

**13th Annual Report
2006 - 07**

Reliance Energy Generation Limited

Reliance Energy Generation Limited

NOTICE

Notice is hereby given that the Thirteenth **Annual General Meeting** of the Members of Reliance Energy Generation Limited will be held on Saturday, the 2nd day of June, 2007, at 3.00 p.m. at 3rd Floor, Reliance Energy Centre, Santa Cruz (E), Mumbai 400 055, to transact the following business:

ORDINARY BUSINESS :

1. To consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2007, the Balance sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Himanshu Agarwal, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :

“RESOLVED THAT Messers Dalal & Shah, Chartered Accountants, Mumbai be and are hereby appointed as a Statutory Auditors of the company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting of the Company on a remuneration to be fixed by the Board of Directors of the Company in addition to reimbursement of traveling and other out-of-pocket expenses.”

Special Business:

4. To consider and, if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution** :

“RESOLVED THAT Shri Rakesh Aggarwal, who was appointed as an Additional Director as per provisions of the Articles of Association of the company and who holds office up to this Annual General Meeting, and in respect of which the Company has received a notice under section 257 of the Companies Act, 1956, from a member signifying his intention to propose Shri Rakesh Aggarwal, as a candidate for the office of the Director, be and is hereby appointed Director of the Company liable to retire by rotation.”

Reliance Energy Generation Limited

4. To consider and, if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution** :

“RESOLVED THAT Shri Ashish Tambawala, who was appointed as an Additional Director as per provisions of the Articles of Association of the company and who holds office up to this Annual General Meeting, and in respect of which the Company has received a notice under section 257 of the Companies Act, 1956, from a member signifying his intention to propose Shri Ashish Tambawala, as a candidate for the office of the Director, be and is hereby appointed Director of the Company liable to retire by rotation.”

By Order of the Board
For Reliance Energy Generation Limited

Sd/-
S C Gupta
Director

Mumbai, April 12, 2007

Registered Office:
3rd Floor, Reliance Energy Centre
Santa Cruz (E)
Mumbai 400 055

Notes:

1. **A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member of the Company. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.**
2. The relative Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, setting out the material facts is annexed hereto.

Reliance Energy Generation Limited

ANNEXURE TO THE NOTICE

Explanatory Statement under section 173(2) of the Companies Act, 1956 to the accompanying notice

Item No. 4 - Appointment of Shri Rakesh Aggarwal, as Director

Shri Rakesh Aggarwal, was appointed as an Additional Director of the Company and holds office up to the date of this Annual General Meeting. Notice under section 257 of the Companies Act, 1956 has been received proposing Shri Rakesh Aggarwal, as a candidate for the office of the Director along with a Deposit of Rs.500 as required by law. The Board of Directors are also of the opinion that it would be in the interest of the Company to continue the association of Shri Rakesh Aggarwal, as Director of the Company.

The Resolution as set out in the Notice is therefore recommended for approval.

Except Shri Rakesh Aggarwal, no other Director of the Company is concerned or interested in the Resolution.

Item No. 5 - Appointment of Shri Ashish Tambawala, as Director

Shri Ashish Tambawala, was appointed as an Additional Director of the Company and holds office up to the date of this Annual General Meeting. Notice under section 257 of the Companies Act, 1956 has been received proposing Shri Ashish Tambawala, as a candidate for the office of the Director along with a Deposit of Rs.500 as required by law. The Board of Directors are also of the opinion that it would be in the interest of the Company to continue the association of Shri Ashish Tambawala, as Director of the Company.

The Resolution as set out in the Notice is therefore recommended for approval.

Except Shri Ashish Tambawala, no other Director of the Company is concerned or interested in the Resolution.

By Order of the Board
For Reliance Energy Generation Limited

Sd/-
S C Gupta
Director

Date : April 12, 2007

Registered Office:
3rd Floor, Reliance Energy Centre
Santa Cruz (E)
Mumbai 400 055

Reliance Energy Generation Limited

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the Annual Report and the audited accounts for the year ended March 31, 2007.

FINANCIAL RESULTS

The highlights of the financial results are as under :

(Rs in lakh)

Particulars	2006-07	2005-06
Total Income	225.26	-
Total Expenditure	171.06	11.13
Profit / (Loss) before Tax	54.20	(11.13)
Provision for Taxation (Fringe Benefits Tax)	(38.00)	(1.65)
Net Profit/ (Loss) after tax	16.19	(12.78)
Balance of loss brought forward from previous year	(14.61)	(1.82)
Balance carried to Balance Sheet	1.59	(14.60)

PROJECTS/ OPERATIONS

During the year under review, the company acquired all the shares of Rosa Power Supply Co Ltd (RPSCL). RPSCL is implementing the 1,200 MW coal based power plant at District Shahjahanpur in Uttar Pradesh. This company has tied up the financing for the first phase of the project (600 MW) and commenced the construction work at site.

Another affiliate, Maharashtra Energy Generation Limited, would be implementing the 4,000 MW power plant at Shahapur in Maharashtra for which a memorandum of understanding had been entered into with the Government of Maharashtra. The project is currently under advance stage of development. Land for the project is in process of acquisition and clearances including consent to establish from Maharashtra State Pollution Control Board (MPCB) has been received for the project.

The 7,480 MW gas based project at Dhirubhai Ambani Energy City, Dadri in Uttar Pradesh has obtained all the major statutory clearances of the central and state governments. The company has made considerable progress in the selection of EPC contractors.

The company has also been participating in bidding for various ultra mega power projects being conducted by the Government of India. The company has submitted proposals for sale of long term power and has been qualified to submit final proposals in several states throughout the country. The company along with its affiliate has submitted applications to Ministry of Coal, Govt of India for 8 coal blocks for its proposed power generation projects.

During the year,, the company signed a Joint Communique with Govt of Orissa to set up a 12000 MW coal based pit head power project at Hirma in Distt Jharsuguda in Orissa. The company has prepared a Detailed Project report for the project.

DIVIDEND

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

FIXED DEPOSITS

The Company has not accepted any deposit from the public.

DIRECTORS

During the year, Shri S C Manocha, resigned as a Director with effect from 30th October, 2006. Shri Rakesh Aggarwal and Shri Ashish Tambawala, were appointed as Additional Directors with effect from 30th October, 2006. They hold office upto the date of the ensuing Annual General Meeting and are eligible for appointment. The Company has received notices under Section 257 of the Companies Act 1956 proposing the appointment of Shri Rakesh Aggarwal and Shri Ashish Tambawala, as Directors liable to retirement by rotation. Shri Himanshu Agarwal retires by rotation and being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. in the preparation of the accounts for the year ended 31st March, 2007, the applicable accounting standards have been followed;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the company for that period;
- iii. the Directors have 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;
- iv. the Directors have prepared the accounts for the year ended 31st March, 2007 on a 'going concern' basis.

AUDITORS

The statutory auditors M/s Dalal & Shah, Chartered Accountants retire at the conclusion of the next Annual General Meeting. The Company has received a letter from them to the effect that their appointment, if made, at the ensuing Annual General Meeting would be within the limits prescribed under section 224 (1-B) of the Companies Act, 1956 and also that they are not otherwise disqualified, within the meaning of sub section (3) of section 226 of the Companies Act, 1956 for such re-appointment.

AUDITOR'S REPORT

The observations made in the Auditors Report by the Auditor are self explanatory and therefore, do not call for any further comments on the auditors Report under Section 217 of the Companies Act, 1956.

SUBSIDIARY

In November 2006, the Company acquired 100% shareholding in Rosa Power Supply Company Limited. The acquired company, thus become the wholly owned subsidiary of the Company.

Pursuant to the provisions of section 212 of the Companies Act, 1956, copy of the balance sheet, profit and loss account, reports of the Board of Directors and Auditors of Rosa Power Supply Company Limited, are attached herewith.

PERSONNEL

The Company has not paid any remuneration attracting the provisions of the Companies (Particulars of Employees) Rules, 1975 read with Section 217(2A) of the Companies Act, 1956. Hence, no information is required to be appended to this report in this regard.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information regarding conservation of energy and technology absorption pursuant to the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 are not furnished as the same are not applicable. During the year under review, the Company has utilized foreign exchange equivalent to Rs. 34,36,219 there was no foreign exchange earnings.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for the continued support and co-operation of the shareholders and various Regulatory and Government authorities.

On behalf of the Board of Directors.

Sd/-
S C Gupta
Chairman

Place: Mumbai
Date: April 12, 2007

RELIANCE ENERGY GENERATION LIMITED

REPORT OF THE AUDITOR TO THE MEMBERS

We have audited the attached Balance Sheet of RELIANCE ENERGY GENERATION LIMITED as at 31st March, 2007 and the annexed Profit and Loss Account for the year ended on that date. 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.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:
 - (i) 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;
 - (ii) 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 the books of the Company;
 - (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account of the Company;
 - (iv) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

- (v) Based on the representations made by the Directors and taken on record by the Board of Directors of the Company and the information and explanations given to us, none of the Directors is, as at 31st March, 2007, prima-facie disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007; and
- (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.

For and on behalf of
DALAL & SHAH
Chartered Accountants

Sd/-
Ashish Dalal
Partner

Membership No. 33596

Mumbai: 12th April, 2007

ASD:KP

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2007 OF RELIANCE ENERGY GENERATION LIMITED

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:-

- i. (a) The Company has generally maintained proper records showing particulars, including quantitative details and situation of fixed assets;
- (b) As explained to us, the fixed assets have been physically verified by the management at intervals, which, in our opinion, are reasonable, looking to the size of the Company and the nature of its business. According to the information and explanations given to us, no discrepancies were noticed on such physical verification as compared to book records;
- (c) The Company has not disposed off any fixed asset during the year;
- ii. The Company did not hold any inventory during the year;
- iii.(a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956;
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956;
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and rendering of services. There was no purchase of inventory or sale of goods during the year. During the course of our audit, no major weakness in internal controls has come to our notice;
- v. On the basis of the audit procedures performed by us, and according to the information, explanations and representations given to us, we are of the opinion that, there were no contracts or arrangements in which directors were interested as contemplated under Section 297 and Section 299 of the Companies Act, 1956;
- vi. The Company has not accepted any deposits from the public during the year;

- vii. The Central Government has prescribed for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956. However, the Company's project is under implementation stage;
- viii.(a) According to the records of the Company, it has been generally regular in depositing undisputed dues including Provident Fund, Income Tax, Sales Tax and other statutory dues with the appropriate authorities. Looking to the activities being carried on by the Company at present, there were no dues towards Investor Education and Protection Fund, Employees State Insurance, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess ;
- (b) On the basis of our examination of the documents and records, and the information and explanations given to us, there were no disputed dues in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess;
- ix. The accumulated losses of the Company, at the end of the current financial year, are not more than fifty percent of its net worth. The Company has incurred cash losses in the current financial year and also in the immediately preceding financial year;
- x. The Company did not have any amounts due to any bank or financial institution or debenture holder during the year;
- xi. As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities;
- xii. In respect of investments dealt by the Company, proper records have been maintained in respect of the transactions and timely entries have been made therein. All the investments were held by the Company in its own name;
- xiii. According to the information and explanations given to us, and the representations made by the management, the Company has not given any guarantee for loans taken by others from banks or financial institutions;
- xiv. On the basis of the records examined by us, the Company has not taken any term loans during the year;
- xv. According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company, we are of the opinion that, prima facie short term funds have not been used for long term purposes;
- xvi. The Company has, during the year, not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301;

- xvii. On the basis of the records examined by us, the Company has not issued any debentures during the year;
- xviii. The Company has not raised any money by public issue, during the year;
- xix. According to the information and explanations given to us, and to the best of our knowledge and belief, no fraud on or by the Company, has been noticed or reported by the Company during the year ;

Looking to the nature of activities being carried on, at present, by the Company and also considering the nature of the matters referred to in the various clauses of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, Clauses (ii)(b), (ii)(c), (iii)(b), (iii)(c), (iii)(d), (iii)(f), (iii)(g), (v)(b), (vii) and (xiii) of paragraph 4 of the aforesaid Order, are, in our opinion, not applicable to the Company.

For and on behalf of
DALAL & SHAH
Chartered Accountants

Sd/-
Ashish Dalal
Partner

Membership No. 33596

Mumbai: 12th April, 2007

ASD:KP

RELIANCE ENERGY GENERATION LIMITED

BALANCE SHEET AS AT 31ST MARCH 2007

	Sch. No.	AS AT 31st March 2007		AS AT 31st March 2006	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds:	A				
Share Capital			2,000,400,000		500,000
Advance received against future issue of Shares			-		1,023,610,000
Profit & Loss Account (Credit Balance)			159,046		-
TOTAL			2,000,559,046		1,024,110,000
APPLICATION OF FUNDS					
Fixed Assets:	B				
Gross Block		672,741,373		667,668,215	
Less: Accumulated Depreciation		10,044,303		7,604,844	
Net Block			662,697,070		660,063,371
Capital Work in Progress (Including Advances on Capital account)			359,698,794		282,132,823
Expenditure during construction period, pending allocation / capitalisation	C		175,976,814		76,427,505
Investments	D		412,830,940		112,000
Current Assets, Loans and Advances:	E				
Balance with Scheduled Banks		7,749,841		5,848,702	
Sundry Debtors		22,500,000		-	
Loans And Advances		406,839,417		3,500,118	
		437,089,258		9,348,820	
Less:	F				
Current Liabilities and Provisions:					
Current Liabilities		35,282,380		5,270,305	
Provisions	12,451,450		165,000		
Net Current Assets			47,733,830		5,435,305
			389,355,428		3,913,515
Profit and Loss Account (Debit Balance)			-		1,460,786
TOTAL			2,000,559,046		1,024,110,000
Notes forming part of the Accounts	I				

As per our attached report of even date
For and on behalf of
Dalal & Shah
Chartered Accountants

sd/-
Ashish Dalal
Partner

Mumbai:
Dated: 12th April 2007

For and on behalf of the Board

Sd/-
K H Mankad
Company Secretary

Mumbai:
Dated: 12th April 2007

sd/-
S C Gupta
Director

sd/-
Ashish Tambawala
Director

RELIANCE ENERGY GENERATION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007

	Sch. No.	Year Ended 31/3/2007 Rs.	Year Ended 31/3/2006 Rs.
<u>INCOME:</u>			
Income from Services		22,500,000	-
Other Income	G	26,028	
TOTAL		22,526,028	-
<u>EXPENDITURE:</u>			
Filing Fees and Stamp Duty		5,997,225	1,000
Bank / Corporate Guarantee Charges		8,215,348	-
Employee Cost, Administrative & General Expenses	H	2,893,623	1,112,428
TOTAL		17,106,196	1,113,428
Net Profit / (Loss) before Tax		5,419,832	(1,113,428)
Provision for Taxation			
Current Tax		(3,800,000)	-
Fringe Benefits Tax		-	(165,000)
Net Profit / (Loss) after Tax		1,619,832	(1,278,428)
Balance of loss brought forward from previous year		(1,460,786)	(182,358)
Balance carried to Balance Sheet		159,046	(1,460,786)
Basic and diluted earnings per share (Face Value of Rs 10 per share)		0.01	(25.57)
Notes forming part of the Accounts	I		

As per our attached report of even date
For and on behalf of
Dalal & Shah
Chartered Accountants

For and on behalf of the Board

sd/-
S C Gupta
Director

sd/-
Ashish Dalal
Partner
Mumbai:
Dated: 12th April 2007

sd/-
K H Mankad
Company Secretary
Mumbai:
Dated: 12th April 2007

sd/-
Ashish Tambawala
Director

RELIANCE ENERGY GENERATION LIMITED

Schedules A to I annexed to and forming part of the Balance Sheet as at and the Profit and Loss Account for the year ended 31st March, 2007.

SCHEDULE A : SHARE CAPITAL

Particulars	As at 31-03-2007	As at 31-03-2006
	Rs.	Rs.
Authorised :		
1,00,00,00,000 (P.Y. 2,50,000) Equity Shares of Rs.10 each	10,000,000,000	2,500,000
	10,000,000,000	2,500,000
Issued :		
1,00,00,00,000 (P.Y. 50,000) Equity Shares of Rs.10 each	10,000,000,000	5,00,000
Subscribed and Paid up :		
50,000 (P.Y. 50,000) Equity Shares of Rs. 10 each, fully paid-up	500,000	500,000
99,99,50,000 (P.Y. Nil) Equity Shares of Rs 10 each, Rs 2 paid up	1,999,900,000	
TOTAL	2,000,400,000	500,000

RELIANCE ENERGY GENERATION LIMITED

SCHEDULE B : FIXED ASSETS

(Rs.)

FIXED ASSETS	Gross Block (at cost)				Depreciation				Net Block	
	As at 1.4.2006	Additions	Deductions	As at 31.3.2007	Upto 1.4.2006	For the year	On Deduc- tions	Upto 31.3.2007	As at 31.3.2007	As at 31.3.2006
A. Assets:										
Free Hold Land	659,095,913	-	-	659,095,913	-	-	-	-	659,095,913	659,095,913
Plant & Machinery		2,672,299	-	2,672,299		31,156	-	31,156	2,641,143	-
Building	7,584,777	2,193,172	-	9,777,949	7,441,706	2,195,547	-	9,637,253	140,696	143,071
Furniture, Fixtures and Office Equipment	327,303	207,687	-	534,990	31,008	105,734	-	136,742	398,248	296,295
Computers	660,222	-	-	660,222	132,130	107,022	-	239,152	421,070	528,092
Total	667,668,215	5,073,158	-	672,741,373	7,604,844	2,439,459	-	10,044,303	662,697,070	660,063,371
Previous Year	3,011,975	664,656,240	-	667,668,215	1,934,307	5,670,537	-	7,604,844	660,063,371	-
B. Capital Work in Progress (Including advances on capital account)									359,698,794	282,132,823

RELIANCE ENERGY GENERATION LIMITED

SCHEDULE C : EXPENDITURE DURING CONSTRUCTION PERIOD, PENDING ALLOCATION / CAPITALISATION

Particulars	As at 31-03-2006	Incurred during the Year	As at 31-03-2007
	Rs.	Rs.	Rs.
Advertisement Expenses	302,060	98,736	400,796
Travelling Expenses	1,979,694	1,745,781	3,725,475
Consultancy Charges	27,991,572	9,032,165	37,023,737
General Expenses	9,001,053	7,178,049	16,179,102
Staff Cost	2,023,029	27,914,259	29,937,288
Bank Charges	293,042	466,369	759,411
Books and Periodicals	822,461	55,078	877,539
Car Hire Charges	322,586	829,398	1,151,984
Conveyance Expenses	69,773	-	69,773
Hotel Expenses	254,272	43,983	298,255
Insurance Expenses	107,723	-	107,723
Printing and Stationery	566,349	23,503	589,852
Professional Fees	24,288,908	11,201,949	35,490,857
Project Finance Expenses	1,729,647	-	1,729,647
Repairs	18,000	8,892	26,892
Security Expenses	96,660	4,195,278	4,291,938
Seminar Expenses	148,600	23,750	172,350
Software Expenses	1,838,205	-	1,838,205
Taxi Hire Charges	403,164	-	403,164
Telephone Expenses	79,258	42,085	121,343
Testing and Data Collection Charges	731,412	167,434	898,846
Xerox Charges	187,403	12,142	199,545
Electricity Expenses	228,524	401,218	629,742
Depreciation	7,604,844	2,439,460	10,044,304
Community Development	-	65,000	65,000
Water Charges	-	27,659	27,659
Membership Fees	-	500,000	500,000
License Fees	-	322,425	322,425
Land Expenses	-	144,365	144,365
House Keeping & Communication Expenses	-	347,711	347,711
Hire Charges	-	390,200	390,200
Market reserch & Fesability study	-	6,958,880	6,958,880
Food & Tent Expenses	-	7,249,693	7,249,693
Diesel Expenses	-	974,128	974,128
Filing Fees and Stamp Duty	-	18,947,275	18,947,275
Fringe Benefit Tax	-	958,138	958,138
Bank / Corporate Guarantee Charges	-	7,902,247	7,902,247
Less: Tender fees received	(4,660,734)	-	(4,660,734)
Less: Profit on Sale of Investments (net of tax Rs 57,00,000/-)	-	(11,117,941)	(11,117,941)
TOTAL	76,427,505	99,549,309	175,976,814

RELIANCE ENERGY GENERATION LIMITED

SCHEDULE D : INVESTMENTS

Particulars	As at 31-03-2007	As at 31-03-2006
	Rs.	Rs.
Long Term Investments (at cost)		
Unquoted Investment (Equity Shares, fully paid-up)		
Subsidiary - Trade		
Nos.		
51300 Rosa Power Supply Company Limited	513,000	-
Others - Non Trade		
4950 Reliance Assam Petrochemicals Pvt. Ltd. of Rs.10/- each (4950)	49,500	49,500
1700 Reliance Bhavnagar Power Pvt. Ltd. of Rs. 10/- each (1700)	17,000	17,000
950 Reliance Petroleum Retail Pvt. Ltd.of Rs. 10/- each (950)	9,500	9,500
1700 Reliance Jamangar Power Pvt.Ltd. of Rs. 10/- each (1700)	17,000	17,000
950 Reliance Technologies Pvt. Ltd. of Rs. 10/- each (950)	9,500	9,500
950 Wind River Farms Pvt. Ltd. of Rs.10/- each (950)	9,500	9,500
	112,000	112,000
Less: Diminution in Value of Investments	(112,000)	-
	-	112,000
Current Investments (at cost)		
Unquoted Investment - Non Trade		
23933707 Reliance Liquid Fund - Treasury Plan - Institutional Option - Growth Option - Growth Plan (NAV Rs 18.2001 per unit) (Refer Note 2 of Schedule I)	412,317,940	-
TOTAL	412,830,940	112,000
During the year Company acquired and sold during the year:		
	Nos.	Amount
Reliance Liquid Fund - Treasury Plan - Institutional Option - Growth Option - Growth Plan	31,210,684	537,682,060

RELIANCE ENERGY GENERATION LIMITED

SCHEDULE E : CURRENT ASSETS, LOANS AND ADVANCES

Particulars	As at 31-03-2007	As at 31-03-2006
	Rs.	Rs.
(i) Current Assets		
Bank Balances		
Balances with Scheduled Banks (Refer Note 2 of Schedule I)		
in Current Accounts	7,249,841	5,848,702
in Fixed Deposit Account	500,000	-
<i>(lien for issue of bank guarantee)</i>		
	7,749,841	5,848,702
(ii) Sundry Debtors (Unsecured considered good)		
Outstanding for less than six months	22,500,000	-
	22,500,000	-
(iii) Loans and Advances (Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received		
Advance Application Money Paid for Subsidiary	397,201,188	-
Advance for Expenses	2,896,612	3,332,118
Advance Income Tax	5,600,000	-
Advance Fringe Benefits Tax	1,015,000	153,000
Accrued Interest on Fixed Deposit	11,617	-
Deposit	115,000	15,000
	406,839,417	3,500,118
TOTAL	437,089,258	9,348,820

SCHEDULE F : CURRENT LIABILITIES AND PROVISIONS

Particulars	As at 31-03-2007	As at 31-03-2006
(i) Current Liabilities		
Sundry Creditors (Other than micro and Small Scale Enterprises)	30,218,969	4,312,827
Other Liabilities	5,063,411	957,478
	35,282,380	5,270,305
(ii) Provisions		
for Income Tax	9,500,000	-
for Fringe Benefits Tax	1,123,138	165,000
For Employees Benefit	1,828,312	-
	12,451,450	165,000
TOTAL	47,733,830	5,435,305

RELIANCE ENERGY GENERATION LIMITED

SCHEDULE G : OTHER INCOME

Particulars	As at 31-03-2007	As at 31-03-2006
	Rs.	Rs.
Bank Interest	11,617	-
Misc Income	14,411	-
TOTAL	26,028	-

SCHEDULE H : EMPLOYEES COST , ADMINISTRATIVE & GENERAL EXPENSES

Particulars	As at 31-03-2007	As at 31-03-2006
(i) Employees Cost		
Salaries etc.	2,402,964	-
Provident funds and Others	133,950	-
	2,536,914	-
(ii) Administrative & General Expenses		
Tender Expenses	130,000	1,004,408
Audit Fees	67,344	67,344
Diminution in Value of Long Term Investments	112,000	-
Miscellaneous Expenses	47,365	40,676
	356,709	1,112,428
TOTAL	2,893,623	1,112,428

RELIANCE ENERGY GENERATION LIMITED

Schedule 'I'

Notes to Accounts

1. Significant Accounting Policies

a) General

The financial statements are prepared under historical cost convention, on accrual basis of accounting, and in accordance with the provisions of Companies Act, 1956 and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

The Company follows the mercantile system of accounting and recognises all significant items of income and expenditure on accrual basis.

c) Foreign Currency Transactions:

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transactions. Gains and losses, if any, at the year-end in respect of monetary assets and monetary liabilities not covered by the forward contracts are recognised in the Profit and Loss Account. Premium in respect of forward contracts, if any, is accounted over the period of the contract.

d) Fixed Assets:

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.

e) Depreciation:

Depreciation is provided on the straight line method, at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

f) Taxation:

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 realized 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 realized in future. Provision for Fringe Benefits Tax is made on the Fringe Benefits provided / deemed to have been provided during the year at the rate and the values applicable to the relevant assessment year.

g) Investments

Long- term investments are stated at cost. In case of long term investments, provision/ write down is made for permanent diminution in value. Current investments are valued at lower of cost or fair value.

h) 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.

i) Expenditure during Construction Period:

In case of New Projects expenditure incurred during pre operating and development stages of the new projects are carried forward under the head "Expenditure during construction period pending allocation / Capitalisation" after considering the commercial viability and technical feasibility. Pre operative income earned upto project completion date, is adjusted / reduced from the cost of fixed assets.

j) Retirement Benefits:

Company's contribution to provident fund and superannuation fund are charged to the Profit and Loss Account. Gratuity and leave encashment are charged to the Profit and Loss Account on the basis of actuarial valuation.

2. Funds Pending Utilisation out of money raised during the year are deployed in Mutual Funds Investments Rs.412,317,941/- and in Bank Balance with Schedule Banks Rs.7,749,841/-.

3. The Company is in the process of setting up a 5,600 MW gas-based power plant for the generation of electricity near Dadri in the State of Uttar Pradesh, about 50 kms from New Delhi.

4. **Expenditure in Foreign Currency:**

Professional and Consultation fees Rs.34,36,219 /- (2005-06 Rs. 2,39,87,850/-)

5. The expenses incurred for the projects are accumulated under the head "Expenditure during construction, Pending allocation / Capitalisation".

6. Capital Commitments:

Estimated Amount of contracts remaining unexecuted on capital account and not provided (net of advances) is Rs. 903.38 Lac (2005-06 Rs. 70.23 Lac)

7. Earnings Per share	2006-07	2005-06
	(Rs.)	(Rs.)
Net Profit / (Loss) after tax	16,19,832	12,78,428
Weighted Average number of Equity shares (Face value of Rs 10 each)	16,00,18,658	50,000
Basic earnings per equity share	0.01	(25.57)
Diluted earnings per equity share	0.01	(25.57)

8. The Company has allotted during the year 99,99,50,000 Equity shares of Rs 10/- each (paid up value Rs 2/- per shares) on a preferential basis to the body corporates.

9. There is no charge / credit on account of Deferred Tax Asset /Liability to be recognised during the year.

10. The Previous year's figures have been regrouped and recast wherever necessary to bring them in line with the current year's figures.

As per our report of even date attached
For and on behalf of
Dalal & Shah
Chartered Accountants

For and on behalf of the Board

Sd/-
S C Gupta
Director

Sd/-
Ashish Tambawala
Director

Sd/-
Ashish Dalal
Partner

Sd/-
K H Mankad
Company Secretary

Mumbai:
Date: 12th April 2007

Mumbai:
Date: 12th April 2007

RELIANCE ENERGY GENERATION LIMITED

Balance sheet abstract and company's general business profit as per Part IV of Schedule VI to the Companies Act, 1956

I. Registration Details

Registration No.	99105
State	11
Balance Sheet Date	31-03-2007

II. Capital raised during the year (Amount in Rs.Thousands)

Public issue	Nil	Rights Issue	Nil
Bonus issue	Nil	Private Placement	199,00,00,000

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.)

Total Liabilities	2,000,559,046	Total Assets	2,000,559,046
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Sources of Funds

Paid-up Capital	2,000,400,000
Profit & Loss Account	159,046

Secured Loans	Nil
Unsecured Loan	Nil

Application of Funds

Net Fixed assets	1,022,395,864
Expenditure during construction, Pending allocation/ Capitalisation	175,976,814
Investments	412,830,940
Net Current Assets	389,355,428
Miscellaneous expenditure	Nil
Accumulated Losses	Nil

IV. Performance of the Company (Amount in Rs.)

Turnover	22,526,028	Total Expenditure	17,106,196
Profit before Tax	5,419,832	Profit after Tax	159,046
Earnings Per Share in Rs.	0.01	Dividend Rate %	Nil

V. Generic Names of Three Principal Products/Services of Company

Generation of Power on Commencement of Project.

For and on behalf of the Board

sd/-
S C Gpta
Director

sd/-
Ashish Tambawala
Director

sd/-
K H Mankad
Company Secretary

Mumbai:
Date: 12th April 2007