2011

(Statement containing salient features of Profit and Loss Account as per Section 219(1)(b)(iv) of the Companies Act, 1956)

	Year ended March 31, 2011	Year ended March 31, 2010
	₹	₹
<b>Income</b>		
Sale of Energy	10,236,845,253	207,235,985
Income from Other Operations	310,785,106	-
Dividend Income	1,909,458,963	2,247,958,974
Profit on redemption of Mutual Fund (Net)	5,314,878,946	5,728,903,986
Interest Income	1,106,697,695	37,012,024
Gain on foreign exchange fluctuation (Net)	186,493,395	212,031,304
Miscellaneous Income	115,155,702	686,078
	<b>19,180,315,060</b>	<b>8,433,828,351</b>
<b>Expenditure</b>		
Cost of fuel	5,596,458,645	220,955,722
Other Operating Expenditure	232,424,811	-
Salaries, Wages and Other Employee Benefits	764,620,774	427,197,594
Managerial Remuneration	5,844,683	7,166,597
Interest & Finance Charges	2,195,202,836	87,184,553
Depreciation	1,008,804,785	57,130,793
Auditor's Remuneration	36,887,696	16,599,185
Administration and Other Expenses	1,620,086,263	591,590,440
	<b>11,460,330,493</b>	<b>1,407,824,884</b>
<b>Profit before Taxation</b>	<b>7,719,984,567</b>	<b>7,026,003,467</b>
<b>Provision for Taxation</b>		
Current Tax	345,556,788	186,803,795
Wealth Tax	1,021,359	250,000
Excess Provision of earlier years written back (Net)	(230,996,112)	-
<b>Profit after Tax and before Minority Interest</b>	<b>7,604,402,532</b>	<b>6,838,949,672</b>
Minority Interest	-	-
<b>Profit after Tax and Minority Interest</b>	<b>7,604,402,532</b>	<b>6,838,949,672</b>
Profit and Loss Account balance brought forward	10,137,999,961	3,299,050,289
Transfer to General Reserves	5,000,000,000	-
<b>Profit and Loss Account Balance carried forward to Balance sheet</b>	<b>12,742,402,493</b>	<b>10,137,999,961</b>
Earnings Per Share (Basic and Diluted )	2.94	2.85

Refer notes forming part of the Abridged Consolidated Financial Statements

Compiled from the Audited Consolidated Financial Statements of the Company referred to in our Report dated May 27, 2011

As per our attached report of even date

**For Price Waterhouse**

Chartered Accountants

Firm Registration No: 301112 E

**For Chaturvedi & Shah**

Chartered Accountants

Firm Registration No: 101720 W

**Partha Ghosh**

Partner

Membership No. 55913

**C D Lala**

Partner

Membership No. 35671

Place : Brussels

Date : May 27, 2011

Place : Mumbai

Date : May 27, 2011

For and on behalf of the Board of Directors

**Anil D Ambani**

Chairman

**S L Rao**

**J L Bajaj**

**Dr V K Chaturvedi**

Directors

**J P Chalasani**

Chief Executive Officer

**Ramaswami Kalidas**

Company Secretary  
and Manager

Place : Mumbai

Date : May 27, 2011

# Reliance Power Limited

## Abridged Consolidated Cash Flow Statement for the year ended March 31, 2011

	Year ended March 31, 2011 ₹	Year ended March 31, 2010 ₹
<b>(A) Cash Flow from/(used in) Operating Activities</b>		
Net Profit before taxation	7,719,984,567	7,026,003,467
Adjusted for :		
Dividend Income	(1,909,458,963)	(2,247,958,974)
Depreciation	1,008,804,785	57,130,793
Interest and Finance Charges	2,195,202,836	87,184,553
Profit on redemption of mutual funds	(5,314,878,946)	(5,728,903,986)
Interest on Bank and other Deposits	(1,106,697,695)	(37,012,024)
Unrealised Exchange Gain (Net)	(161,446,988)	(212,031,304)
Loss on Sale of assets / investments	256,615,155	146,889
Provision for Gratuity and Leave Encashment	14,559,970	13,630,539
<b>Operating Profit/(Loss) before working capital changes</b>	<b>2,702,684,721</b>	<b>(1,041,810,047)</b>
Adjustments for :		
Inventories	(49,961,484)	(486,555,561)
Debtors	(2,791,615,526)	(288,123,583)
Other Current Assets, Loans and Advances	(2,026,147,297)	(205,247,893)
Current Liabilities	2,178,541,608	(31,019,097)
	<b>(2,689,182,699)</b>	<b>(1,010,946,134)</b>
Taxes Paid (Net of refund)	<b>(344,954,785)</b>	<b>(40,795,000)</b>
<b>Net Cash used in Operating Activities</b>	<b>(331,452,763)</b>	<b>(2,093,551,181)</b>
<b>(B) Cash Flow from/(used in) Investing Activities</b>		
Purchase of Fixed Assets (Including Capital Work In Progress)	(62,526,377,520)	(35,614,504,248)
Sale of Fixed Assets	3,400,849	1,191,320
Dividend Income	1,979,968,601	2,247,958,974
Interest on Bank and other Deposits	610,535,173	122,322,246
Deposits (Non Trade)	(60,058,777)	414,044,287
Acquisition of Subsidiaries	(11,817,478)	(500,000)
Disposal of Subsidiaries	486,000	-
Advance recoverable in Cash or in Kind	(431,584,966)	1,030,295,202
Sale of Investments (Net of Purchase)	42,774,016,396	29,748,859,089
Taxes Paid	(98,422,602)	(553,417,262)
<b>Net Cash used in Investing Activities</b>	<b>(17,759,854,324)</b>	<b>(2,603,750,392)</b>
<b>(C) Cash Flow from/(used in) Financing Activities</b>		
Proceeds from Borrowings –Secured (net of repayment)	34,750,175,716	8,987,789,120
Proceeds from Borrowings –Unsecured (net of repayment)	3,103,662,744	250,000,000
Interest and Finance Charges	(4,274,623,257)	(3,354,120,673)
Refund of Share Application Money	(6,535,020)	(65,642,211)
<b>Net Cash generated from Financing Activities</b>	<b>33,572,680,183</b>	<b>5,818,026,236</b>
<b>Net Increase in Cash and Cash equivalents (A+B+C)</b>	<b>15,481,373,096</b>	<b>1,120,724,663</b>
Opening Balance of Cash and Cash equivalents		
– Balance in Current Account	417,609,848	215,769,487
– Remittances in transit /Cheques in hand	16,674,974	-
– Balance in Fixed Deposit	903,670,977	562,749
Cash and Cash Equivalents acquired:		
– Pursuant to the composite scheme of arrangement (Refer Note 4 (c) of Schedule 16)	2,090,292,973	-
– On acquisition of subsidiaries	251,824,948	898,900
Closing Balance of Cash and Cash equivalents		
– Balance in Current Account of Scheduled Banks <sup>(1)</sup>	2,738,350,528	417,609,848
– Remittances in transit /Cheques in hand	2,499,103,800	16,674,974
– Balance in Fixed Deposit <sup>(2)</sup>	13,460,689,444	903,670,977
– Balance with Other Banks	463,303,044	-

<sup>(1)</sup> Includes unclaimed share application money refund amount of Rs. 32,945,252 (Previous Year: 39,480,272)

<sup>(2)</sup> Including Cash Collateral of Rs. 2,491,639,011 (Previous Year: Rs. 900,606,973) as at March 31, 2011

Previous year figures have been regrouped / reclassified / rearranged wherever necessary to make them comparable to those for the current year.

Compiled from the Audited Consolidated Financial Statements of the Company referred to in our Report dated May 27, 2011

### As per our attached report of even date

**For Price Waterhouse**  
Chartered Accountants  
Firm Registration No: 301112 E

**Partha Ghosh**  
Partner  
Membership No. 55913

**For Chaturvedi & Shah**  
Chartered Accountants  
Firm Registration No: 101720 W

**C D Lala**  
Partner  
Membership No. 35671

### For and on behalf of the Board of Directors

**Anil D Ambani** Chairman

**S L Rao**  
**J L Bajaj**  
**Dr V K Chaturvedi** } Directors

**J P Chalasani** Chief Executive Officer

**Ramaswami Kalidas** Company Secretary and Manager

Place : Brussels  
Date : May 27, 2011

Place : Mumbai  
Date : May 27, 2011

Place : Mumbai  
Date : May 27, 2011

Notes to Abridged Consolidated Financial Statements

1. Significant Accounting Policies

a) Basis of preparation of financial statements

The financial statements are prepared on an accrual basis of accounting and in accordance with the generally accepted accounting principles in India, provisions of the Companies Act, 1956 ("the Act") and comply in material aspects with the accounting standards notified under Section 211 (3C) of the Act, read with Companies (Accounting Standards) Rules, 2006.

b) Basis of Consolidation

- (I) The consolidated financial statements relate to Reliance Power Limited (the Parent Company) and its subsidiary companies and joint control operations which have been prepared in accordance with Accounting Standard 21 (AS-21) - "Consolidated Financial Statements" and Accounting Standard 27 (AS-27)-"Financial Reporting of Interests in Joint Ventures" as prescribed by Companies (Accounting Standards) Rules, 2006. The consolidated financial statements have been prepared on the following basis:
  - (i) The financial statements of the Parent and its subsidiary companies (together the "Group") have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and unrealised profits or losses on intra-group transactions.
  - (ii) The consolidated financial statements include the interest of the group in joint control operations. The joint control operations have been accounted for, using the proportionate consolidation method of accounting which reports the group's share of assets, liabilities, income and expenses in the joint control operations after eliminating unrealised profits or losses on intra-group transactions.
  - (iii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company's separate financial statements. Appropriate adjustments have been made in the financial statements of the subsidiaries with respect to different accounting policies for like transactions and events in similar circumstances for the purpose of preparation of consolidated financial statements as far as possible.
  - (iv) In case of foreign subsidiaries, revenue is consolidated at the average exchange rate prevailing during the year. All monetary assets and liabilities are converted at the exchange rate prevailing at the end of the year. While, non-monetary assets and liabilities are recorded at the exchange rate prevailing on the date of the transaction. Any exchange difference arising on consolidation of integral foreign operation is recognised in the Profit and Loss Account.
  - (v) The excess of cost to the Parent Company of its investment in the subsidiary over the Parent Company's portion of equity of the subsidiary and the excess of cost of subsidiary over its investment in Joint Venture is recognised in the financial statements as Goodwill. This Goodwill is tested for impairment at the end of the financial year. The excess of Parent Company's portion of equity over the cost of investment as at the date of its investment is treated as Capital Reserve.
  - (vi) Minorities share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet as a separate line item from liabilities and the shareholder's equity.
  - (vii) The financial statements of the subsidiaries used in consolidation are drawn up to the same reporting date as that of the Parent Company i.e. year ended March 31, 2011.
- (II) The subsidiaries considered in the consolidated financial statements are:

Name of Company	Country of Incorporation	Proportion (%) of shareholding as on March 31, 2011	Proportion (%) of shareholding as on March 31, 2010
<b>Subsidiary Companies:</b>			
1. Sasan Power Limited (SPL)	India	100	100
2. Rosa Power Supply Company Limited (RPSCL)	India	100	100
3. Maharashtra Energy Generation Limited (MEGL)	India	100	100
4. Vidarbha Industries Power Limited (VIPL)	India	100	100
5. Tato Hydro Power Private Limited (THPPL)	India	100	100
6. Siyom Hydro Power Private Limited (SHPPL)	India	100	100
7. Chitrangi Power Private Limited (CPPL)	India	100	100
8. Urthing Sobla Hydro Power Private Limited (USHPPL)	India	80	80
9. Kalai Power Private Limited (KPPL)	India	100	100
10. Coastal Andhra Power Limited (CAPL)	India	100	100
11. Reliance Coal Resources Private Limited (RCRPL)	India	100	100
12. Reliance Power International SARL (RPIS)	Luxembourg	100	100
13. Sasan Power Infrastructure Limited (SPIL)	India	100	100
(w.e.f. 16.08.2010) (Refer Note 6 and 11 below)			
14. Erstwhile Sasan Power Infra ventures Private Limited (SPIPL)	India	100	100
(Upto 31.12.2010) (Refer Note 6,7 and 11 below)			
15. Maharashtra Energy Generation Infrastructure Limited (MEGIL)	India	100	100
16. Amulin Hydro Power Private Limited (AHPPL)	India	100	100
17. Emuni Hydro Power Private Limited (EHPPL)	India	100	100
18. Mihundon Hydro Power Private Limited (MHPPL)	India	100	100
19. Jharkhand Integrated Power Limited (JIPL)	India	100	100

## Reliance Power Limited

### Notes to Abridged Consolidated Financial Statements

	Name of Company	Country of Incorporation	Proportion (%) of shareholding as on March 31, 2011	Proportion (%) of shareholding as on March 31, 2010
20.	Reliance CleanGen Limited (Formerly Reliance Patalganga Power Limited (RCGL) (w.e.f. 05.06.2010) (Refer Note 24 below)	India	100	-
21.	Rajasthan Sun Technique Energy Private Limited (RSTEPL) (formerly Ballerina Advisory Services Private Limited) (w.e.f. 29.06.2010)	India	100	-
22.	Erstwhile Reliance Futura Limited (RFL) (w.e.f. 29.06.2010) (Refer Note 4(e) below)	India	100	-
23.	Dahanu Solar Power Private Limited (formerly Reliance Last Mile Communications Private Limited)(DSPPL) (w.e.f. 08.09.2010)	India	100	-
24.	Solar Generation Company (Rajasthan) Private Limited (SGCPL) (w.e.f. 29.09.2010)	India	100	-
25.	Reliance Prima Limited (RPrima) (w.e.f. 30.06.2010)	India	100	-
26.	Atos Trading Private Limited (ATPL) (w.e.f. 30.06.2010)	India	100	-
27.	Atos Mercantile Private Limited (AMPL) (w.e.f. 30.06.2010)	India	100	-
28.	Coastal Andhra Power Infrastructure Limited (CAPIL)	India	100	100
29.	Reliance Natural Resources Limited (RNRL) (w.e.f. 15.10.2010)	India	100	-
30.	Reliance Fuel Resources Limited (RFRL) (w.e.f. 15.10.2010)	India	100	-
31.	Reliance Natural Resources (Singapore) Pte Limited (RNRLS) (w.e.f.15.10.2010)	Singapore	100	-
<b>Step-down Subsidiaries:</b>				
32.	Reliance Power Netherlands BV (RNBV) (w.e.f. 09.07.2010)	Netherlands	100	-
33.	PT Heramba Coal Resources (PTH) (w.e.f. 02.08.2010)	Indonesia	100	-
34.	PT Avaneesh Coal Resources (PTA) (w.e.f. 02.08.2010)	Indonesia	100	-
35.	Bharuch Power Limited (BPL) (w.e.f. 08.06.2010)	India	100	-
36.	Samalkot Power Limited (SMPL) (w.e.f. 29.06.2010)	India	100	-
37.	Reliance Renewable Power Private Limited (RRPPL) (w.e.f. 29.10.2010)	India	100	-
38.	Reliance Biomass Power Private Limited (RBPPL) (w.e.f.10.11.2010)	India	100	-
39.	Reliance Solar Resources Power Private Limited (RSRPPL) (w.e.f. 10.11.2010)	India	100	-
40.	Reliance Clean Power Private Limited (RCPPL) (w.e.f. 10.11.2010)	India	100	-
41.	Reliance Tidal Power Private Limited (RTPPL) (w.e.f. 10.11.2010)	India	100	-
42.	Reliance Geothermal Power Private Limited (RGTPPL) (w.e.f. 10.11.2010)	India	100	-
43.	Reliance Wind Power Private Limited (RWPPPL) (w.e.f. 11.11.2010)	India	100	-
44.	Reliance Green Power Private Limited (RGPPL) (w.e.f. 11.11.2010)	India	100	-
45.	PT Sumukha Coal Services (PTS) ( w.e.f. 15.10.2010)	Indonesia	99.60	-
46.	PT Brayan Bintang Tiga Energi (BBE)(w.e.f. 04.10.2010)	Indonesia	100	-
47.	PT Sriwijaya Bintang Tiga Energi (SBE) (w.e.f. 04.10.2010)	Indonesia	100	-

#### c) Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

#### d) Revenue Recognition

In case of RPSCL, revenue from sale of energy is recognised on an accrual basis as per the tariff rates approved by Uttar Pradesh Electricity Regulatory Commission (UPERC) in accordance with the provisions of power purchase agreement (PPA) with Uttar Pradesh Power Corporation Limited (UPPCL). In case where tariff rates are yet to be approved/agreed, provisional rates are adopted based on the principles enunciated in PPA and UPERC regulations. The surcharge on late payment/overdue sundry debtors for sale of energy is recognised when no significant uncertainty as to measure or collectability exists.

Income from fuel handling and service charges is recognised on the basis of services rendered as per the terms of contract. Revenue on trading of coal is recognised on transfer of property to the buyers for consideration.



**Notes to Abridged Consolidated Financial Statements**

Profit on sale/redemption of investments is accounted on sale/redemption of such investments. Income from mutual fund scheme having fixed maturity plans is accounted on declaration of dividend or on maturity of such investments.

**e) Foreign Currency Transactions**

- (i) Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transactions. Exchange differences arising on reporting of short term foreign currency monetary items at rates different from those at which they were initially recorded are recognised in the Profit and Loss account.
- (ii) In respect of long term foreign currency monetary items, the Group has availed the option to adjust the cost of the asset towards the exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded, in so far as they relate to depreciable capital asset and depreciating the same over the balance life of asset. With respect to exchange differences arising on other long term foreign currency monetary items, the same is accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long term monetary item but not beyond March 31, 2011.
- (iii) Non-monetary items denominated in foreign currency are stated at the rate prevailing on the date of the transaction.

**f) Fixed Assets and Capital Work-in-progress**

- (i) The gross block of Fixed Assets is stated at cost of acquisition or construction, including any cost attributable to bringing the assets to their working condition for their intended use.
- (ii) All Project related expenditure viz, civil works, machinery under erection, construction and erection materials, pre-operative expenditure incidental/attribution to construction of project, borrowing cost incurred prior to the date of commencement of commercial operation and trial run expenditure are shown under Capital Work-in-Progress. These expenses are net of recoveries and income (net of tax) from surplus funds arising out of project specific borrowings.
- (iii) Income earned from sale of energy (known as infirm power) prior to start of commercial operations is recognised as per the terms of PPA with UPPCL and netted off from pre operative expenditure.
- (iv) Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relating to land in possession are treated as cost of land.
- (v) Construction stores have been valued at weighted average cost.

**g) Intangible Assets**

- (i) Intangible assets are recognised where it is probable that the future economic benefit attributable to the assets will flow to the Group and its cost can be reliably measured.
- (ii) Expenditure incurred/Advance paid on acquisition of intangible assets which is not put to use at the reporting date is disclosed under capital work-in-progress.

**h) Inventories**

Inventories are stated at lower of cost and net realizable value. In case of fuel, stores and spares, "cost" means weighted average cost.

**i) Depreciation/Amortisation**

- (i) Tangible Assets:  
Fixed assets are depreciated under the straight line method as per the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except in case of RPSCCL wherein for thermal generating assets i.e. plant and machinery block, depreciation has been charged at the rate of 3.8% p.a. as per the order dated May 24, 2011, issued by the Ministry of Corporate Affairs. Lease hold land is amortised over the lease period from the date of advance possession is received or lease deed is executed, whichever is earlier.
- (ii) Intangible Assets:  
Software expenses are amortised over a period of three years.

**j) Investments**

Long-term investments are stated at cost less provision for diminution other than temporary, if any, in the value of such investments. Current investments are valued at lower of cost and fair value.

**k) Employee Benefits**

- (i) Short term employee benefits :  
All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are charged off to the Profit and Loss account/Capital Work-in-progress, as applicable.
- (ii) Defined Contribution Plans:  
Contributions to defined contribution schemes such as provident fund, superannuation, etc are charged off to the Profit and Loss account/Capital Work-in-progress, as applicable, during the year in which the employee renders the related service.
- (iii) Defined Benefit Plans:  
The Group also provides employee benefits in the form of gratuity and leave encashment, the liability for which as at the year end is determined by independent actuary based on actuarial valuation using the projected unit credit method. Such defined benefits are charged off to the Profit and Loss account/Capital Work-in-progress, as applicable. Actuarial gains and losses are recognised immediately in the Profit and Loss Account /Capital Work-in-progress, as applicable.

**l) Employee Stock Option Scheme (ESOS)**

The employees of the Group and independent directors of the parent company are entitled for grant of stock option (equity shares) of the parent company, based on the eligibility criteria set in ESOS plan of the Group. The employee compensation expenses are accounted on the basis of "intrinsic value method". The excess, if any, of quoted market price over the exercise price on the date of grant would be recognised as compensation cost over the vesting period. The Group recognises compensation

## Reliance Power Limited

### Notes to Abridged Consolidated Financial Statements

cost on the basis of estimated number of stock options expected to vest. Subsequently, if there are any indications, differing the number of stock option expect to vest, the Group revises its previous estimate and accordingly recognises/(reverses) compensation cost on employee service.

#### m) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

#### n) Accounting for Taxes on Income

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future. However, in respect of unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future.

#### o) Provisions

The Group recognises provisions when there is a present obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

#### p) Impairment of Assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account.

#### q) Accounting for Oil and Gas Activity

The Group follows "Successful Efforts Method" for accounting of oil and gas exploration activities as set out by the Guidance Note issued by the Institute of Chartered Accountants of India on Oil and Natural Gas producing activities. The cost of survey and prospecting activities conducted in search of oil and gas are expensed out in the year in which the same are incurred.

#### 2. a) Contingent Liabilities

Counter guarantees/Bank guarantees aggregating to Rs. 26,467,407,680 (Previous Year Rs. 12,000,000,000) issued primarily to power procurers/banks/financial institutions towards construction of power plant/finance raised by respective subsidiary.

In case of SPL, claims not acknowledged as debts Rs. 5,120,000 (Previous Year Rs. 5,120,000) and demand raised by Income Tax Authorities in dispute Rs. 15,215,364 (Previous Year Rs. Nil)

In case of CAPL, Government of Andhra Pradesh has levied a penalty of Rs. 13,694,770 (Previous Year Rs.12,892,039) at the rate of 50% on account of nonpayment of conversion fee of Rs. 27,389,540 (Previous Year Rs.25,784,078) towards conversion of agriculture land to non-agricultural land at site. CAPL has filed an appeal with the Collectorate and District magistrate, Nellore District, for wavier of the above amount.

#### b) Capital Commitments

Estimated amount of contracts remaining unexecuted on capital account (net of advances paid) and not provided for Rs. 575,136,720,334 (Previous Year Rs. 424,563,476,531).

#### 3. Utilisation of Initial Public Offer Proceeds

The utilisation of Initial Public Offer (IPO) proceeds up to March 31, 2011 is given below:

Particulars	(Amount in ₹)
<b>Proceeds from IPO</b>	<b>115,632,000,000</b>
<b>Utilisation up to March 31, 2011</b> (Refer Note below)	
<b>Funding subsidiaries to part finance the construction and development costs of following Projects</b>	
600 MW Rosa Phase I, 600 MW Rosa Phase II, 300 MW Butibori, 3,960 MW Sasan, 1,200 MW Shahapur Coal, 400 MW Urthing Sobla, 3,960 MW Krishnapatnam, 700 MW Tato II, 1,000 MW Siyom, 3,960 MW Chitrangi, Coal Resources, 1,200 MW Kalai II, 4,000 MW Tilaiya, 420 MW Amulin, 500 MW Emini, 400 MW Mihundon, 300 MW Butibori Phase II, 2400 MW Samalkot	74,334,660,653
<b>Share issue expenses</b>	<b>1,185,839,907</b>
<b>Total Utilised Amount</b>	<b>75,520,500,560</b>
<b>Unutilised amount</b>	<b>40,111,499,440</b>
<b>Break up of unutilised amount</b>	
Investments in Liquid and Fixed Maturity Funds	31,612,663,837
Bank Balance in Fixed Deposits and Current Account	8,468,835,603
Deposit with Bombay Stock Exchange Limited	30,000,000
<b>Total</b>	<b>40,111,499,440</b>

Note : Pursuant to the approval of shareholders of the Parent Company by postal ballot in response to notice to the members dated August 3, 2010, utilisation of IPO Proceeds as stated in the Prospectus dated January 19, 2008 (Prospectus) stands revised to include the purposes other than those mentioned in the prospectus, namely for general corporate purposes including, but not limited to funding the subsidiaries to part finance the construction, development, and commissioning the proposed

Notes to Abridged Consolidated Financial Statements

projects namely 3,960 MW Krishnapatnam ultra mega power project and 3,960 MW Chitrangi power project. Actual utilisation is net of refunds received. Accordingly the above disclosure has been made.

4. Composite Scheme of Arrangement

- a) The Composite Scheme of Arrangement ('Scheme') under Section 391 to 394 read with Sections 78, 100 to 103 of the Act between the Parent Company, RNRL, the wholly owned subsidiary – RFL and four wholly owned subsidiaries of RFL – ATPL, AMPL, RPrima and CAPIL has been sanctioned by Hon'ble High Court of Judicature at Bombay vide order dated October 15, 2010. The Scheme has become effective on October 29, 2010 on filing with Registrar of Companies (RoC) with an appointed date as on October 15, 2010.
- b) RNRL was engaged in the business of sourcing, supply and transportation of gas, coal and liquid fuels. It was also involved in exploration and production of Coal Bed Methane (CBM) Blocks.
- c) Demerger of Business Undertaking of RNRL into the Parent Company:  
In accordance with the Scheme,
  - i) The business undertaking of RNRL representing undertaking related to exploration, fuel handling, shipping and related activities as a going concern, has been transferred to the Parent Company. The transfer of assets and liabilities representing the business undertaking has been approved by the Board of Directors (BoD) of the Parent Company at their meeting held on February 14, 2011.
  - ii) As a consideration, one fully paid equity share of Rs.10 each of the Parent Company has been allotted for every four fully paid up equity shares of Rs. 5 each of RNRL to the shareholders of RNRL. Accordingly, 408,282,606 equity shares of Rs.10 each have been allotted to the shareholders of RNRL and an equivalent amount of Rs. 4,082,826,060 has been credited to share capital.
  - iii) Assets aggregating to Rs. 29,209,825,420 and liabilities of Rs. 13,931,285,372 have been transferred at book value in the books of the Parent Company. The difference between the assets taken over and liabilities plus face value of equity shares issued (Refer (ii) above) aggregating to Rs. 11,195,713,988 has been recognised as General Reserve (created pursuant to the "Scheme").The net assets taken over include:

Assets/Liabilities Taken Over	(Amount in ₹)
<b>Assets</b>	
Fixed Assets (Net Block)	5,799,340
Investments in subsidiaries and mutual funds	15,297,368,203
Current Assets, Loans and Advances	13,906,657,877
<b>Total</b>	29,209,825,420
<b>Liabilities</b>	
4.928% Convertible Bond (FCCBs)	13,254,000,000
Current Liabilities and Provisions	677,285,372
<b>Total</b>	13,931,285,372

- iv) On re-organisation of its share capital, RNRL has allotted 100,000 equity shares of Rs. 5 each to the Parent Company and has become a wholly owned unlisted subsidiary.
- v) The difference in accounting policy with regard to depreciation on fixed assets between RNRL and the Parent Company aggregating to Rs. 35,667,493 has been adjusted to the General Reserve of the Parent Company.
- d) Transfer of exploration block undertakings from the Parent Company to CAPIL, ATPL, AMPL and RPrima:  
In accordance with the Scheme,
  - i) The acquired CBM blocks from RNRL at Sohagpur (Madhya Pradesh), Barmer (Rajasthan), Kothagudam (Andhra Pradesh) and Oil Blocks at Mizoram, have been transferred to CAPIL, ATPL, AMPL and RPrima, respectively as a going concern.
  - ii) There is no consideration on transfer of these blocks to respective subsidiaries as these subsidiaries are directly/indirectly controlled by the Parent Company.
  - iii) The assets and liabilities have been transferred at book values to the respective subsidiaries and the aggregate amount of net assets transferred amounting to Rs. 45,430,042 has been debited to General Reserve (created pursuant to the Scheme) of the Parent Company. There is no impact on consolidated financial statements on account of said transfer, as the same gets eliminated on consolidation.
- e) Merger of RFL with the Company:  
RFL was incorporated with the main objects of designing, developing, engineering power projects, etc. in India and abroad. In accordance with the Scheme
  - i) Net assets aggregating to Rs. 195,779,841 transferred have been accounted for at a fair value in the books of the Parent Company. The net assets taken over primarily include Investments in mutual funds.
  - ii) There is no consideration payable as the entire share capital has been held by the Parent Company
  - iii) The merger has been accounted for under the Purchase Method as prescribed by Accounting Standard 14 (AS-14) 'Accounting for Amalgamations' as prescribed under the Companies (Accounting Standards) Rules, 2006.

There is no impact on consolidated financial statements on account of said merger as the transaction is between the Parent Company and its subsidiary, which gets eliminated on consolidation.

5. RNRL had issued 4.928% Convertible Bonds (FCCBs) of USD 300,000,000 vide letter of offer dated October 12, 2006. As per the terms of the above mentioned scheme (Refer Note 4 above), FCCBs shall be treated as FCCBs issued by the Parent Company with same rights and obligations. The Bonds are convertible into equity shares at any time on or after November 27, 2006 and before October 11, 2011 at the option of the Bondholder. The bonds are secured by the issuance of an irrevocable

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### Notes to Abridged Consolidated Financial Statements

letter of credit to the trustee on behalf of the Bondholders by Barclays Bank Plc. The principal value of FCCBs are convertible at an exchange rate of Rs. 45.615 for one USD, determined on the basis of the buying rate on October 12, 2006. The Bonds were originally convertible at a price of Rs. 26 per share for each fully paid share of Rs. 5 to be issued by RNRL. Upon the scheme (Refer Note 4 above) being effective and on the basis of share exchange ratio given in 4 (c) above, the effective conversion price of the Bond stands at Rs. 104 per share for every fully paid equity share of Rs. 10 each to be issued by the Parent Company on exercise of the option. The Bond may, subject to certain conditions relating to trading of shares, be redeemed at the option of the Parent Company on or after November 7, 2007 and on or before October 10, 2011. The Bonds, however, fall due for redemption at the principal amount on October 17, 2011, unless they are previously redeemed, converted, purchased or cancelled.

During the year, one FCCB having a face value of USD 100,000 has been converted against which the Parent Company has allotted 43,860 fully paid equity shares of Rs. 10 each at a premium of Rs. 94 per share on the basis of effective price stated above.

#### 6. Disposal of Subsidiaries

During the year, the Parent Company disposed off 81% of its shareholding in SPIL and SPIPL on April 2, 2010 and accordingly, on consolidation the Group has accounted for a loss of Rs. 255,505,161 on disposal of the subsidiaries (Also refer Note 11 below).

#### 7. Scheme of Amalgamation between the Parent Company and SPIPL

SPIPL, a wholly owned subsidiary of the Parent Company, incorporated with the main object to operate, install, develop, promote and maintain projects in infrastructure sectors including setting up power plants etc., was amalgamated into the Parent Company pursuant to the Scheme of Amalgamation (Scheme), as on and from January 1, 2011, being the appointed date pursuant to the approval of Board of Directors of the Parent Company and sanctioned by the Hon'ble High Court of Judicature at Bombay vide its order dated April 29, 2011 which was filed with the Registrar of Companies on May 25, 2011.

The Parent Company has carried out the accounting treatment prescribed in the Scheme as approved by the Hon'ble High Court of Judicature at Bombay. Further, the Parent Company has also been legally advised that the said accounting treatment carried out in line with the Scheme approved by the Hon'ble Court of Judicature at Bombay is not in violation of any applicable rules and regulations.

Hence, in accordance with the Scheme

- The Parent Company has taken over all the assets aggregating to Rs. 1,887,775,120 and liabilities aggregating to Rs. 17,072,226 at their respective book values. The difference aggregating to Rs. 1,870,702,894 being the excess arising on transfer of assets and liabilities has been credited to General Reserve (arising pursuant to the Scheme).
- There is no consideration payable or receivable on implementation of the Scheme as the Scheme involves a wholly owned subsidiary. The entire issued, subscribed and paid up capital of SPIPL has been cancelled and no shares have been allotted or exchanged in lieu of the same.
- Investments in equity share capital of SPIPL amounting to Rs. 1,780,100,000 has been written off in the Profit and Loss Account of the Parent Company and an equivalent amount has been withdrawn from General Reserve vide board approval dated May 27, 2011 of the Parent Company to off-set the said write off and credited the same to Profit and Loss Account of the Parent Company.

Since SPIPL is a wholly owned subsidiary of the Parent Company, there is no impact on consolidated financial statements on account of the said merger as these transactions get eliminated in the consolidated financial statements.

#### 8. Employee Stock Option Scheme (ESOS)

Pursuant to the approval accorded by the Shareholders on September 30, 2007 under Section 81(1A) of the Companies Act, 1956, the Parent Company has administered and implemented Employee Stock Option Scheme (ESOS) in terms of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Guidelines). The Board of Directors of the Parent Company has constituted its ESOS compensation committee to operate and monitor the ESOS scheme which is administered through ESOS Trust.

The ESOS compensation committee of the Board of Directors of the Parent Company approved a grant of upto 20,000,000 stock options to the eligible employees of the Group on May 8, 2010. The options are granted to the employees of the Group on satisfying the performance and other eligibility criteria set out in ESOS Plan. In accordance with the ESOS scheme, each option entitles the employee to apply for one fully paid equity share of Rs.10 of the Parent Company at an exercise price of Rs.162 per share. The vesting period of options will commence on expiry of one year from the grant date and all the options granted shall vest immediately. The vested options can be exercised by the eligible employees over a period of nine years from the date of vesting.

The Group has opted for accounting the Compensation expenses under 'Intrinsic Value Method'. The closing market price of the Parent Company on the date of grant was Rs. 140.20 per share at National Stock Exchange (being latest trading price with highest trading volume). As the exercise price of the share is more than market price, the Group has not accounted for any compensation cost during the year. The Parent Company has advanced Rs. 1,400,010,000 (disclosed under Schedule 8 – Loans and Advances) to the ESOS trust for purchase of equity shares from the market. The ESOS trust has purchased 8,500,000 shares from the given advance.

The fair value of option granted was determined under Binomial Option Pricing –Hull & White Model. The details pertaining to number of options, weighted average price and assumptions considered for fair value are disclosed below:

Particulars	Option Details
Weighted average share price	Rs. 140.20
Exercise price	Rs.162.00
Expected volatility	41.88%

Notes to Abridged Consolidated Financial Statements

Particulars	Option Details
Weighted Average period of Option	7.25 years
Risk free interest rate	7.74%
Expected dividend	-
Fair value of option	Rs. 50.42
Opening balance of options	Nil
Options granted during the year	8,500,000
Vested during the year	Nil
Exercised during the year	Nil
Closing balance of options	8,500,000

The expected volatility was determined based on the volatility of the equity share for the period of one year prior to issue of the option.

Had the Group opted for accounting of Compensation cost under 'Fair value Method', Profit after tax would have been lower by Rs. 385,125,918 and Earnings per share (Basic and diluted) would have been Rs. 2.79.

**9. Project Status of Parent Company**

- The Parent Company is currently developing a 7,480 MW gas-fired power project to be located at the Dhirubhai Ambani Energy City in Dehra village, Dadri, Uttar Pradesh. The State of Uttar Pradesh in the year 2004 has acquired 2,100 acres of land and conveyed the same to the Parent Company in the year 2005. While the State is in the process of acquiring further 400 acres of land for the project, a few land owners have filed writ petitions before the Allahabad High Court challenging the acquisition process under the Land Acquisition Act, 1894 ("the Act"). The Allahabad High Court has disposed of the writ petitions upholding the Section 4 notification and directed compliance with certain procedures relating to land acquisition that were left out earlier by State Government. The Parent Company has filed appeal against the Allahabad High Court order which is now pending before Supreme Court. Few land owners also filed appeals/petitions before the Supreme Court challenging Allahabad High Court upholding Section 4 notification and alleging highhanded and forceful actions during the acquisition process, which are pending.
- The construction and other allied activities at Dadri project will be commenced as soon as the gas supply is firmed up and on settlement of land acquisition issues. Expenditure incurred during the construction and incidental to setting up the project are carried forward as "Capital Work in Progress". These expenses would be capitalised as fixed assets on completion of the project and commencement of commercial operations. Considering the current status and future plans with regard to the project, the Parent Company does not envisage provision for impairment as at the balance sheet date.

**10. Exchange differences on foreign currency monetary items**

- The Group has availed the option available with respect to accounting for exchange difference arising on long term foreign currency monetary items in the Companies (Accounting Standards) Amendment, Rules, 2009 vide notification dated March 31, 2009 from Ministry of Company Affairs. Due to exercise of the said option as explained in Note 1(e) above, the Group has adjusted the value of depreciable capital assets/capital work in progress by Rs. 262,890,704 (gain) [previous year Rs. 345,256,201 (gain)] towards the exchange difference arising on long term foreign currency monetary liabilities. The above amount includes Rs. 39,316,003 (previous year Rs.11,996,956) of exchange gain adjusted to the value of depreciable assets subsequent to capitalisation of capital expenditure on start of commercial operation of RPSC. The exchange difference would be depreciated over the remaining life of the assets.
- The exchange gain/loss arising on revaluation of FCCB (including its interest), being a liability other than on depreciable assets, has been fully amortised upto March 31, 2011. Accordingly, there is no unamortised balance of the same as at the year end in "Foreign Currency Monetary Item Translation Difference Account".

**11. Impact on acquisition of subsidiaries**

(Amount in ₹)

Name of the Company acquired during the Year	Impact on Goodwill / (Capital Reserve) on Consolidation	Effect on Group Profit after Minority Interest	Net effect on Group Net Assets as at March 31, 2011
RSTEPL	11,755	34,994,453	85,182,698
RCGL	18,755,030	(1,849,589)	(21,904,619)
BPL	40,471	14,522	574,051
SPIPL	111,855,175	202,458,069	-
DSPPL	76,430	(1,836)	121,734
RFRL	6,515,444	(43,444)	3,441,113
SBE	4,472,109	152,267	15,099,365
BBE	4,463,394	406,883	22,586,909
RPrima	40,102	2,285,248	1,484,650
ATPL	40,000	(3,037,033)	40,589,034
AMPL	40,000	(1,949,677)	3,703,396
PTS	1,886,266	(833,629)	8,259,536
Erstwhile RFL	56,286	-	-
SPIL	(104,991,222)	185,768,487	1,524,059,707
RNRL	(471,934,267)	(660,997)	533,972,406
RNRS	(203,782,591)	74,952,097	12,517,497,435



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#### 12. Security Clause

The details of security clause with respect to secured loans taken by subsidiaries are as follows:

**RPSC** (Rs. 35,227,476,223; Previous Year Rs. 20,391,602,944)

- First mortgage and charge of all the immovable properties, present and future.
- First charge by way of hypothecation of all movable properties and assets, present and future.
- First charge on operating cash flows, current assets, receivables and revenues, present and future.
- First charge on all intangible assets, present and future.
- First charge on all letter of credit, escrow accounts, trust and any other bank accounts.

**VIPL** (Rs. 6,525,716,195; Previous Year Rs. 264,500,000)

- First mortgage and charge of all the immovable properties, present and future.
- First charge by way of hypothecation of all movable properties and assets, present and future.
- First charge on operating cash flows, current assets, receivables and revenues, present and future.
- First charge on all intangible assets, present and future.
- First charge on all letter of credit, escrow accounts, trust and any other bank accounts.

**SPL** (Rs. 14,810,634,419; Previous Year Rs. 1,500,000,000)

- First mortgage and charge of 0.50 hectares of land comprised in Khasara no. 1357/2a in village Siddhi Kurd, District Singrauli, Madhya Pradesh, together with all buildings, erections and constructions of every description.
- First mortgage and charge of Plant and machinery, tangible and intangible moveable assets (both present and future), electrical systems, hardware, computer software, wiring, pipelines, tanks, electronics spares and machinery spares
- First mortgage and charge of rights, title, interest, benefit, claims and demands to the Power Project Insurance Contracts, all licenses, permits, approvals, assignments, concessions, consents and clearances.
- First mortgage and charge of rights, interest, claims and benefits in the accounts including, the Trust and Retention Account, all cash flows in the Accounts and all other assets and securities.
- First mortgage and charge on receivables including all insurance proceeds, book debts, all cash flows, all bills, whether documentary or clean, all cash in hand, all investments, book debts, uncalled capital.
- First mortgage and charge on goodwill and all estate, rights, title, interest, property, benefits, claims and demands whatsoever (both present and future) of the Company.

#### 13. Disclosure under Accounting Standard 15 (revised 2005) "Employee Benefits"

The Group has classified various employee benefits as under:

##### Defined contribution plans

- Provident fund
- Superannuation fund
- State defined contribution plans
  - Employees' Pension Scheme 1995

The provident fund and the state defined contribution plan are operated by the Regional provident fund commissioner and the superannuation fund is administered by the Trust. Under the schemes, the Group is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

The Group has recognised the following amounts in the Profit and Loss Account/Capital Work-in-Progress for the year:

(Amount in ₹)

Particulars	2010-11	2009-10
(a) Contribution to Provident fund	33,769,977	23,876,521
(b) Contribution to employees' superannuation fund	5,573,514	5,270,842
(c) Contribution to employees' pension scheme 1995	3,977,705	2,621,659

##### Defined Benefit Plans

- Gratuity
- Leave Encashment

Leave encashment is payable to eligible employees who have earned leaves, during the employment and/or on separation as per the Group policy.

Valuations in respect of gratuity and leave encashment have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

Particulars	Gratuity		Leave Encashment	
	2010-2011	2009-2010	2010-2011	2009-2010
Discount Rate (per annum)	8.25%	8.25%	8.25%	8.25%
Rate of increase in compensation levels	7.50%	7.50%	7.50%	7.50%
Rate of return on plan assets	8.25%	8.25%	8.25%	8.25%
Expected average remaining working lives of employees in no. of years	8 to 26	8 to 26	-	-

The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

Notes to Abridged Consolidated Financial Statements

		(Amount in ₹)			
Sr. No.	Particulars	Gratuity		Leave Encashment	
		2010-2011	2009-2010	2010-2011	2009-2010
(i)	<b>Changes in present value of obligation</b>				
	Opening balance of present value of obligation	30,546,754	18,242,216	32,207,628	17,452,635
	Liability on arrangement with RNRL (Refer Note 4 above)	2,841,130	-	5,256,673	-
	Liability on transfer of Employees within the Group (Net)	171,859	691,442	-	682,229
	Interest Cost	3,055,316	2,039,837	4,009,633	2,592,307
	Current Service Cost	10,493,333	9,119,082	20,084,840	17,824,290
	Actuarial (gains) /loss	5,285,273	454,177	(3,297,658)	(5,406,927)
	Benefits paid	(581,130)	-	(7,591,382)	(936,906)
	Closing balance of present value of obligation	51,812,535	30,546,754	50,669,734	32,207,628
(ii)	<b>Changes in fair value of plan assets</b>				
	Opening balance of present value of plan assets	37,006,229	17,758,883	1,327,364	-
	Plan asset on arrangement with RNRL (Refer Note 4 above)	2,443,235	-	-	-
	Assets on transfer of employees within the Group	636,553	54,889	-	-
	Employer's Contributions	15,780,000	12,245,000	7,147,962	936,906
	Expected return on plan assets	2,660,749	1,331,917	-	-
	Actuarial gains /(loss) on plan assets	(768,993)	334,259	-	-
	Benefits paid	(581,130)	-	(8,475,326)	(936,906)
	Contribution refund	(110,000)	-	-	-
	Closing balance of fair value of plan assets	57,066,643	31,724,948	-	-
	Plan assets pending transfer	(5,281,281)	5,281,281	-	1,327,364
	Closing balance of fair value of plan assets (including pending transfer)	51,785,362	37,006,229	-	1,327,364#
(iii)	<b>Percentage of each category of plan assets to total fair value of plan assets</b>				
	Administered by the Insurance Companies of the respective Companies Limited.	100%	100%	-	-
(iv)	<b>Reconciliation of present value of defined benefit obligations and the fair value of assets</b>				
	Closing balance of present value of obligation	51,812,535	30,546,754	50,669,733	32,207,627
	Closing balance of fair value of plan assets (including pending transfers)	51,785,362	37,006,229	-	1,327,364
	(Asset)*/Liability recognised in the Balance Sheet	27,173	(6,459,475)	50,669,733	30,880,263
(v)	<b>Amounts recognised in the Balance Sheet</b>				
	Closing balance of present value of obligation	51,812,535	30,546,754	50,669,733	32,207,627
	Closing balance of fair value of plan assets (including pending transfers)	51,785,362	37,006,229	-	1,327,364
	(Asset)*/Liability recognised in the Balance Sheet	27,173	(6,459,475)	50,669,733	30,880,263
(vi)	<b>Expenses recognised in the Profit and Loss /Capital work in progress</b>				
	Current service cost	10,493,333	9,119,082	20,084,840	17,824,290
	Interest cost	3,055,316	2,039,837	4,009,632	2,592,307
	Expected return on plan assets	(2,660,749)	(1,331,917)	-	-
	Excess provision written back	-	-	-	-
	Net actuarial (gain)/loss	6,054,266	119,919	(3,297,658)	(5,406,927)
	Total expenses recognised during the year	16,942,166	9,946,921	20,796,816	15,009,670
(vii)	<b>Expected Employers' Contribution for the next year</b>	13,803,199	7,970,000	-	-

# Recoverable from the Company from where employees have been transferred

\* Grouped under Schedule 8 in Advance recoverable in Cash or kind for value to be received.

(viii) Disclosure as required under Para 120 (n) of the Standard

		(Amount in ₹)							
Sr. No.	Particulars	2010-11		2009-10		2008-09		2007-2008	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
(i)	Present value of Defined benefit obligation	51,812,535	50,669,733	30,546,754	32,207,627	18,242,216	17,452,635	6,948,791	4,489,345
	Fair value of the plan assets	51,785,362	-	37,006,229	1,327,364	22,372,736	210,912	8,119,677	-

## Reliance Power Limited

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Sr. No.	Particulars	(Amount in ₹)							
		2010-11		2009-10		2008-09		2007-2008	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	(Surplus)/Deficit in the plan	27,173	50,669,733	(6,459,475)	30,880,263	(4,130,520)	17,241,723	(1,170,886)	4,489,345
(ii)	Experience Adjustments								
	On plan liabilities	5,285,273	(3,297,658)	(1,395,950)	(5,568,413)	3,263,861	6,851,893	-	-
	On plan assets	(768,993)	-	334,258	-	(2,971)	-	-	-
	Total experience adjustment	6,054,266	(3,297,658)	(1,061,692)	(5,568,413)	3,266,832	6,851,893	-	-

Since the Group had adopted AS - 15 (Revised) - "Employee Benefit" for the first time during the financial Year 2007-08, the disclosure for gratuity and leave encashment figures have been presented up to the financial year 2007-08.

#### 14. Related Party Transactions

As per Accounting Standard 18 'Related Party Disclosures' as prescribed by Companies (Accounting Standards) Rules, 2006, following are the Group's related parties with whom transactions have been done during the year

- |       |  |   |
|-------|--|---|
| (i)   | Major Investing Parties/Promoters having significant influence on the Group directly or indirectly : | <b>Companies</b><br>Reliance Infrastructure Limited (R Infra)<br>AAA Project Ventures Private Limited (APVPL)<br><b>Individual</b><br>Shri Anil D Ambani (Chairman)   |
| (ii)  | Key Managerial Personnel   | Shri K H Mankad, Whole Time Director (Upto March 13, 2011)<br>Shri J P Chalasani (Chief Executive Officer)<br>Shri Paresch Rathod, Manager  |
| (iii) | Enterprises over which individual described in clause (i) above have control                         | Reliance General Insurance Company Limited (RGICL)<br>Reliance Infocom Infrastructure Private Limited (RIIPL)<br>Reliance Communications Limited (R Com)<br>Reliance Communication Infrastructure Limited (RCIL)<br>Reliance Capital Limited (RCL)<br>Reliance Life Insurance Company Limited (RLICL) |
| (iv)  | Others   | BSES Kerala Power Limited (BKPL), subsidiary of R Infra   |

Particulars	(Amount in ₹)			
	Investing Parties/ Others described in clause (iv) above	Enterprise in which person described in clause (i) above has control	Person having control over the investing party/ Key Management Personnel	Total
<b>Transactions during the year:</b>				
<b>Remuneration to Key Managerial Personnel</b>				
- Shri K H Mankad	-	-	3,382,213	3,382,213
	-	-	4,780,856	4,780,856
- Shri J P Chalasani	-	-	16,392,060	16,392,060
	-	-	11,365,311	11,365,311
- Shri Paresch Rathod	-	-	1,022,470	1,022,470
	-	-	1,205,741	1,205,741
Sitting Fees				
- Shri Anil D Ambani	-	-	120,000	120,000
	-	-	100,000	100,000
<b>Bank Guarantees provided against tender or/for performance guarantee against Power Purchase Agreement</b>				
- R Infra	4,212,000,000	-	-	4,212,000,000
	465,000,000	-	-	465,000,000
<b>Operating Income</b>				
Fuel Handling and Service Charges				
- R Infra	282,533,541	-	-	282,533,541
	-	-	-	-
- BKPL	7,385,358	-	-	7,385,358
	-	-	-	-

## Notes to Abridged Consolidated Financial Statements

				(Amount in ₹)
Particulars	Investing Parties/ Others described in clause (iv) above	Enterprise in which person described in clause (i) above has control	Person having control over the investing party/ Key Management Personnel	Total
<b>Operating Expenditure</b>				
Fuel Handling and Service Charges				
- BKPL	4,113,096	-	-	4,113,096
	-	-	-	-
Purchase of Coal				
- R Infra	45,076,861	-	-	45,076,861
	-	-	-	-
<b>Advances given against EPC/other Contracts</b>				
- R Infra	40,419,936,184	-	-	40,419,936,184
	8,000,000,000	-	-	8,000,000,000
<b>Advances refunded against EPC Contract</b>				
- R Infra	12,938,000,000	-	-	12,938,000,000
	900,000,000	-	-	900,000,000
<b>Interest Income</b>				
- R Infra	-	-	-	-
	4,832,877	-	-	4,832,877
<b>Professional Fees, Rent and Reimbursement of Expenses /taxes paid</b>				
- R Infra	212,084,398	-	-	212,084,398
	69,957,583	-	-	69,957,583
- RCIL	-	205,302	-	205,302
	-	3,148,829	-	3,148,829
- RCL	-	242,646	-	242,646
	-	942,058	-	942,058
- RIIPPL	-	120,359,474	-	120,359,474
	-	110,454,651	-	110,454,651
- R Com	-	53,046	-	53,046
	-	-	-	-
<b>Reimbursement of Expenses Received</b>				
- R Infra	19,097,497	-	-	19,097,497
	6,401,659	-	-	6,401,659
- R Com	-	-	-	-
	-	2,480,347	-	2,480,347
<b>Assets purchased</b>				
- R Infra	-	-	-	-
	1,258,352	-	-	1,258,352
- RIIPPL	-	-	-	-
	-	4,294,160	-	4,294,160
- RCIL	-	-	-	-
	-	4,080,919	-	4,080,919
- R Com	-	8,232,505	-	8,232,505
	-	9,431,760	-	9,431,760
<b>Material and Services received</b>				
- R Infra	14,986,582,362	-	-	14,986,582,362
	2,181,402,631	-	-	2,181,402,631
- R Com	-	11,154,204	-	11,154,204
	-	25,874,013	-	25,874,013
<b>Insurance Premium</b>				
- RLICL	-	180,000	-	180,000
	-	-	-	-
- RGICL	-	85,271,548	-	85,271,548
	-	46,764,099	-	46,764,099
<b>Closing Balances</b>				
<b>Current Liabilities and Provisions</b>				
- R Infra	6,478,141,851	-	-	6,478,141,851
	192,380,852	-	-	192,380,852
- RCL	-	242,646	-	242,646
	-	2,833,946	-	2,833,946

## Reliance Power Limited

### Notes to Abridged Consolidated Financial Statements

(Amount in ₹)				
Particulars	Investing Parties/ Others described in clause (iv) above	Enterprise in which person described in clause (i) above has control	Person having control over the investing party/ Key Management Personnel	Total
- RGICL	-	-	-	-
- RIPL	-	14,436	-	14,436
- R Com	-	36,914,780	-	36,914,780
	-	32,642,858	-	32,642,858
	-	37,027,634	-	37,027,634
	-	25,873,430	-	25,873,430
<b>Retention payable towards EPC Contract</b>				
- R Infra	1,845,878,061	-	-	1,845,878,061
	306,776,411	-	-	306,776,411
<b>Advance against EPC and other contracts</b>				
- R Infra	65,107,455,593	-	-	65,107,455,593
	21,805,488,835	-	-	21,805,488,835
<b>Receivables</b>				
- R Infra	68,861,096	-	-	68,861,096
	3,768,508	-	-	3,768,508
- BKPL	3,275,912	-	-	3,275,912
	-	-	-	-
- RGICL	-	104,141	-	104,141
	-	-	-	-

Figures in italics are pertaining to Previous Year.

R Infra has given equity support undertakings to power procurers, that in the event of failure on the part of the Parent Company to invest, in full or in part, in respect of Sasan Ultra Mega Power Project (UMPP), Krishnapatnam UMPP and Tilaiya UMPP of the Group for setting up the respective projects and has also given funding support undertaking for cost overrun and equity support undertaking to financial institutions/banks in respect of Rosa Power Project, the amounts of which currently are not ascertainable.

R Infra has issued Keep Well Letter in favor of a bank, who in turn has issued letter of credit in favor of FCCB holders of the Parent Company, for which the Parent Company has incurred Rs. 3,215,114 towards keep well charges during the period October 15, 2010 to March 31, 2011.

The above disclosures do not include transactions with public utility service providers, viz, electricity, telecommunications, in the normal course of business.

#### 15. Earnings Per Share

Particulars	2010-2011	2009-2010
<b>Profit available to Equity Shareholders</b>		
Profit after Tax (A) (Rupees)	7,604,402,532	6,838,949,672
<b>Number of Equity Shares</b>		
Weighted Average Number of equity shares outstanding (B)	2,584,722,698	2,396,800,000
Basic and Diluted Earnings Per Share (A/B) (Rupees)	2.94	2.85
Nominal value of an Equity Share (Rupees)	10	10

The 4.928% Convertible Bonds (FCCBs) transferred to the Group pursuant to the Scheme (Refer Note 4 and 5 above) have an anti-dilutive effect to the earnings per share in the current period and hence are ignored for the purpose of computing diluted earnings per share.

#### 16. Segment Reporting

The Group operates in two business segments i.e. Power Generation and Associated Business Activities (termed as "Others"). Associated Business Activities includes project management, supervision and support services for generation and allied processes. Business segment have been identified as reportable primary segment in accordance with Accounting Standard 17 'Segment Reporting' as prescribed under Companies (Accounting Standards) Rules, 2006, taking into account the Group organisational and internal reporting structure as well as evaluation of risk and return for these segments. Segment reporting policies are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included as "un-allocable".

**Geographical Segments:** The Group's operations are predominantly confined within India and as such there are no reportable geographical segments.

## Notes to Abridged Consolidated Financial Statements

Information about Business Segments – Primary		₹					
Particulars		2010-2011			2009-10		
		Power Generation	Others	Unallocable	Eliminations	Total	Total
<b>Revenue</b>							
External Revenue	10,236,845,253	310,785,106	-	-	-	10,547,630,359	207,235,985
Inter Segment Revenue	-	53,000,000	-	(53,000,000)	-	-	-
Total Revenue	10,236,845,253	363,785,106	-	(53,000,000)	-	10,547,630,359	207,235,985
<b>Result</b>							
Segment Result	3,163,697,411	78,360,295	-	-	-	3,242,057,706	(96,480,211)
Corporate Income (Net of Corporate Expenses)	-	-	5,566,432,002	-	-	5,566,432,002	-
Interest and Finance Charges (Net of Interest Income)	-	-	(1,088,505,141)	-	-	(1,088,505,141)	-
Profit before taxation	3,163,697,411	78,360,295	4,477,926,861	-	-	7,719,984,567	(96,480,211)
Taxes*	-	-	115,582,035	-	-	115,582,035	-
Profit after tax	3,163,697,411	78,360,295	4,362,344,826	-	-	7,604,402,532	(96,480,211)
<b>Other Information</b>							
Segment Assets	172,927,206,374	121,993,903	85,864,080,745	-	-	258,913,281,022	92,990,647,567
Segment Liabilities	74,901,446,056	113,145,116	15,564,308,063	-	-	90,578,899,235	28,640,247,081
Capital Expenditure	70,890,888,287	-	544,355,600	-	-	71,435,243,887	40,912,512,723
Depreciation	996,977,897	-	11,826,888	-	-	1,008,804,785	51,590,407
Non Cash expenses other than Depreciation	-	-	256,615,155	-	-	256,615,155	-

\* The taxes disclosed above under unallocable also includes taxes from power generation segment.



## Reliance Power Limited

### Notes to Abridged Consolidated Financial Statements

17. RPSCL has started commercial operation of both the units of 300 mega watt each of Phase I of the project. As per the terms of the PPA, the Company had filed tariff petition with UPERC for the approval of tariff for five years. Based on the tariff application filed and other representation/ hearings, UPERC has approved the Company's tariff order for the five years starting from 2009-2010 on March 28, 2011. Accordingly, currently the billing and revenue recognition has been done considering the said order.
18. RPSCL is liable to pay entry tax on the goods specified in the schedule to the Uttar Pradesh tax on entry of goods into local areas Act, 2004 (as amended from time to time) (Entry tax), which is payable on a month to month basis. Based on the notification no. 1770 dated July 5, 2004 issued by the state government on Entry tax read in concurrence with the U.P. Power Policy 2003, RPSCL has deferred the payment of the said liability for seven years from the date of commercial operations.
19. RPSCL plans to claim deduction under section 80IA of the Income Tax Act, 1961. The deferred tax assets on account of unabsorbed depreciation and accumulated business losses are more than the deferred tax liability of Rs. 2,196,208,230, which is reversing after the tax holiday period, on account of timing difference in respect of depreciation charge as per the books and as per the Income Tax Act, 1961. RPSCL on consideration of principles of prudence and virtual certainty has not recognised the balance amount of deferred tax assets.
20. During the year, RPSCL has charged depreciation at the rate of 3.8% p.a. on the thermal generating assets i.e. Plant and Machinery block, based on the approval dated May 24, 2011 received from Ministry of Corporate Affairs, which is lower than the rates stipulated in the Schedule XIV of the Companies Act, 1956. Had RPSCL adopted the rate prescribed by Schedule XIV of the Companies Act, 1956, the depreciation charge for the year would have been higher by Rs. 361,616,158. However, there is no change in the management estimate of the useful life with regard to the said assets.
21. The Management has been legally advised that the Parent Company is considered to be established with the object of providing infrastructural facilities and accordingly, Section 372A of the Companies Act, 1956 is not applicable to the Parent Company.

#### 22. Operating Lease

Future minimum lease payments under non cancellable operating lease for the office premises are as under:-

Particulars	Lease Rental Debited to Profit and Loss Account (₹)	Future Minimum Lease Rentals (₹)			Period of Lease*
		Less Than 1 Year	Between 1 to 5 Years	More than 5 Years	
Noida office	11,124,961	11,209,889	934,157	-	48 months lease

\*The lease terms are renewable on a mutual consent of lessor and lessee. The lease rentals have been disclosed under the head "Rent expenses" under Schedule 14.

#### 23. Interest in Joint Venture Operations

Pursuant to the Composite Scheme of Arrangement (Scheme) (Refer Note 4 above), the interest of RNRL in the four Coal Bed Methane (CBM) blocks allotted by Ministry of Petroleum & Natural Gas (Mo PNG) to the consortium of RNRL along with M/s. Geopetrol International Inc. and Reliance Infrastructure Limited has been transferred to the Group. Similarly, the interest of RNRL in the oil and gas block allotted by Ministry of Petroleum & Natural Gas (Mo PNG) to the consortium of RNRL along with M/s. Geopetrol International Inc, Naftogaz India Private Limited and Reliance Infrastructure Limited has been transferred to the Group. During the period October 15, 2010 to March 31, 2011, the Group has accounted for Rs. 18,010,024 towards its share of expenditure on survey and prospecting activities.

Disclosure of the subsidiaries share in Joint Venture operations:-

Name of the Subsidiary	Name of the Field in Joint Venture	Location	Participating Interest (%)
Coastal Andhra Power Infrastructure Limited	SP (N) CBM-2005/III	Sohagpur, Madhya Pradesh	45
Atos Mercantile Private Limited	KG (E) CBM-2005/III	Kothagudem, Andhra Pradesh	45
Atos Trading Private Limited	BS (4) CBM-2005/III	Barmer, Rajasthan	45
Atos Trading Private Limited	BS (5) CBM-2005/III	Barmer, Rajasthan	45
Reliance Prima Limited	MZ-ONN-2004/2	Mizoram	10

The above joint ventures are unincorporated joint ventures carrying out controlled operations. Based on the statement of accounts of consortium, the subsidiaries have accounted for their share of assets, liabilities, income and expenditure of Joint Venture operations in which they holds a participating interest.

24. The Scheme of Amalgamation (Scheme) between RCGL (the transferee company), and Western Alliance Power Limited (WAPL) (the transferor company) has been sanctioned by the Hon'ble High Court of Judicature at Bombay vide its order dated April 8, 2011 and by the Hon'ble High Court of Gujarat at Ahmedabad vide its order dated March 22, 2011. The appointed date as per the Scheme is January 1, 2010 and will become effective upon filing the requisite forms with the Registrar of Companies (RoC). Since the requisite filing to RoC has not been done prior to approval of the financial statements, no effect of the same has been considered in the said consolidated financial statements.

**Notes to Abridged Consolidated Financial Statements**

**25. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006**

There are no Micro and Small Scale Business Enterprises, to whom the Group owes dues, which are outstanding for more than 45 days as at March 31, 2011. This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Group.

**26.** Pursuant to the exemption granted by the Ministry of Corporate Affairs, Government of India, the Parent Company is publishing the consolidated and standalone financial statements of Reliance Power Limited and its subsidiaries. The requisite financial information of subsidiaries have been furnished by the management as part of the annual report.

**27. Key Ratios**

Sr. No.	Particulars	2010-11	2009-10
1.	Total Income / Total Assets	0.08	0.05
2.	Net Profit before Interest and Tax / capital employed	0.04	0.04
3.	Return on Net worth %	4.52	4.73
4.	Net Profit / Total Income %	39.65	81.09

Note : Capital Employed includes Shareholder's funds and Debt funds; Net worth represents total Shareholder's funds.

**28.** (Note No. 27 – Schedule 16 of Consolidated Financial Statements)

Figures for the previous year have been regrouped / rearranged wherever considered necessary. Previous year figures are not comparable with that of the current year on account of the effects of the Schemes.

**As per our attached report of even date**

**For Price Waterhouse**

Chartered Accountants

Firm Registration No: 301112 E

**For Chaturvedi & Shah**

Chartered Accountants

Firm Registration No: 101720 W

**Partha Ghosh**

Partner

Membership No. 55913

**C D Lala**

Partner

Membership No. 35671

Place : Brussels

Date : May 27, 2011

Place : Mumbai

Date : May 27, 2011

**For and on behalf of the Board of Directors**

**Anil D Ambani**

Chairman

**S L Rao**

**J L Bajaj**

**Dr V K Chaturvedi**

} Directors

**J P Chalasani**

Chief Executive Officer

**Ramaswami Kalidas**

Company Secretary  
and Manager

Place : Mumbai

Date : May 27, 2011

# Reliance Power Limited

## Financial information of Subsidiary Companies

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### Financial information of Subsidiary Companies

Name of the Subsidiary	Share Capital incl. Share Appl. Money	Reserves and Surplus/ Profit and Loss (Debit Balance)	Total Assets (Fixed Assets + Current Assets + Deferred Tax Assets)	Total Liabilities (Debits + Current Liabilities + Deferred Tax Liabilities)	Investments	Turnover *	Profit/(Loss) before Taxation	Provision for Taxation Debited /(Credited) to Profit and Loss Account	Profit/(Loss) after Taxation
SPL	325,759,050	32,302,977,954	35,152,533,694	17,837,855,569	15,314,058,879	162,830,516	125,786,789	786,356	125,000,433
RPSCL	12,691,750,000	3,999,137,003	59,495,912,569	44,305,025,566	1,500,000,000	10,486,674,711	1,644,810,652	329,618,326	1,315,192,326
MEGL	77,634,011	499,373,058	586,163,523	12,616,644	3,460,190	984,189	(371,262)	-	(371,262)
VIPL	4,741,960,000	(32,658,327)	13,670,328,887	9,005,262,188	44,198,973	30,671,153	(7,737,235)	3,332	(7,740,567)
THPPL	36,100,000	507,388,754	328,768,270	23,129,443	237,849,927	15,177,519	15,148,331	410,000	14,738,331
SHPPL	1,123,350,000	1,230,208,401	1,358,367,391	15,808,989	-	2,262,443	2,231,725	(24,609,846)	26,841,571
USHPPL	12,418,020,000	1,018,644,302	13,499,930,920	10,866,850	45,403,232	21,647,336	21,646,316	1,253,770	20,392,546
KPPL	145,400,000	(1,360,510)	153,414,041	9,374,551	-	1,064	(510)	-	(510)
CAPL	9,006,720,000	9,824,617,215	24,352,951,088	5,521,879,704	265,831	24,541,942	13,481,630	3,710,864	9,770,766
RCRPL	609,134,620	(357,832,670)	59,415,623	25,629,923	217,516,250	233,959	(118,188,340)	(61,274)	(118,127,066)
RPS*	800,603	(2,687,432)	-	1,886,829	-	-	(709,757)	-	(709,757)
SPIL	500,000	290,759,707	116,111,846	2,732,844,426	2,907,992,287	130,627,515	130,507,463	3,923,204	126,584,259
MEGIL	5,000,000	97,818,565	59,146,650	806,328,085	850,000,000	142,360,848	74,036,801	1,204,936	72,831,865
AHPPL	378,400,000	(24,863)	378,732,416	357,279	-	-	(608)	-	(608)
EHPPL	351,400,000	(24,663)	351,673,147	297,810	-	-	(408)	-	(408)
MHPPL	240,400,000	(24,663)	240,664,875	289,538	-	-	(408)	-	(408)
JIPL	13,473,194	3,061,184,957	11,973,698,876	8,918,632,830	19,592,105	65,852,691	65,723,635	2,397,188	63,326,447
RCGL	500,000	(20,604,619)	2,100,743	71,801,408	49,596,046	2,274,966	(7,383,298)	6,204,955	(13,588,253)
RSTPL	22,100,000	2,212,982,698	2,173,713,298	3,614,191	64,983,591	35,483,591	35,029,453	35,000	34,994,453
DSPL	100,000	(78,266)	6,940,399	6,932,665	14,000	-	(1,836)	-	(1,836)
SGCPL	100,000	(22,767)	93,778	16,545	-	-	(22,767)	-	(22,767)
BPL	500,000	(25,949)	2,273,952	2,228,911	429,010	19,269	17,025	-	17,025
SMPL	500,000	(1,158,030)	8,406,026,707	8,406,694,737	10,000	1,000	(1,158,030)	-	(1,158,030)
RPrima	500,000	(2,325,350)	1,962,995	4,217,355	429,010	19,269	(2,281,876)	-	(2,281,876)
ATPL	100,000	36,983,899	41,984,213	4,900,314	-	-	(3,037,033)	-	(3,037,033)
AMPL	100,000	1,066,196	4,368,287	3,202,091	-	-	(1,949,677)	-	(1,949,677)
CAPIL	500,000	1,220,079,089	11,328,018	1,790,701,093	1,800,000,000	81,400,837	69,874,976	3,671,467	66,203,509
RNBV \$	217,516,250	9,067,881	767,589,357	725,587,568	184,582,342	23,376,904	9,067,881	-	9,067,881
PTH \$	92,617,604	(1,862,860)	71,533,568	148,609	19,369,785	-	(1,862,860)	-	(1,862,860)
PTA \$	92,705,604	(3,355,673)	64,067,066	1,307,773	26,590,638	-	(3,355,673)	-	(3,355,673)
RNRL	500,000	471,273,268	541,091,842	69,318,574	-	1,562,571,545	168,481,064	5,688,517	162,792,547
RFRL	10,000,000	(6,558,888)	88,072	27,575	3,380,615	74,993	(88,881)	-	(88,881)
RNRSL \$	12,278,502,157	2,507,704,888	3,711,500,352	124,002,918	8,941,775,210	116,762,398	115,958,162	-	115,958,162
RRPPL	100,000	(22,767)	100,000	22,767	-	-	(22,767)	-	(22,767)
RBPPL	100,000	(22,767)	93,778	16,545	-	-	(22,767)	-	(22,767)
RSRPPL	100,000	(22,767)	93,778	16,545	-	-	(22,767)	-	(22,767)
RCPPL	100,000	(22,767)	93,778	16,545	-	-	(22,767)	-	(22,767)
RTPL	100,000	(22,767)	93,778	16,545	-	-	(22,767)	-	(22,767)
RGTPL	100,000	(22,767)	93,778	16,545	-	-	(22,767)	-	(22,767)
RWPPL	100,000	(22,767)	101,520,298	101,443,065	-	-	(22,767)	-	(22,767)
RGPPPL	100,000	(22,767)	93,778	16,545	-	-	(22,767)	-	(22,767)
PTS \$	11,822,500	(2,719,894)	9,902,611	1,643,075	843,071	-	(833,629)	-	(833,629)
SBE @	24,943,745	(9,844,380)	15,451,835	352,470	-	350,903	152,267	-	152,267
BBE @	24,920,607	(2,333,698)	22,740,278	153,369	-	642,043	406,883	-	406,883

\*Represents other Income also

Dividend on Preference Shares issued by RNRSL proposed during the year Rs. 60,688,461 , there is no proposed dividend in other subsidiaries.

# Financial information is based on unaudited results and reporting currency is Euro

\$ Reporting currency is USD

@ Financial information is based on unaudited results and reporting currency is IDR

Exchange Rate as on March 31, 2011, 1 Euro = 63.24 INR; 1 USD= 44.65 INR; 1 IDR= 0.005 INR.

## ATTENDANCE SLIP

**Reliance Power Limited**Registered Office: H Block, 1<sup>st</sup> Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710

Please fill the Attendance Slip and hand it over at the entrance of the meeting venue

Joint shareholders may obtain additional Attendance Slip on request

DP. Id*	
---------	--

Client Id*	
------------	--

Regd. Folio No.	
-----------------	--

No. of Share(s) held	
----------------------	--

Name and Address of the Shareholder

I/We hereby record my /our presence at the **17<sup>th</sup> Annual General Meeting** of Reliance Power Limited held on Tuesday, September 27, 2011 at 2.00 p.m. or soon after the conclusion of the Annual General Meeting of Reliance Communications Limited convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020.

Signature of the shareholder or proxy

\*Applicable for investors holding share(s) in electronic form.

..... TEAR HERE .....

**Reliance Power Limited****PROXY FORM**Registered Office: H Block, 1<sup>st</sup> Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710

DP. Id*	
---------	--

Client Id*	
------------	--

Regd. Folio No.	
-----------------	--

No. of Share(s) held	
----------------------	--

I/We.....of  
 ..... in the district of ..... being a member/  
 members of Reliance Power Limited hereby appoint..... of  
 ..... in the district of .....  
 .....or failing him/her ..... of .....

in the district of ..... as my/our proxy to vote for me/us and on my/our behalf at the 17<sup>th</sup> Annual General Meeting of Reliance Power Limited held on Tuesday, September 27, 2011 at 2.00 p.m. or soon after the conclusion of the Annual General Meeting of Reliance Communications Limited convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020 or at any adjournment thereof.

Signed this.....day of.....2011.

\* Applicable for investors holding share(s) in electronic form.

Affix ₹ 1 revenue stamp
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- Note (1) The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.
- (2) Members holding shares under more than one folio may use photocopy of this Proxy Form for other folios. The Company shall provide additional forms on request.



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