

**RELIANCE** Power  
Anil Dhirubhai Ambani Group

**Annual Report**  
2007-08



## Profile

Reliance Power Limited (RPower) is part of the Reliance Anil Dhirubhai Ambani Group, India's second largest business house.

RPower is engaged in the development, construction and operation of power generation projects with a combined planned installed capacity of over 28,200 MW, the largest portfolio of private power generation assets under development.

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

Our projects are diverse in geographic location, fuel source and off-take.

RPower strongly believes in Clean Green Power and our projects 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

Letter to Shareowners



**"Growth has no limit. I keep revising my vision. Only when you dream it, you can do it."**

- Dhirubhai H. Ambani

**My dear fellow shareowners,**

It gives me immense pleasure to welcome you all, the world's largest shareholder family. It is a family that comprises over 4 million retail and nearly 500 overseas and domestic institutional investors.

I wish to thank you, the investor fraternity, for your overwhelming support to the initial public offering (IPO) of the company. This support, unprecedented in the history of corporate India, reflects the trust and confidence that millions of investors have reposed in the performance and execution capabilities of the Reliance Anil Dhirubhai Ambani Group.

I assure you that we would do our utmost to live up to expectations, deliver quality in all our operations and strive to increase shareholder wealth.

Reliance Power has a net worth of nearly Rs. 14,000 crore (over US\$ 3.5 billion) - among the top 5 private sector companies in India on this parameter.

**Power Sector**

As the Indian economy enters a new and higher growth phase, ensuring adequate power at a competitive price has emerged as one of the key challenges. Despite the renewed recent focus on raising the generation capacity, the gap between supply and demand has continued to widen.

The seriousness of the situation is further evident in the fact that per capita consumption of energy in India remains extremely low in comparison to most other parts of the world. According to the World Energy Outlook, 2006, over 400 million people in India do not have access to electricity.

While we must aim at adding new capacity, there is also a pressing need to strengthen transmission, and substantially reform the distribution networks. Other issues that require urgent attention include continued techno-commercial losses, waste and inefficient usage, deficient rural electrification and imbalanced tariff structures.

The Government of India has identified power as a key infrastructural bottleneck in the way of sustained industrial growth. It has embarked on an ambitious mission - "Power for All by 2012" - backed by extensive reforms to make the power sector more attractive to private sector investment.

In line with the targets set by the government, a comprehensive, integrated development strategy for the power sector has been prepared, keeping in mind the following objectives :

- Generate adequate power to sustain long-term GDP growth rate of 8 per cent
- Improve significantly the quality and reliability of power

- Ensure availability of power at competitive rates and
- Safeguard commercial viability of power industry to make it attractive for private sector participation

The outlook for the sector appears promising as many of the policy initiatives have started to show results.

The prevailing and expected demand and supply imbalance in India presents significant opportunities in the power sector. To capitalize on this, the Company is currently engaged in developing 13 medium and large-sized power projects with a combined planned installed capacity of over 28,200 MW, one of the largest portfolios of power generation assets under development in India.

Encompassing diversity in geographical location, fuel type, fuel source and off-take, each project is planned to be strategically located near a source of fuel supply, or load center. These projects include two ultra mega power projects, to be executed at Sasan in Madhya Pradesh and Krishnapatnam in Andhra Pradesh respectively, each with a capacity of about 4,000 MW. We are confident that the successful implementation of these projects would dramatically change India's power landscape and generate huge interest among both domestic and international investors.

We believe that we are well positioned to tap the huge growth opportunities in the power sector and become one of the leading IPPs in India because we have:

- One of the largest portfolios of Power Generation Projects under development in India.
- A diversified and strategically located portfolio of power projects.
- Reliance Anil Dhirubhai Ambani group's leadership position among private power players in India

Availability of adequate fuel at affordable prices is a key prerequisite for sustained generation capacity addition. In order to address this critical issue and achieve better operational efficiencies, we are investing in supercritical technology to reduce the amount of coal required for our coal fired projects, and in combined cycle gas turbine technology to increase the output of our gas-fired projects.

The recent Indo-US agreement on civil nuclear cooperation, which augurs well for the participation of international players in the development of the domestic power sector, is expected to ease the import of nuclear fuel in the country. We are confident that the concerns being expressed about the political viability of the deal would be satisfactorily addressed, keeping in mind the paramount national objective of ensuring the overall growth and development of the power sector in the country.

# Reliance Power Limited

## Letter to Shareowners

### Our partners in development

Reliance Energy Limited, a promoter of the Company, is also engaged in generation, transmission, distribution and trading of power. Reliance Energy is generating over 941 MW power through its plants located at Maharashtra, Andhra Pradesh, Karnataka, Kerala and Goa. The Company's relationship with Reliance Energy would help us execute the projects on time and achieve greater operational efficiency.

Our Company is an integral part of the Reliance Anil Dhirubhai Ambani Group, which ranks among India's top three business houses. This proud association shapes our vision and values. It defines who we are, what we stand for and what we aspire to achieve – as a business and as a public utility. Reliance Power, like the Reliance Anil Dhirubhai Ambani Group, embodies the essential ethos of our young nation – the new resurgent India of the 21st century,

- To build a global enterprise for all our stakeholders,
- A great future for our country,
- To give millions of young Indians the power to shape their destiny, and
- The means to realize their full potential.

### Performance review

You will be happy to learn that during the year, our company made a significant improvement in its financial and operational performance.

The salient points are:

- Total income of Rs. 133 crore (US\$ 33 million)
- Net profit of Rs. 101 crore (US\$ 25 million)
- Earnings per share (EPS) of Rs. 0.17

### Issue of Bonus shares

As you are aware, subsequent to the closing of the Initial Public Offering (IPO) of the Company, the global and Indian equity markets have suffered an extraordinary meltdown, with all benchmark indices declining by 15 to 20 per cent. In line with this global trend, the Company's share price too closed below the IPO price after listing on February 11, 2008. In keeping with Reliance Anil Dhirubhai Ambani Group's fundamental and over-riding philosophy of creating value for genuine long term investors, the board of the Company decided to issue bonus shares in the ratio of three equity shares for every five equity shares held by the members.

### Waiver of entitlement to Bonus Shares

In the long term interests of the company and its more than 4 million members, the promoters of the company, viz Reliance Energy Limited and Anil Dhirubhai Ambani Group who collectively hold 203.20 crore equity shares representing 89.92% of the existing paid up equity share capital of the Company, have in an extraordinary and unprecedented step decided to waive their entitlement of bonus shares.

The issue of bonus shares would result in reducing the cost of acquisition of shares to below the IPO price. This would safeguard the interest of investors and enhance long term value. The well-being of our shareholders is dear to us, and inspired by the example of our legendary founder, Shri Dhirubhai Ambani, we would continue to explore every opportunity to increase their wealth.

### Corporate governance

We have adopted the Reliance Anil Dhirubhai Ambani Group Corporate Governance Policies and Code of Conduct which has prescribed a set of systems, processes and principles conforming to the international standards, aimed at promoting the interests of all our stakeholders.

### Social Commitments

The Company contributed to community welfare activities and took up several initiatives and measures related to education and healthcare.

### Our commitment

At Reliance Power, maximizing shareholders value is an article of faith. With this in mind, we will explore all emerging opportunities in the power sector. We will work in partnership with our customers to anticipate market changes and proactively respond to them. The growth potential in the market, together with our operational capabilities, lead us to believe that we are ideally placed to continue to perform strongly across all business sectors.

We firmly believe that we will succeed in establishing a leadership position among private players in the power sector and we will be a force to reckon with.

I seek your continued support and encouragement in all our endeavors.



Anil D Ambani  
Chairman

April 28, 2008

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### Investor Helpdesk

**Toll free No. (India): 1800 4250 999**

**Telephone: +91 40 2342 0815 - 25**

**Fax: +91 40 2342 0859**

**Email: rpower@karvy.com**

**Post your request at:**

**<http://kcpl.karvy.com/adag>**

**14th Annual General Meeting on Tuesday, September 23, 2008 at 11.00 a.m.  
at Birla Matushri Sabhagar, 19 Sir Vithaldas Thackersey Marg, Mumbai 400 020**

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

# Reliance Power Limited

## Notice

Notice is hereby given that the fourteenth Annual General Meeting of the Members of Reliance Power Limited will be held on Tuesday, September 23, 2008 at 11.00 a.m. at Birla Matushri Sabhagar, 19 Sir Vithaldas Thackersey Marg, Mumbai 400 020, to transact the following business:

### Ordinary Business

1. To consider and adopt the Audited Balance Sheet as at March 31, 2008, the Profit and Loss Account for the financial year ended as on that date and the reports of the Board of Directors and Auditors thereon.

2. 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 Price Waterhouse, Chartered Accountants and M/s Chaturvedi & Shah, Chartered Accountants, be and are hereby appointed as the 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 may be fixed by the Board of Directors."

### Special Business

3. **Appointment of Shri Anil D Ambani as Director**

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 Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Anil D Ambani, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, not liable to retire by rotation, under the provisions of Article 46 of the Articles of Association of the Company."

4. **Appointment of Shri S L Rao as Director**

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 Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri S L Rao, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, subject to retirement by rotation under the provisions of the Articles of Association of the Company."

5. **Appointment of Shri J L Bajaj as Director**

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 Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri J L Bajaj, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, subject to retirement by rotation under the provisions of the Articles of Association of the Company."

6. **Appointment of Dr Yogendra Narain as Director**

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 Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr Yogendra Narain, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, subject to retirement by rotation under the provisions of the Articles of Association of the Company."

7. **Appointment of Dr V K Chaturvedi as Director**

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 Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr V K Chaturvedi, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, subject to retirement by rotation under the provisions of the Articles of Association of the Company."

8. **Appointment of Manager**

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) and subject to all such sanctions, as may be necessary, the consent of the Company be and is hereby accorded to the appointment of Shri Paresh Rathod as the Manager of the Company for a period of five years commencing from April 28, 2008 on the terms and conditions including remuneration set out in the Agreement to be entered into between the Company and Shri Paresh Rathod, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers

## Notice

including powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and/or Agreement, as may be agreed to between the Board and Shri Paresh Rathod, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 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 Shri Paresh Rathod, as Manager, the remuneration and perquisites set out as aforesaid 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 said 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 of Directors be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**By Order of the Board**

**Paresh Rathod**  
**Company Secretary**

Registered Office:  
H Block, 1st Floor  
Dhirubhai Ambani Knowledge City  
Navi Mumbai 400 710  
July 31, 2008

## 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 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. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Meeting.
3. Members/proxies should fill in the attendance slip for attending 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 Client Id and DP Id numbers and those who hold shares in physical form are requested to write their folio numbers in the attendance slip for attending the Meeting to facilitate identification of membership at the Meeting. Members are requested to bring their attendance slip along with their copy of the annual report to 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.
7. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Businesses to be transacted at the Meeting is annexed hereto.
8. The Company's Register of Members and the Share Transfer Books were closed from Tuesday, June 03, 2008 to Thursday, June 5, 2008 (both days inclusive).
9. Non-resident Indian Members are requested to inform Karvy Computershare Private Limited immediately on the change in the residential status on return to India for permanent settlement.
10. Appointment of Directors: At the ensuing Meeting, Shri Anil D Ambani, Shri S L Rao, Shri J L Bajaj, Dr Yogendra Narain and Dr V K Chaturvedi seek appointment as Directors. The details pertaining to these Directors required to be provided pursuant to clause 49 of the Listing Agreement are furnished in the reports on Corporate Governance forming part of this Annual Report.
11. Members are advised to refer to the section "Investor Information" provided in this Annual Report.
12. Members are requested to fill in and send the Response form provided in this Annual Report, to aid the Company in its constant endeavour to enhance the standards of service to investors.
13. 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 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.

## Notes

### Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956

#### Item Nos. 3 to 7

The Board of Directors of the Company ("the Board") at its meeting held on September 30, 2007, pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") and Article 48 of the Articles of Association of the Company, had appointed Shri Anil D Ambani, Shri S L Rao, Shri J L Bajaj, Dr Yogendra Narain and Dr V K Chaturvedi, as Additional Directors of the Company. In terms of the provisions of Section 260 of the Act, Shri Anil D Ambani, Shri S L Rao, Shri J L Bajaj, Dr Yogendra Narain and Dr V K Chaturvedi, hold Office up to the date of this Annual General Meeting.

The Company has received notices in writing from members along with deposit of Rs.500 for each director, proposing the candidatures of Shri Anil D Ambani, Shri S L Rao, Shri J L Bajaj, Dr Yogendra Narain and Dr V K Chaturvedi for the office of Director of the Company under the provisions of Section 257 of the Act.

Brief resume of these Directors, nature of their expertise in specific functional areas and names of companies in which they hold directorships, number of shares held in the Company and memberships/chairmanships of Board Committees, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided in the report on Corporate Governance forming part of the Annual Report. None of the Directors is related to any other Director on the Board.

The Board accordingly recommends the ordinary resolutions set out at Item Nos. 3 to 7 of the accompanying Notice for the approval of the members.

Shri Anil D Ambani, Shri S L Rao, Shri J L Bajaj, Dr Yogendra Narain and Dr V K Chaturvedi may be deemed to be concerned or interested in the resolution(s) relating to their respective appointment.

#### Item No. 8

The Board of Directors of the Company at their meeting held on April 28, 2008, have, subject to the approval of the Members in general meeting and the Central Government, if required, appointed Shri Paresh Rathod as Manager of the Company for a period of 5 (five) years commencing from April 28, 2008 on the remuneration recommended by the Remuneration Committee of the Board of Directors. Shri Paresh Rathod, aged 39 years is a commerce and law graduate and a fellow member of the Institute of Company Secretaries of India. He has over 15 years of experience in corporate secretarial, legal, finance and managerial functions. The remuneration payable to and the terms of appointment of Shri Paresh Rathod as Manager of the Company during the tenure of his appointment will comprise salary, allowances and the other perquisites, the aggregate monetary value of such salary, allowances and perquisites being limited to Rs. 9.26 lakh per annum. The perquisites and allowances payable to Shri Paresh Rathod will

include Company owned / Leased Accommodation or House Rent allowance in lieu thereof, 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 thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force). However the 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. In addition to the above, Shri Paresh Rathod shall also be eligible to an annual increment not exceeding 20% on the last drawn salary, perquisites and allowances during his tenure as Manager. Shri Paresh Rathod fulfils 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 Paresh Rathod. The Board or any Committee thereof, subject to requisite approval(s), if necessary, is entitled and authorised to revise at any time, the salary, allowances and perquisites payable to the Manager of the Company such that the overall remuneration payable to the Manager of the Company shall not exceed the limits specified above. Either party may terminate the aforesaid Agreement by giving three months prior notice of termination in writing to the other party. The above may be treated as an abstract of the draft agreement proposed to be entered into between the company and Shri Paresh Rathod, pursuant to Section 302 of the Companies Act, 1956.

The Board of Directors accordingly recommends the resolution set out at Item No. 8 of the accompanying Notice for the approval of the Members.

None of the Directors of the Company, except Shri Paresh Rathod as Manager, is in any way, concerned or interested in the said resolution.

**By Order of the Board**

**Paresh Rathod**  
**Company Secretary**

Registered Office  
H Block, 1st Floor  
Dhirubhai Ambani Knowledge City  
Navi Mumbai 400 710  
July 31, 2008



## Directors' Report

Dear Shareowners,

Your Directors have pleasure in presenting the 14th Annual Report, together with the audited statement of accounts of the Company for the year ended March 31, 2008.

## Financial Results

The performance of the Company for the financial year ended March 31, 2008 is summarised below;

Particulars	Financial Year ended March 31, 2008		Financial Year ended March 31, 2007	
	Rs. in million	US \$ in million *	Rs. in million	US \$ in million *
<b>Total Income</b>	<b>1328.67</b>	<b>33.12</b>	22.52	0.52
Gross Profit before Depreciation	<b>1014.39</b>	<b>25.28</b>	5.42	0.13
Less: Depreciation	-	-	-	-
Profit before Tax	<b>1014.39</b>	<b>25.28</b>	5.42	0.13
Less: Provision for -				
Current Tax	<b>58.00</b>	<b>1.45</b>	3.8	0.090
Fringe Benefit Tax	<b>4.00</b>	<b>0.10</b>	-	-
Taxes of earlier years	<b>5.70</b>	<b>0.14</b>	-	-
Profit After Tax	<b>946.69</b>	<b>23.60</b>	1.62	0.04
Balance of Profit/(Loss) brought forward from previous period	<b>0.15</b>	0.00	(1.46)	(0.03)
Balance carried to Balance Sheet	<b>946.84</b>	<b>23.60</b>	0.15	0.01

\* Rs 40.12 = US \$ 1 Exchange rate as on March 31, 2008 (Rs 43.47 = US \$ 1 as on March 31, 2007)

## Financial Performance

During the year under review, your Company recorded total income of Rs 132.87 crore, against Rs 2.25 crore in the previous year. Net Profit for the financial year ended March 31, 2008 increased to Rs 94.67 crore from Rs 0.16 crore in the previous year. Shareholders equity (Networth) increased to Rs 13,542.68 crore from Rs 200.06 crore in the previous year.

## Promoters of the Company

AAA Project Ventures Private Limited and Reliance Energy Limited are the promoters of the Company, with aggregate holdings of 89.92% in the equity capital of the Company.

## Initial Public Offering

The Company with a view to raising funds for implementation of the various projects under execution and consideration, came out with an Initial Public Offering (IPO) of 26,00,00,000 equity shares of Rs 10 each for cash at a price of Rs 450 per equity share at a premium of Rs 440 per equity share (Rs.420 per share for Retail Individual Investors) aggregating Rs 11,563.20 crore (net of retail discount) including 3.20 crore equity shares to the Promoters of the Company at a price of Rs 450 per share.

The Company received the clearance from the Securities and Exchange Board of India on December 28, 2007, and from the Registrar of Companies on January 2, 2008, for its maiden IPO. The IPO opened on January 15, 2008, and closed on January 18, 2008. The IPO, the largest in the history of the Indian capital markets, received an overwhelming response with commitment of nearly Rs 7,50,000 crore (US \$ 190 billion) from nearly 500 institutional investors across the globe and 5 million retail investors. The sheer scale and unprecedented magnitude of the response clearly reflected the pricing of the IPO as being in line with prevailing valuation benchmarks and market sentiments.

Post-allotment, the Company has approximately 42 lakh shareholders. The equity shares, offered through this IPO, are listed

at the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited and are traded from February 11, 2008.

## Issue of Bonus Shares

Subsequent to the closing of the IPO, the global and Indian equity markets have suffered an extraordinary meltdown, with all benchmark indices declining by 15 - 20 per cent, and leading Indian stocks declining by an even greater range of 20 - 40 per cent. In line with this global trend, the Company's share price had closed below the IPO price for the first two weeks after listing on February 11, 2008. Since the opening of the Company's IPO on January 15, 2008 and after a week from listing on February 11, 2008, the Sensex was down by 13 per cent, while the Company's share price was down by 11 per cent from the IPO price for retail investors and 15 per cent for other categories of investors.

In the long term interests of the Company and its more than 4 million Members, the Promoters of the Company i.e. Reliance Energy Limited and Anil Dhirubhai Ambani Group who collectively hold 203.20 crore equity shares representing 89.92 per cent of the existing paid-up equity share capital of the Company, have in an extraordinary and unprecedented step decided to waive their entitlement to the issue and allotment of Bonus Shares.

In keeping with the Reliance Anil Dhirubhai Ambani Group's fundamental and over-riding philosophy of creating value for genuine long term investors, the Board of Directors of the Company deemed appropriate as one-time measure to reduce the effective cost of acquisition of the Company's shares below the IPO price by issue of Bonus Shares. The Board recommended issue of bonus shares to all the shareholders of the Company under public category (excluding the promoters) in the ratio of three new fully paid-up equity shares of Rs 10 each for every five existing fully paid-up equity shares of Rs 10 each held.

In another unprecedented step in order to protect Reliance Energy Limited (REL), a Promoter of the Company, from suffering any dilution of its holding in the Company consequent upon REL waiving

# Reliance Power Limited

## Directors' Report

its right to Bonus Shares, AAA Project Ventures Private Limited, an entity fully controlled by Shri Anil D Ambani and also Promoter of REL has undertaken voluntarily without any obligation to do so and without any specific consideration to contribute as and by way of gift, 2.57 per cent of its post Bonus Issue shareholding comprising 6,15,00,000 equity shares in the Company to REL.

The members through Postal Ballot have approved the proposal for issue and allotment of bonus equity shares on April 21, 2008. The Company is taking steps to implement the proposal in this regard.

### Dividend

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

### Merger of Reliance Public Utility Private Limited with the Company

In terms of the scheme of Amalgamation sanctioned by the Hon'ble High Court of Bombay effective from September 29, 2007, Reliance Public Utility Private Limited amalgamated with the Company.

### Authorised Capital

During the year under review, the authorised share capital of the Company increased to Rs 15,000 crore effective from September 1, 2007. Further, pursuant to the scheme of amalgamation of Reliance Public Utility Private Limited with the Company, the authorised capital of the Company stands increased to Rs 16,000 crore divided into 1,100 crore equity shares of face value Rs 10 each and 500 crore preference shares of face value Rs 10 each.

### 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, the following companies, viz. Sasan Power Limited, Maharashtra Energy Generation Limited, Vidarbha Industries Power Limited, Tato Hydro Power Private Limited, MP Power Generation Private Limited, Siyom Hydro Power Private Limited, Urthing Sobla Hydro Power Private Limited, Kalai Power Private Limited, Coastal Andhra Power Limited, Maharashtra Energy Generation Infrastructure Limited (subsidiary of Maharashtra Energy Generation Limited), Coastal Andhra Power Infrastructure Limited (subsidiary of Coastal Andhra Power Limited), Sasan Power Infrastructure Limited (subsidiary of Sasan Power Limited), Sasan Power Infrastructures Private Limited (subsidiary of Sasan Power Limited) and Reliance Coal Resources Private Limited, have become 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 & Loss Account, report of the Board of Directors and Auditors of the subsisting subsidiaries have not been attached with the Balance Sheet of the Company. These documents will be made available upon request to any member of the Company interested in obtaining the same. However, as directed by the Central Government, the financial data of the subsidiaries has been furnished in the notes on abridged consolidated financial statements, which forms part of the Annual Report. The annual accounts of the Company including that of subsidiaries will be kept

for inspection by any member. Further, pursuant to Accounting Standard-21 (AS-21) issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include financial information of its subsidiaries.

### Fixed Deposits

The Company has not accepted any fixed deposits during the year under review.

### Directors

During the year under review, Shri S C Gupta, Shri Rakesh Aggarwal, Shri Ashish Tambawala and Shri Himanshu Agarwal, resigned as Directors of the Company.

Shri Anil D Ambani, Shri S L Rao, Shri J L Bajaj, Dr Yogendra Narain and Dr V K Chaturvedi were appointed as Additional Directors in terms of Section 260 of the Companies Act, 1956 effective from September 30, 2007. They hold office up to the date of the ensuing Annual General Meeting. The Company has received notices in writing from members proposing the candidatures of Shri Anil D Ambani, Shri S L Rao, Shri J L Bajaj, Dr Yogendra Narain and Dr V K Chaturvedi, for the office of Director.

Shri K H Mankad, was appointed as an Additional director and Whole-time Director with effect from November 7, 2007. Members of the Company at their extraordinary general meeting held on November 9, 2007, approved the appointment of Shri Mankad as a Director and Whole-time Director of the Company.

Brief resumes of these directors, the nature of their expertise in specific functional areas, names of companies in which they hold directorships and the memberships/chairmanship of committees of the board, their shareholdings, etc. as stipulated under clause 49 of the listing agreement with the stock exchanges in India are provided in the report on corporate governance forming part of the annual report.

### Directors' Responsibility Statement

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

- (i) in the preparation of the annual accounts for the financial year ended March 31, 2008, the applicable accounting standards have been followed and that there are no material departures from the same;
- (ii) the Directors have 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, 2008, and of the profit of the Company for the said 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; and
- (iv) the Directors have prepared the accounts for the financial year ended March 31, 2008 on a 'going concern' basis.

The above statements have been noted by the audit committee at its meeting held on April 27, 2008.

### Group

Pursuant to an intimation 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.

**Directors' Report**

**Consolidated Financial Statements**

The audited consolidated financial statements based on the financial statements received from subsidiary companies, as approved by their respective board of directors, have been prepared in accordance with the Accounting Standard (AS-21) on consolidated financial statements read with Accounting Standard (AS-23) on accounting for investments in associates.

**Auditors**

The statutory auditors, M/s Price Waterhouse, Chartered Accountants and M/s Chaturvedi & Shah, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received letters from both of them, to the effect that their appointments, if made, would be within the limits under Section 224 (1B) of the Companies Act, 1956. It is accordingly proposed to appoint M/s Price Waterhouse and M/s Chaturvedi & Shah, as joint statutory auditors of the Company for the year 2008-09.

**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 is being sent to all members of the Company excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

**Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo**

Information in accordance with the provisions of 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

**Annexure I to the Directors' Report**

**Auditors' Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement(s)**

To the Members of Reliance Power Limited

We have examined the compliance of the conditions of Corporate Governance by Reliance Power Limited for the year ended March 31, 2008 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the 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 Institute of Chartered Accountants of India and 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 the Company.

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

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/ Investors' Grievance Committee.

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  
Partha Ghosh  
Partner  
Membership No. : 55913  
Mumbai  
April 28, 2008

regarding conservation of energy and technology absorption are not given as the Company has not undertaken any manufacturing activity.

Foreign Exchange Earnings and Outgo

Foreign Exchange earned : Nil

Foreign Exchange used : Rs 35.41 lakh

**Corporate Governance**

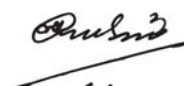
The Company has adopted the "Reliance Anil Dhirubhai Ambani Group – Corporate Governance Policies and Code of Conduct" which has set out the systems, processes and policies conforming to international standards. As per clause 49 of the Listing Agreement, a separate section on Corporate Governance forms part of the Annual Report.

A certificate from the Auditors of the Company conforming compliance with the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement is given in Annexure I.

**Acknowledgements**

Your Directors wish to place on record their appreciation for the continued support and co-operation of the shareholders, banks, various regulatory and government authorities and for the valuable contributions made by the employees of the Company.

On behalf of the Board of Directors



Anil D Ambani  
Chairman

Mumbai  
April 28, 2008

Chaturvedi & Shah  
Chartered Accountants  
C D Lala  
Partner  
Membership No. : 35671  
Mumbai  
April 28, 2008

# Reliance Power Limited

## Statement Pursuant to Section 212 of the Companies Act, 1956, relating to Company's Interest in Subsidiary Companies (Including their Subsidiaries) for the financial year 2007-08

Name of Subsidiary Company	Sasan Power Limited	Rosa Power Supply Company Limited	Maharashtra Energy Generation Limited	Vidarbha Industries Power Limited	Tato Hydro Power Private Limited	Siyom Hydro Power Private Limited	M.P. Power Generation Private Limited	Urthling Sobia Hydro Power Private Limited	Kalai Power Private Limited	Coastal Andhra Power Private Limited	Reliance Coal Resources Private Limited	Sasan Power Infrastructure Limited (Formerly known as Reliance One Innovation Limited)	Sasan Power Infra Ventures Private Limited	Maharashtra Energy Generation Infrastructure Limited (Formerly known as Reliance Next Limited)	Coastal Andhra Infrastructure Limited
1 The Financial Year of the Subsidiary Companies ended on Div which they became Subsidiary Companies	31-03-2008	31-03-2008	31-03-2008	31-03-2008	31-03-2008	31-03-2008	31-03-2008	31-03-2008	31-03-2008	31-03-2008	31-03-2008	31-03-2008	31-03-2008	31-03-2008	31-03-2008
2 Number and Equity Shares of the Company on the above date	07-08-2007 50000	01-11-2006 110,00,000	28-08-2007 50,000	30-08-2007 50,000	07-09-2007 10,000	07-09-2007 10,000	07-09-2007 10,000	13-09-2007 8,000	26-09-2007 10,000	29-01-2008 50,000	14-03-2008 10,000	23-02-2008 50,000	04-03-2008 10,000	23-02-2008 500,000	23-02-2008 50,000
3 a. Face value of the Shares of the Company on the above date	Rs. 10 each	Rs. 10 each	Rs. 10 each	Rs. 10 each	Rs. 10 each	Rs. 10 each	Rs. 10 each	Rs. 10 each	Rs. 10 each	Rs. 10 each	Rs. 10 each	Rs. 10 each	Rs. 10 each	Rs. 10 each	Rs. 10 each
b. Extent of Interest (direct as well as indirect) held by the holding Company at the end of the financial year of the Subsidiary companies	100%	100%	100%	100%	100%	100%	100%	80%	100%	100%	100%	100%	100%	100%	100%
4 The aggregate amount of the Subsidiary Companies Profit/(loss) so far as it concerns the members of the Holding Company Not dealt with in the Holding Company's Accounts For the financial year ended 31st March, 2008	-	-	-	-	-	-	-	(6,000)	-	-	-	-	-	-	-
a. For the previous years of the Subsidiary Companies since they became the Holding Company's subsidiaries	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
b. Dealt with in Holding Company's accounts For the financial year ended 31st March, 2008	(23,291,998)	(19,885,803)	(24,986,000)	(4,602)	(8,450)	(8,200)	(452,415)	(24,000)	(30,422)	(28,005,886)	(36,160)	(11,736)	(18,042)	184,922	(12,386)
ii) For the Financial year of the Subsidiary Companies since they became the Holding Company's subsidiaries	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Note : 1. Figures in bracket represent losses.

Management Discussion and Analysis

**Forward looking statements**

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 realised. 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 and comply with the accounting standards issued by the Institute of Chartered Accountants of India. Assets and liabilities created under applicable electricity laws continue to be depicted under appropriate heads. The management of the Company accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. These estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the state of affairs and profits 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", "RPower" or "Reliance Power" are to Reliance Power Limited and /or its subsidiaries.

**1. Industry structure and developments**

Power is a critical input for the economy and plays a vital role in national growth. The power sector in India has undergone substantial changes in the last 15 years. The enactment of the Electricity Act 2003, has been widely recognized a landmark event in the evolution of the sector. One of the most important pieces of legislations in the history of power reforms in India, the Act has steered the sector towards competitiveness and thrown open numerous opportunities for the private sector.

The Union Government has formed and notified a vital policy framework namely "National Electricity Policy" which aims at laying the guidelines for accelerated development of the power sector.

**2. Future Outlook**

The Government of India has identified the power sector as a key sector of focus to promote sustained industrial growth. It has embarked on an ambitious mission - "Power for All by 2012"- backed by extensive reforms to make the power sector more attractive for private sector investment.

According to the 17th Electric Power Survey (EPS) conducted by the Central Electricity Authority, the total energy requirement in India will increase to 968,659 GWh by fiscal year 2012, to 1,392,066 GWh by fiscal year 2017 and to

1,914,508 GWh by fiscal year 2022. This would lead to an annual electric peak load of 152,746 MW in fiscal year 2012, of 218,209 MW in fiscal year 2017 and 298,253 MW in fiscal year 2022. The northern region is expected to contribute 30.1 per cent, while the western region is expected to contribute 28.4 per cent of the overall annual electric peak load in fiscal year 2022. The government has estimated the total investment potential of the sector at Rs 9,00,000 crore for a specified period up to fiscal year 2011.

The Report of Expert Committee on Integrated Energy Policy of the Government of India has projected that India's total energy requirement will reach 1,097,000 GWh in 2011-12; 1,524,000 GWh in 2016-17 and 2,118,000 GWh in 2021-22. These projections would amount to corresponding peak demands of 158,000 MW, 226,000 MW and 323,000 MW in the respective years. The policy thus targets growth in installed capacities to 220,000 MW in 2011-12, 306,000 MW in 2016-17 and 425,000 MW in 2021-22 periods.

This represents a significant opportunity for capacity expansion and growth opportunity for power generation companies, both in the public and the private sector.

To achieve the goal of "Power for All by 2012", the Government, through the Ministry of Power, has laid out the following broad strategies:

- focus on low cost generation,
- optimization of capacity utilization,
- control over input costs,
- optimisation of fuel mix,
- technology upgrades, and
- utilization of non-conventional renewable energy sources.

In line with the aggressive targets set by the government, a comprehensive blueprint for power sector development has been prepared encompassing an integrated strategy with following objectives:

- Generate adequate power to achieve 8 per cent GDP growth rate;
- Improve significantly the quality and reliability of power;
- Ensure availability of power at affordable prices; and
- Safeguard commercial viability of the power industry to make it attractive for private sector participation.

Led by substantial policy reforms, the power sector witnessed a number of key developments during the year:

- Invitation of competitive bids for procurement of long term power by various state owned utilities
- Completion of competitive bid process for the third Ultra Mega Power Projects (UMPP) located at Krishnapatnam, Andhra Pradesh
- Offer of captive coal blocks to power utilities/ power generators

**3. Demand Supply Scenario**

The power industry in India has historically been characterized by shortages. The rapid economic growth of the last few years has only worsened the situation.

The following table highlights the peak deficit over the years:

Fiscal Year	Peak Deficit (MW)
2003-04	9,508
2004-05	10,254
2005-06	11,463
2006-07	13,897
2007-08	18,093

Source: CEA, Power Scenario at a Glance, April 2008

## Management Discussion and Analysis

The peak deficit for the year 2007-08 was 18,093 MW.

The following table gives the break-up of this peak deficit scenario across different regions in India.

Figures in Net MW unless otherwise noted

Region	Peak Demand	Peak Supply	Deficit	Deficit (%)
North	32,462	29,495	2,967	-9.1
West	38,277	29,385	8,892	-23.2
South	26,777	24,368	2,409	-9.0
East	11,940	10,699	1,241	-10.4
North-East	1,742	1,347	395	-22.7
<b>All India</b>	<b>108,886</b>	<b>90,793</b>	<b>18,093</b>	<b>-16.6</b>

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

Source: CEA, *Power Scenario at a Glance, April 2008*

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

### Projected Energy Requirement and Peak Load

	Energy Requirement (MU)		Peak Load (MW)	
	2011-12	2016-17	2011-12	2016-17
Northern	294,841	411,513	48,137	66,583
Western	294,860	409,805	47,108	64,349
Southern	253,443	380,068	40,367	60,433
Eastern	111,802	168,942	19,088	28,401
NE Region	13,329	21,143	2,537	3,760
Islands(1)	384	595	88	136
<b>All India</b>	<b>968,659</b>	<b>1,392,066</b>	<b>152,746</b>	<b>218,209</b>

(1) "Islands" includes Lakshadweep and Andaman & Nicobar.

Source: 17th EPS Report, CEA

### 3.1 Consumption Levels

The per capita consumption in India is extremely low in comparison to most other parts of the world, as is evident from the following:

Country	Per Capita Electricity Consumption (kWh/ year)
Canada	18,408
United States	14,240
Japan	8,459
France	8,231
Germany	7,442
United Kingdom	6,756
Russian Federation	6,425
Brazil	2,340
China	1,684
India	618

Source: UNDP, *Human Development Indicators, 2006*

### 3.2 Installed Generation Capacity

According to the Ministry of Power, India has an installed generation capacity of approximately 143,061 MW, as of March 31, 2008.

Thermal power plants, based on coal, gas, naphtha or oil account, for approximately 64.4 per cent of this capacity, while

hydroelectric stations contribute another 25 per cent. Nuclear and other renewable sources of energy account for 2.9 and 7.7 per cent, respectively, of the total installed capacity.

### 3.3 Installed Generation Capacity by Sector

Historically, public entities and state generation companies have been the prominent players in capacity addition in the power sector. However, the participation of private players, has increased in last two decades owing to power sector reforms.

As of March 31, 2008, the state government sector was the leader in power generation with 74,615 MW, or 52.2 per cent of the total installed capacity in India. This was followed by the central sector at 48,361 MW, or 33.8 per cent, and the private sector at 20,085 MW or 14 per cent of the India's installed capacity. (Source: Ministry of Power)

### 3.4 Fuel Resources

In order to meet the growing demand for power, India is expected to continue to exploit all available energy sources. There is a priority for developing cleaner sources of energy like hydro electric power and other renewable and non-conventional sources, but coal-based thermal generation is likely to continue to dominate power generation in India.

#### 3.4.1 Thermal

Thermal plants can be based on coal, lignite, gas, LNG or liquid fuel. Based on the installed power generation capacity as of March 31, 2008, coal based thermal plants comprised 82.7 per cent of the total available thermal capacity. The Geological Survey of India estimates that coal reserves stood at 253 billion tonnes as of January 2006, with more than 87 per cent of these being of non-coking grade, which is primarily used for power generation. In addition, the geological reserves of lignite are approximately 35.6 billion tonnes, according to the 17th EPS Report.

Natural gas is increasingly used in Combined Cycle Gas Turbine power stations in view of the very high efficiencies resulting from the use of advanced technology gas turbines. CEA expects natural gas to gain significance in power generation also because it is more environmentally friendly and is easier to use than oil.

Under its New Exploration Licensing Policy, the Government of India allocated blocks for the exploration of gas which resulted in the discovery of large gas reserves.

#### 3.4.2 Hydro

According to CEA, it is estimated that the total theoretical potential of hydroelectric power generation is about 300,000 MW and economic power potential is about 50,000 MW, equivalent to about 84,000 MW at 60 per cent plant load factor.

#### 3.4.3 Nuclear

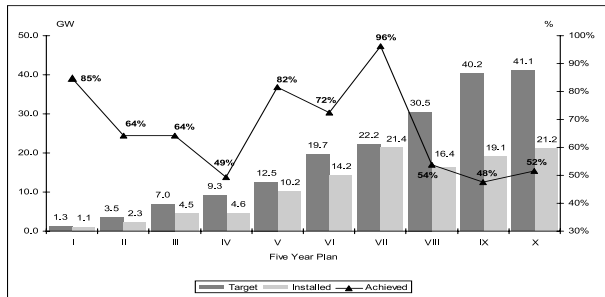
Nuclear power is a clean, environment friendly and economically viable source of power generation. It will have an increasingly important role in power generation and providing energy security given the finiteness of fossil fuel resources. The 17th EPS envisages the development of 20,000 MW of nuclear power in India by 2020.

### 3.5 Capacity Additions

The Government of India adopts a system of successive Five-Year Plans that set out targets for economic development in various sectors, including the power sector. Each successive Five-Year Plan has increased targets for additional capacity based on different fuel sources. The Tenth Five-Year Plan for 2002 to 2007 targeted a capacity addition of 41,110 MW.

**Management Discussion and Analysis**

However, the actual capacity addition in the 10th Five-year was just 21,180 MW.



Source: "White Paper on Strategy for 11th Plan", CEA & CII  
As depicted in the graph above, the actual capacity additions have lagged the targeted additions since the 7th Five-year plan. The failure to meet capacity addition targets has aggravated the demand and supply gap which presents an attractive opportunity for our company.

**3.6 Proposed Capacity Additions during 11th Plan (2007-12):**

The 11th Plan recommends generation planning based on an estimated 9.5% growth in required energy each year. As a result, a capacity addition of 78,577 MW is planned in the 11th Plan.

(Source: Working Group on Power-11th Plan (2007-12))

**3.7 Required capacity additions foreseen by the 12th Plan**

GDP Growth	GDP / Electricity Elasticity	Electricity Generation Required (BU)	Peak Demand (MW)	Installed Capacity (MW)	Capacity Addition Required During 12th Plan (MW)
8%	0.8	1,415	215,700	280,300	70,800
	0.9	1,470	224,600	291,700	82,200
9%	0.8	1,470	224,600	291,700	82,200
	0.9	1,532	233,300	303,800	94,300
10%	0.8	1,525	232,300	302,300	92,800
	0.9	1,597	244,000	317,000	107,500

Source: Working Group on Power-11th Plan (2007-12)

Under various growth scenarios, the capacity addition required during 12th Plan would be in the range of 70,800 - 107,500 MW, based on normative parameters. The 11th Plan Working Group recommends a capacity addition of 82,200 MW for the 12th Plan based on the scenario of 9 per cent GDP growth rate and an elasticity of 0.8 per cent.

(Source: Report of the Eleventh Plan (2007-12), Working Group on Power, Ministry of Power, February 2007)

**3.8 Ultra Mega Power Projects (UMPPs)**

Recognizing the fact that economies of scale leads to cheaper power, the Union Government has unveiled its plan of developing UMPPs across the country. The UMPPs have been designed in two formats (i) pit head coal based power projects and (ii) imported fuel based coastal location power projects. Each UMPP will create a capacity of 4,000 MW with scope for future expansion. The envisaged projects will cater to the demand of various utilities and will be awarded through tariff based competitive bidding.

The Ministry of Power of the Union Government has appointed Power Finance Corporation Limited (PFC) as the nodal agency to administer the bid process for awarding UMPPs.

Till date, three UMPPs have been awarded, 2 of which have been awarded to the Company. The year under review witnessed the bid process for the third UMPP at Krishnapatnam (Andhra Pradesh) which was awarded to the Company at a levelized tariff of Rs 2.33/kWh.

The bid process for Talaiya UMPP is expected to take place in the next financial year.

**4. Projects**

The Company proposes to set up gas, coal, wind and hydro based power generation projects.

The Company is currently developing 13 medium and large-sized power projects with a combined planned installed capacity of 28,200 MW, one of the largest portfolios of power generation assets under development in India.

The 13 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. The identified project sites are located in western India (12,220 MW), northern India (9,080 MW), northeastern India (2,900 MW) and southern India (4,000 MW).

They include seven coal-fired projects (14,620 MW), to be fueled by reserves from captive mines and supplies from India and abroad, two gas-fired projects (10,280 MW), to be fueled primarily by reserves from the Krishna Godavari Basin (the "KG Basin") off the east coast of India, and four hydroelectric projects (3,300 MW), three of them in Arunachal Pradesh and one in Uttarakhand. It intends to sell the power generated by these projects under a combination of long-term and short-term PPAs to state-owned and private distribution companies and industrial consumers.

The projects currently in the advanced stages of development include the following:

**4.1 Rosa Phase I - 600 MW Coal-Fired Power Project, Uttar Pradesh**

Rosa Power Supply Company Limited (RPSCL), a wholly owned subsidiary of the Company, is developing a 1200 MW coal-fired power project at Rosa village in Shahjahanpur district of Uttar Pradesh in two phases of 600 MW each.

Rosa Phase I will be a 2x300 MW coal-fired power project and will employ subcritical pulverized combustion coal (PCC) technology. Rosa Phase I is scheduled to commence power generation operations (or be "on-stream") in September 2009. The project has been identified as 11th Plan project by the Ministry of Power and is scheduled to be commissioned in December 2009. The project is currently in the advanced construction stage.

The progress made by the project so far:

- Extension of all benefits and support by the State Government under the Uttar Pradesh Power Policy, including the designation of Rosa Phase I as a "priority project"

## Management Discussion and Analysis

- Signing of "take or pay" agreement/ Power Purchase Agreement of all power generated by Rosa Phase I with Uttar Pradesh Power Company Limited (UPPCL)
- Completion of acquisition and physical possession of land
- Signing of water use agreement with GoUP; the water to be sourced from Garrah river
- Signing of coal supply agreement with Central Coalfields Limited
- Signing of coal transportation agreement with East Central Railway
- Signing of EPC contract with Shanghai Electric Group consortium
- Commencement of construction at site
- Completion of detailed engineering, and finalization of technical specifications.

### 4.2 Rosa Phase II - 600 MW Coal-Fired Power Project, Uttar Pradesh

Rosa Phase II will be a 2x300 MW coal-fired power project located at Rosa village in Shahjahanpur district of Uttar Pradesh. The project is scheduled to be commissioned within 11th plan.

The progress made by the project so far:

- Land acquired for the Rosa Phase I sufficient to accommodate Rosa Phase II
- Water allocation made for Rosa Phase I sufficient to accommodate Rosa Phase II
- Obtained approval of Government of UP for expansion/ Rosa Phase II
- Completed Environment Impact Assessment Study for Environment Clearance (EC). EC from Ministry of Environment & Forest is expected soon
- Application submitted for long term coal linkages to Ministry of Coal. Grant of coal linkage is expected soon
- Proposed to supply 300 MW to UPPCL subject to the approval of Uttar Pradesh Electricity Regulatory Commission (UPERC). Executed a Memorandum of Understanding with Reliance Energy Trading Limited for sale of balance 300 MW power
- Signing of EPC contract with Shanghai Electric Group. Notice to proceed issued.

### 4.3 Butibori - 300 MW Coal-Fired Power Project, Maharashtra

Vidarbha Industries Power Limited (VIPL), a wholly owned subsidiary of the Company, is currently developing a 300 MW coal-fired power project to be located at the Maharashtra Industrial Development Corporation ("MIDC") Butibori Industrial Area in Nagpur, Maharashtra.

The Butibori project will be a 300 MW coal-fired power project and employ subcritical technology. The Butibori project is expected to be on-stream by 2010.

The progress made by the project is as follows:

- Physical possession of 225 acres of land obtained for setting up the project

- Water supply secured from Wadgaon Dam. Comfort letter received from Maharashtra Industrial Development Corporation
- Coal Supply secured from Western Coalfields Limited. Standing Linkage Committee (Long Term), Ministry of coal has approved the coal linkage
- Environment Clearance from the Ministry of Environment and Forests obtained
- Discussions with Industrial Consumers in progress about equity participation and purchase of 51 per cent power from the Plant
- EPC Contract expected to be awarded shortly

### 4.4 Sasan - 3,960 MW Coal-Fired Power Project, Madhya Pradesh

Sasan Power Limited (SPL), a wholly owned subsidiary of the Company, is currently developing the 3,960 MW coal-fired UMPP to be located in Sasan, Madhya Pradesh, approximately 25 km from three captive pithead coalmines. The Company was awarded the Sasan project following an international competitive bidding process at a levelized tariff of Rs. 1.196/kWh.

The Sasan project will be a 6x660 MW coal-fired project and employ supercritical technology. The Sasan project is scheduled to be on-stream by May 2013, when the first 660 MW unit comes on-line, and the project is expected to be commissioned in full by April 2016. The Company will endeavor to commission the project ahead of the specified schedule, as permitted under the PPA.

Details of the project status are as under:

- All major clearances and approvals obtained.
- Signed a 25 year PPA with 14 procurers to sell all electrical energy generated by SPL.
- Authorization to draw water from Govind Vallabh Pant Sagar by Government of Madhya Pradesh (GoMP)
- Acquisition of land underway pursuant to Land Acquisition Act 1894. Land for the main plant to be in possession of the Company shortly
- SPL is in discussions with an established contractor for the award of EPC contracts
- Ministry of Coal allotted the coalmines namely Moher, Moher - Amroli extension and Chattrasal in Singrauli coalfields to SPL
- Mining plan for Moher and Moher-Amroli Extension coal blocks has been submitted and clearance is expected very soon.
- SBI Capital Limited has been selected as the lead arranger for long term rupee loan
- Approval has been received from Reserve Bank of India for External Commercial Borrowings for the project

### 4.5 Krishnapatnam - 4,000 MW Imported Coal-Fired Power Project, Andhra Pradesh

Coastal Andhra Power Limited, a wholly owned subsidiary of the Company, is currently developing a 4,000 MW coal-fired UMPP to be located near Krishnapatnam, Andhra Pradesh.



## Management Discussion and Analysis

The plant site is located approximately 3 km from the nearest port where imported coal will be delivered to supply fuel for the project. The Company was awarded the Krishnapatnam project following an international competitive bidding process at a levelized tariff of Rs. 2.33/kWh.

The Krishnapatnam project will be a coal-fired project and employ supercritical technology. The Krishnapatnam project is expected to come on-stream by September 2013, when the first unit comes on-line, and the project is expected to be fully commissioned by October 2015. The Company will endeavor to commission the project ahead of the specified schedule, as permitted under the PPA.

Updates on the Krishnapatnam UMPP:

- Land acquisition process is in progress and will be completed soon. Nearly 91 per cent of private land (66 per cent of main plant area land) already in possession of the company.
- All major clearances and approvals have been obtained.
- Port Services Agreement has been executed and Navayuga Industries is developing port in 3 phases. Port development activity is on schedule.
- Discussions are in advanced stages for awarding of EPC contract.
- Discussions with lenders are in progress.

### 4.6 MP Power – 3,960 MW Coal-Fired Power Project, Madhya Pradesh

MP Power Generation Private Limited, a wholly owned subsidiary of the Company, is developing a 3,960 MW coal-fired power project at Chitrangi Tehsil, Sidhi District, Madhya Pradesh.

In September 2007, the Company entered into an MOU with the GoMP under which the company agreed to establish a 3,960 MW coal-fired power project, subject to completion of feasibility studies and approval of the Board.

The current activities related to the project are:

- Entered into a State Support Agreement with the Government of Madhya Pradesh in October 2007
- The Detailed Project Report (DPR) is currently being prepared.

The Company has submitted bids for the supply of power to distribution companies in Haryana, Maharashtra and Madhya Pradesh from the Project.

### 4.7 Shahapur Coal & Shahapur Gas – 4,000 MW Combined Gas-Fired and Coal-Fired Power Project, Shahapur, Maharashtra

Maharashtra Energy Generation Limited, a wholly owned subsidiary of the Company, is currently developing a 4,000 MW combined coal-fired and gas-fired power project at Shahapur, Maharashtra.

The Shahapur project will be developed in two phases: Shahapur Coal involves the development of a 2x600 MW coal-fired project employing supercritical PCC technology, and Shahapur Gas involves the development of a gas-fired project consisting of 2 modules of 1,400 MW each employing Combined Cycle Gas Turbine (CCGT) technology.

The project is in advanced stage of development and has made progress as under:

- All major clearances for the project including environment clearance from Ministry of Environment and Forests, Government of India, are in place.
- A Memorandum of Understanding (MoU) signed with the Government of Maharashtra
- Land acquisition is in progress
- Water supply has been assured by Government of Maharashtra

### 4.8 Dadri – 7,480 MW Gas-Fired Power Project, Uttar Pradesh

The project entails the development, construction and operation of a 7,480 MW ultra mega gas-based power generation project at Dhirubhai Ambani Energy City, near Dadri in Ghaziabad District of Uttar Pradesh (UP).

The power project, to be developed in phases, will be the world's largest gas based power generation plant at a single location.

The Company has already acquired 2,100 acres of land required for the project.

The project has already received all statutory clearances from the Central and the Government of UP including the following:

- Approval from the Ministry of Environment & Forest (MOEF) for the full capacity of 7,480 MW
- Award of Mega Power Project status from the Ministry of Power
- Water allocation (allocation from Ganga canal and ground water resources)
- No Objection Certificate from the UP State Pollution Control Board
- Civil Aviation clearance
- Registrations under taxation laws.

The Company is in discussions with Reliance Industries Limited for sourcing gas from its Krishna-Godavari gas field.

### 4.9 Urthing Sobla – 400 MW Hydroelectric Project, Uttarakhand

Urthing Sobla Hydro Power Private Limited is developing a 400 MW (4x100 MW) run-of-the-river hydroelectric power project near the Dhauliganga river in Pithoroghar, Uttarakhand.

- A Project Development Agreement ("PDA") was entered into with the Government of Uttarkhand to carry out studies and investigations and to prepare the Detailed Project Report (DPR) for the project.
- MOU signed with SNC Lavalin International Inc. of Canada ("SNCLI"), to obtain technical support for Urthing Sobla project.
- The consultant appointed for preparation of DPR has carried out various studies and submitted the basic engineering report
- Environmental Impact Assessment / Environment Management Plan studies by the consultant are in progress.
- Government of Uttarkhand has submitted a proposal to Ministry of Environment and Forests for re-demarcation of Musk Deer Sanctuary to exclude the project and other areas.

## Management Discussion and Analysis

### 4.10 Siyom - 1,000 MW Hydroelectric Project, Arunachal Pradesh

Siyom Hydro Power Private Limited is developing a 1,000 MW (4x250 MW) run-of-the-river hydroelectric power project on the Siyom river in West Siang, Arunachal Pradesh.

Under the terms of the Memorandum of Agreement (MoA) entered with the Government of Arunachal Pradesh, the project is required to be implemented on a Build-Own-Operate-Transfer basis for a lease period of 40 years from the commissioning date.

The detailed project report has been prepared by National Hydro Power Corporation Limited (NHPC) and is under review. Environmental clearance and defence clearance have been obtained for the project.

### 4.11 TATO II - 700 MW Hydroelectric Project, Arunachal Pradesh

Tato Hydro Power Private Limited is currently developing a 700 MW (4x175 MW) run-of-the-river hydroelectric power project near the Siyom river in West Siang, Arunachal Pradesh.

An MOA was signed in February 2006 with the Government of Arunachal Pradesh. Under the terms of the MOA, the project is required to be implemented on a Build-Own-Operate-Transfer basis for a lease period of 40 years from the commissioning date.

The Detailed project report is in the advanced stages of preparation and is expected to be completed by end of this year. The preconstruction clearance has been obtained and an application to the defence headquarters for clearance has been made.

### 4.12 Participation in bid process for procurement of long term power by various state owned utilities

The Company is considering participation in various projects to augment its power generation portfolio.

The Company is planning to bid for the following projects, which are currently at the RFP stage.

- 1,600 MW imported coal based power project at Dhopave, Maharashtra
- 1,980 MW coal based power project at Talwandi Sabo, Punjab.
- 1,500 MW coal based power project at Shahapura, Madhya Pradesh.

In addition, the company intends to participate in the bids for Ultra Mega Power Projects, including 4,000 MW captive coal based ultra mega power project at Tilaiya, Jharkhand.

## 5. Other Opportunities

### ● Carbon Credits

The Kyoto Protocol paved the way for Clean Development Mechanism ("CDM"), a programme that encourages sustainable development projects that reduce greenhouse gases in the earth's atmosphere by issuing tradable certificates called Certified Emission Reductions ("CERs") and Verified Emission Reductions ("VERs"). The Company expects to be eligible for the CDM benefits due to the technologies that the Company intends to employ at certain power generation projects. The company intends

to explore the possibility of registering certain projects with the CDM Executive Board for the issuance of carbon emission reduction certificates that it may sell. In order to realize these benefits, the Company has appointed consultants who have agreed to assist it with the development of its CDM strategies and registration of its projects with United Nations Framework on Climate Change Convention.

### ● Future Development Projects

According to projections made in the 17th National Electricity Plan, demand for power is expected to grow at an average annual rate of 9 per cent during the 11th Plan period (2007-12) and at an average annual rate of 7 per cent during the 12th Plan period (2012-17). In addition to the 28,200 MW of power projects that the Company is currently developing, it intends to develop additional power projects if and when permitted by Indian law. The Company is considering the development of Coal Bed Methane (CBM) power generation projects to be sourced from CBM blocks being explored by a consortium led by its affiliate, RNRL. The Company also intends to invest in overseas opportunities, which have a strategic fit with its business.

## 6. 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.

## 7. Adequacy of Internal Controls

The Company has in place a rigorous system of internal controls, overseen by the management, aimed at achieving efficiency in operations, optimum utilization of resources, and effective monitoring thereof and compliance with all applicable laws and regulations.

The Company ensures strict adherence to all internal control policies and procedures. A qualified and independent audit committee of the Board, comprising all independent Directors, reviews the adequacy of internal controls.

## 8. Human Resources

The Company has a small team of able and experienced professionals, and believes that it will manage to achieve substantial growth with a lean organization structure.

**Corporate Governance Report**

Reliance Power Limited has maintained the highest standards of Corporate Governance policies, principles and best practices by adopting the "Reliance Anil Dhirubhai Ambani Group–Corporate Governance Policies and Code of Conduct", as followed by all constituents in the group. These policies and code prescribe a set of systems, processes and principles conforming to the international standards and are reviewed periodically to ensure their continued relevance, effectiveness and responsiveness to the needs of local and global investors and all other stakeholders.

**Our governance philosophy**

The Company's philosophy on Corporate Governance is driven by the desire towards 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 overall enterprise value and retain shareholders trust, over a sustained period of time.

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 to 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 of customers, shareholders, employees, lenders, vendors, governments and the community.

**Governance practices beyond regulatory requirements**

Our governance practices go beyond the statutory and regulatory requirements. Our endeavour is to follow the spirit of good governance than mere compliance with the conditions specified by regulatory authorities. With this objective, we have formulated, *inter alia*, the following policy documents and introduced best practices of governance :

**1. 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 of honesty, integrity, respect, fairness, purposefulness, trust, responsibility, citizenship and caring.

**2. Code of ethics**

Our policy document on 'code of ethics', in essence, directs that our employees should conduct the business with integrity by excluding consideration of personal advantage.

**3. Business policies**

Our 'business policies' contains the policy on 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.

**4. 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 posts of Chairman and CEO.

**5. 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.

**6. 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.

**7. 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 action.

**8. Environment policy**

The Company is committed to achieving excellence in environmental performance, and preservation and promotion of environment is of fundamental concern in all our business activities.

**9. Risk management**

Our risk management procedures ensure that the management controls risks through means of a properly defined frame work.

**10. Boardroom practices**

**a. Chairman**

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

**b. Board charter**

The Board of Directors has adopted a comprehensive Board charter. The charter has set out matters relating to Board composition, scope and functions of the Board and its committees, etc.

**c. 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.

**d. Monitoring Subsidiaries**

The minutes of meetings of boards of subsidiary companies are periodically placed before the board of the Company.

## Corporate Governance Report

### e. Commitment of directors

The board meeting dates for the entire financial year are scheduled in 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 of all directors at the meetings of the board and its committees.

### f. Participation of directors through audio / video conference

The Company encourages / facilitates participation in the deliberations of the board by directors who are unable to attend any meeting of the board through audio / video conference, subject to their accessibility and availability.

### g. Compliance

The Company Secretary monitors the compliance of applicable laws, regulations and rules including the Companies Act, 1956 and the listing agreement with stock exchanges, including in-house legal audit and places confirmation of such compliance before the board at the end of every calendar quarter.

### Compliance with clause 49 of the listing agreement

The equity shares of the Company have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited effective from February 11, 2008. As the listing agreement of the stock exchanges became applicable to the Company from that date, and hence, disclosures made hereunder pursuant to clause 49 of the listing agreement relate to the period from the date of listing upto March 31, 2008 (referred herein as the "Reporting Period").

### 1. Board of Directors

#### I Composition and size of the Board

The current strength of the Board of Directors of the Company is six. All the Directors, including the Chairman are non-executive Directors excluding Shri K H Mankad. Of the non-executive Directors, only Shri Anil Ambani, being the promoter is non-independent while all the other Directors are independent.

The composition of and the category of directors on the Board of the Company as on March 31, 2008, were as under:

Category	Particulars of the Directors
<b>Promoter, Non-Executive and Non-Independent Director</b>	Shri Anil D Ambani, Chairman
<b>Independent Directors</b>	Shri S L Rao Shri J L Bajaj Dr Yogendra Narain Dr V K Chaturvedi
<b>Executive Director</b>	Shri K H Mankad, Whole-time Director

#### 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 received any loans and advances from the Company during the year.

The Company has appointed Shri Paresh Rathod, Company Secretary as the Manager of the Company in terms of provisions of the Companies Act, 1956, for a period of five years with effect from April 28, 2008.

### II Conduct of Board proceedings

The day to day business is conducted by the executives of Reliance Power under the direction of Whole - time director and the oversight of the Board. The Board holds periodic meetings every year to review and discuss the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company.

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

- review, monitor and approve major financial & 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
  - the Company
  - the financial statements
  - compliance with laws
  - relationships with customers, suppliers and other stakeholders;
- delegation of appropriate authority to the senior executives of the Company for effective management of operations.

### III Board Meeting

- During the Reporting Period, the Board held one meeting on February 24, 2008. However, the provisions relating to the gap between two Board meetings not exceeding 4 months was not applicable for the reporting period.
- The Board holds four to six meetings every year to review and discuss the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company.
- The Agenda and the Notes on Agenda are circulated to the Directors in advance in the defined Agenda format. All the information as required under Annexure IA of the Clause 49 of the Listing Agreement, as is required from time to time, is tabled before the Board for its consideration.
- The Board periodically reviews compliance reports of all laws applicable to the Company and takes steps to rectify non-compliances, if any.
- Standards issued by ICSI : The Company is in compliance with the secretarial standards governing Board Meetings as also General Meetings as set out in Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India (ICSI). The Board of Directors of the Company has taken necessary steps in order to ensure compliance with these standards.

Corporate Governance Report

**IV Attendance of Directors and other Directorship**

The overall attendance of Directors was 84%. It is proposed to introduce tele-conferencing and video-conferencing facilities immediately upon amendment to the relevant statutes in order to ensure participation of directors in the deliberation of all meetings of the Board.

**Attendance of Directors at the Board meeting held during Reporting Period:**

Name of Director <sup>1</sup>	Number of Board meetings attended <sup>2</sup>	Number of Directorships (including RPower) <sup>4</sup>	Number of committee positions held (including RPower) <sup>5</sup>	
			Member (including chairman)	Chairman
Shri Anil D Ambani	1	10	4	0
Shri S L Rao	1	7	8	5
Shri J L Bajaj	-	6	5	2
Dr Yogendra Narain	1	1	1	0
Dr V K Chaturvedi	1	1	2	0
Shri K H Mankad	1	3	0	0

1. Except Shri K H Mankad, who was appointed with effect from November 7, 2007, all other Directors are appointed with effect from September 30, 2007.
2. Board meetings/AGM held during the Reporting Period is considered. Only one Board meeting of the Directors of the Company was held on February 24, 2008.
3. Shri S C Gupta, Shri Ashish Tambawala, Shri Rakesh Aggarwal and Shri Himanshu Agarwal, resigned as Directors of the Company effective from September 30, 2007 i.e. prior to the reporting period, Accordingly relevant information pertaining to attendance of each of the aforesaid Directors at the Board meeting and last AGM, all held prior to reporting period are not provided.
4. Number of Directorship exclude Directorship in Foreign Company, alternate Directorships, Companies registered under Section 25 of the Companies Act and private limited companies.
5. Committee includes Shareholders / Investors' Grievance Committee and Audit Committee.
6. None of the Directors held directorships in more than 15 public limited companies.
7. No Directors has membership of more than 10 committees of board nor any director is chairman of more than 5 committees of the board.

**V 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**, 49, is the Chairman of all listed companies of the Reliance ADA Group, namely, Reliance Communications, Reliance Capital, Reliance Energy, Reliance Natural Resources and Reliance Power.

He is also the President of the Dhirubhai Ambani Institute of Information and Communication Technology, Gandhinagar, Gujarat.

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 ADA 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.

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

**Select Awards and Achievements**

- 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 across a number of business areas, December 2001

Shri Ambani is the Chairman of Reliance Energy Limited, Reliance Communications Limited, Reliance Natural Resources Limited and Reliance Capital Limited and Director of Reliance Communications Infrastructure Limited, Reliance Telecom Limited, Reliance Infratel Limited, Reliance Big TV Limited, Reliance Anil Dhirubhai Ambani Group Limited, Reliance Globalcom Limited and other Private Limited Companies in the Group. He is a member of Audit Committees of Reliance Natural Resources Limited and Reliance Big TV Limited and member of Shareholders/ Investors' Grievances Committee of Reliance Natural

# Reliance Power Limited

## Corporate Governance Report

Resources Limited and Reliance Communications Limited. Shri Anil D Ambani holds 1,000 shares in the Company as of March 31, 2008.

**Shri S L Rao**, 72, is currently Chairman, Board of Governors of the Institute for Social and Economic Change, Bangalore; Distinguished Visiting Fellow at The Energy and Resources Institute (TERI); a widely read newspapers columnist, writer and speaker on management, consumer markets, the economy and energy issues. He is an economist by training and a professional manager with 30 years of experience in large companies including in top management positions in marketing and general management and a further 7 years in management consultancy. He taught marketing in the most 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 data 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, transparency and objectivity. 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 in Tamil Nadu (1981-84). He was founder Chairman of the Forum of Indian Regulators. He has co-authored or edited 12 books and articles on the economy and management. His writings and active participation contributed to the formation of the Indian Ocean Region as a zone for economic cooperation. He was awarded the Ravi J Mathai Fellowship Award by the Association of Indian Management Schools in 2001. He is a Director in Rain CII Carbon (India) Limited, Honeywell Automation India Limited, Reliance Natural Resources Limited, Kanoria Chemicals & Industries Limited, Reliance Energy Limited and other Private Limited Companies. He is presently, Chairman of the Board of Governors of the Institute for Social & Economic Change, Life Trustee of the Madras Craft Foundation, Trustee of Aga Khan Foundation India Committee and on the Governing Board of the Indian Institute of Management, Lucknow and Trustee of the Bangalore International Centre. He is the Chairman of the audit committee of the Company and Honeywell Automation India Limited, member of audit committee of Reliance Energy Limited, Reliance Natural Resources Limited and Rain CII (Carbon) India Limited. He is a member of shareholders/investors' grievance committee of the Company and Reliance Natural Resources Limited. He was also the Chairman of the audit committee of Axis Private Equity Limited. Shri S L Rao resigned as a director of Axis Private Equity Limited w. e. f. April 12, 2008. He has written 13 books, the latest being "From Servants to Masters? *The Evolution of Professional Management in India*" (2007) and hundreds of articles in newspapers and journals. Shri S L Rao does not hold any shares in the Company as of March 31, 2008.

**Shri J L Bajaj** (68) 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 Government of India he held positions as Adviser (Industry) Planning Commission, Additional Secretary in the Department of Economic Affairs, and Joint Secretary, Plan Finance, Ministry of Finance. He was also Chairman Administrative Reforms and Decentralization 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, Reliance Natural Resources Limited, Uttarakhand Power Corporation Limited, Uttarakhand Jal Vidyut Nigam Limited and Power Transmission Corporation of Uttarakhand Limited. He is a member of Audit Committee and Chairman of Shareholders/Investors' Grievances Committee of Reliance Natural Resources Limited, Member of audit committee of IL &FS Trust Company Limited, member of Audit committee and chairman of Shareholders/Investors Grievances Committee of the Company. Shri J L Bajaj holds 17 shares in the Company as of March 31, 2008.

**Dr Yogendra Narain** : Dr Narain, aged 65 years, 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 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 Highway Authority of India. Dr Narain holds degrees. B.Sc., M.A. (Political Science), Diploma in Development Economics, M. Phil and Ph.D. He is also member of Audit Committee of the Company. Dr Yogendra Narain does not hold any shares in the Company as of March 31, 2008.

**Dr V K Chaturvedi** : Dr Chaturvedi, aged 64 years, is a former Chairman & Managing Director of Nuclear Power Corporation of India Limited. He has also been a Member of the Atomic Energy Commission, Government of India and Chairman of World Association of Nuclear Operators (WANO), Tokyo Centre and also a Governor in the International WANO Board, London for 2 years. Dr Chaturvedi is a gold medalist in mechanical engineering (1965 batch) from Vikram University and later he did his post-graduation in nuclear engineering from BARC training school, Mumbai. He has over 40 years of experience in relation to 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 also member of Audit Committee and Shareholders /Investors Grievances Committee of the Company. Dr. V K Chaturvedi does not hold any shares in the Company as of March 31, 2008.

Corporate Governance Report

**Shri K H Mankad**, aged 65 years, and Indian national, is the Whole-time Director of the Company. Shri Mankad is a Bachelor of Commerce and Laws. He is an Associate Member of the Institute of Chartered Accountants of India, an Associate Member of the Institute of Company Secretaries of India and an Associate Member of the Institute of Cost and Works Accountants of India. He has over 39 years of experience in corporate finance, taxation, accounts, management and laws. He has been working with Reliance Energy Limited since 1995 and was its Director (Finance). He is on the Board of Sonata Investments Limited and Reliance World Limited. Shri K H Mankad does not hold any shares in the Company as of March 31, 2008.

**VI Chief Executive Officer**

Shri J P Chalasani

The Company has appointed Shri J P Chalasani, aged 50 years, as the Chief Executive Officer effective March 7, 2008. He is an engineering graduate and has about 26 years wide experience in responsible position with National Thermal Power Corporation Limited and Reliance Energy Limited. He was a whole-time director of Reliance Energy Limited from January 18, 2003 to January 17, 2008. He is also on the Board of Hirma Power Limited, Reliance Energy Trading Limited, BSES Rajdhani Power Limited, Utility Powertech Limited, Jayamkondam Power Limited, Matrix Innovation Limited and Coastal Andhra Power Limited

**VII Insurance Coverage**

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

**2. Audit Committee**

The audit committee consists of Shri S L Rao, Shri J L Bajaj, Dr Yogendra Narain and Dr V K Chaturvedi all independent directors of the Company. The Audit Committee is chaired by Shri S L Rao who has a wide experience on economic, financial and taxation issues. All the other members of the Committee are financially literate within the meaning of Clause II (A) Explanation 1 of Clause 49 of the Listing Agreement.

The audit committee advises the management on the areas where 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) (D) and (E) of the listing agreement as follows:

**General Functions and Powers**

- i Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial information is correct, sufficient and credible.
- ii Recommending the appointment, reappointment and replacement/removal of statutory auditor and fixation of audit fee.
- iii Approve payment for any other services by statutory auditors.
- iv Reviewing with management the annual financial statements before submission to the Board, focusing primarily on;
  - a. matters required to be included in the

- Directors Responsibility Statement included in the report of the Board of Directors;
- b. any changes in accounting policies and practices;
- c. major accounting entries based on exercise of judgment by management;
- d. qualifications in draft audit report;
- e. significant adjustments arising out of audit;
- f. compliance with listing and other legal requirements concerning financial statements;
- g. any related party transactions.
- 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, the adequacy of internal control systems.
- viii Reviewing the adequacy of internal audit function, 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.
- xi 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 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.
- xiv Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- xv Review the following information:
  - a. Management discussion and analysis of financial condition and results of operations;
  - b. Internal audit reports relating to internal control weaknesses;
  - c. Management letters / letters of internal control weaknesses issued by statutory / internal auditors;

## Corporate Governance Report

- d. Statement of significant related party transactions; and
- e. The appointment, removal and terms of remuneration of the Chief Internal Auditor.

### The Audit Committee has the following powers:

- i. to investigate any activity within its terms of reference.
- ii. to seek any information from any employee.
- iii. to obtain outside legal and professional advice.
- iv. to secure attendance of outsiders with relevant expertise, if it considers it necessary.

There was no meeting of the audit committee of the Board during the Reporting Period, hence details regarding attendance of members of the committee is not provided. The company secretary Shri Paresh Rathod, acts as the secretary to the committee.

### 3. Nomination / Remuneration Compensation Committee

The Nomination / Remuneration Committee consist of three independent Directors comprising Dr V K Chaturvedi, Shri J L Bajaj and Shri S L Rao. Dr Chaturvedi is the Chairman of the Committee.

The Nomination / Remuneration Compensation Committee of the Board is constituted to formulate and recommend to the Board from time to time, a compensation structure for whole-time members of the Board and Manager. It is proposed to introduce a stock option scheme for the directors and employees of the Company in accordance with the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 at an appropriate time. The scheme would set the maximum number of stock options that can be granted to non-executive directors.

During the Reporting Period, the Remuneration Committee held one meeting on February 24, 2008, which was attended by all the members of the Committee except Shri J L Bajaj.

Except Shri K H Mankad, all directors, being non – executive, are paid sitting fees for attending the meetings of the Board and its committees.

Details of sitting fees/remuneration paid to the directors during the Reporting Period are given below :

(Amount in Rs)

Sr. No.	Name	Position	Sitting Fee	Salary & perquisite	Total
1	Shri Anil D Ambani	Chairman	20,000	Nil	20,000
2	Shri S L Rao	Director	60,000	Nil	60,000
3	Shri J L Bajaj	Director	Nil	Nil	Nil
4	Dr Yogendra Narain	Director	20,000	Nil	20,000
5	Dr V K Chaturvedi	Director	60,000	Nil	60,000
6	Shri K H Mankad	Whole-time Director	Nil	4,77,637	4,77,637
<b>Total</b>			<b>1,60,000</b>	<b>4,77,637</b>	<b>6,37,637</b>

### Notes :

- a. The salary and perquisites include all fixed elements of remuneration i.e. salary and other allowances and benefits and the amounts paid during the reporting period are taken into account.
- 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 Executive Director.

### Details of Service contracts

Names	Date of Appointment	Current tenure	From	To
Shri K H Mankad	November 7, 2007	3 years	November 7, 2007	November 6, 2010

There were no other pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company.

### Equity Shares held by Directors

The shares held by the Non-Executive Directors in the Company as on 31st March, 2008 are as follows:

Name	Shares
Shri Anil D Ambani	* 1,000
Shri J L Bajaj	17

\* Shares held jointly with AAA Project Ventures Private Limited

### Directors' remuneration policy

The Nomination/Remuneration Compensation Committee determines and recommends to the board, the compensation of the directors. 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.

### Criteria for making payments to non-executive Directors

The Directors are paid sitting fees for attending the meetings. The payment of commission, if any, will be based on the number of Board membership/ Committee membership/ Chairmanship held by them.

### 4. Shareholders/ Investors' Grievance Committee

The Board of Directors of the Company has constituted Shareholders/investors' Grievances Committee on September 30, 2007, comprising 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 (KCPL) to act as Registrar and Transfer Agent of the Company. The Committee deals with matters relating to transfer/transmission of shares, issue of duplicate share certificates, review of shares dematerialised, and all other related matters. The committee also monitors redressal of investors' grievances. Particulars of investors grievances received and redressed are furnished in the Investor Information Section of this Annual Report.

Shri Paresh Rathod, Company Secretary, is the Compliance officer.



**Corporate Governance Report**

During the Reporting Period, one meeting of the Shareholders / Investors' Grievance Committee was held on February 24, 2008.

**Attendance at the meeting of the Shareholders / Investors' Grievance Committee as under:**

The composition of the Shareholders / Investors' Grievance Committee is as follows:

Sr. No.	Name	Meeting held during the Reporting Period	Meeting attended
1	Shri J L Bajaj	1	0
2	Shri S L Rao	1	1
3	Dr V K Chaturvedi	1	1

**Status of Complaints / Grievances during the period:**

Sl. No	Type of Complaints	Number of Complaints
1.	Non receipt of Refund Orders/ Credit of shares	26,493
2.	Non receipt of Refund Orders	7,817
3.	Non credit of shares/others	3,891
	<b>Total</b>	<b>38,201</b>

As of March 31, 2008, there were 685 complaints outstanding, all of which have been attended/resolved as of date. None of the complaints during the Reporting Period remained pending for more than 30 days.

**5. General Body Meetings**

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

Year	Date	Venue	Time	Special Resolutions passed
2007	June 2, 2007	3rd Floor, Reliance Energy Centre, Santa Cruz (East), Mumbai 400 055	3.00 p.m.	None
2006	September 28, 2006	3rd Floor, Reliance Energy Centre, Santa Cruz (East), Mumbai 400 055	10.30 a.m.	None
2005	July 19, 2005	3rd Floor, Reliance Energy Centre, Santa Cruz (East), Mumbai 400 055	10.00 a.m.	None

**6. Postal Ballot**

During the year, no special resolutions were passed through postal ballot.

**7. Disclosures**

- 7.1 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 Company's interest.
- 7.2 No penalty or stricture has been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority, on any matter related to the capital markets, during the last 3 years.

**8. Compliance with other mandatory requirements**

**8.1 Management Discussion and Analysis**

A Management Discussion and Analysis Report forms part of the Annual Report and includes discussions on various

matters specified under clause 49(IV)(F) of the Listing Agreement.

**8.2 Subsidiary Companies**

The Company did not have a material non-listed Indian Subsidiary during 2007-08 and hence, it is not required to have an independent director of the company on the board of such subsidiary company. The audit committee reviews the financial statements, particularly, the investments made by the company's unlisted subsidiary companies. The minutes of the meetings of the board of directors of subsidiary companies are placed before the board of directors of the company and the attention of the directors is drawn to all significant transactions and arrangements entered into by the subsidiary companies.

**8.3 Disclosures**

**8.3.1 Related Party Transactions**

The details of all transactions with related parties are placed before the audit committee on quarterly basis.

**8.3.2 Disclosure of Accounting Treatment**

In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India and as prescribed under the Companies (Accounting Standard) Rules, 2006, as applicable.

**8.3.3 Disclosures on Risk Management**

The Company has laid down procedures to inform Board members about the risk assessment and minimisation procedures which is periodically reviewed by the Board.

**8.3.4 Initial Public Offering (IPO)**

The Company had during the year under review made Initial public offering of 26,00,00,000 equity shares of Rs 10 each for cash at a price of Rs 450 per equity share [including a share premium of Rs 440 per share (Rs 420 for Retail Individual Investors)] aggregating to Rs 11,563.20 crore (net of retail discount). The issue comprised net issue to the public of 22,80,00,000 equity shares aggregating Rs 10,123.20 crore (net of retail discount) and promoters' contribution of 3,20,00,000 equity shares aggregating Rs.1,440.00 crore. The details of utilisation of issue proceeds are disclosed to the Audit Committee. The Company has not utilised these funds for purposes other than those stated in the offer document.

**8.3.5 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 had been put on the company's website 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

## Corporate Governance Report

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 affirmation that they have complied with the code of conduct for directors and senior management of the company for the year 2007-08."

Paresh Rathod  
Manager

### 8.3.6 CEO/CFO Certification

A certificate from Manager and Chief Financial Officer on the financial statements of the Company was placed before the Board.

### 8.3.7 Review of Directors' Responsibility Statement

The Board in its report have confirmed that the annual accounts for the year ended March 31, 2008 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

## 9. Compliance with Non-mandatory requirements

### 9.1 Tenure of Independent Directors on the Board

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

### 9.2 Nomination/Remuneration Compensation Committee

The board has set up a Nomination/Remuneration Compensation Committee details whereof are furnished at serial No 3 of this Report.

### 9.3 Audit Qualifications

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

### 9.4 Training of Board Members

For orientation and to get familiar with the Company's business operations, governance procedures and practices, the directors visit the power stations and the project sites of the Company.

Besides, detailed presentations are periodically made to the board members on the business model of the Company, risk profile of the business parameters to enable the board members to discharge their responsibilities as directors.

### 9.5 Whistle Blower Policy

The Company has formulated a policy to prohibit managerial personnel from taking adverse personnel action against employees 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 in to whistleblower complaint 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 have been denied access to the Grievance Redressal mechanism of the Company.

## 10. Means of Communication

Information like quarterly financial results and media releases on significant developments in the company as also presentations that have been made from time to time to the media, institutional investors and analysts will be hosted on the company's web site and has also been submitted to the stock exchanges on which the company's equity shares are listed, to enable them to put them on their own websites. The Quarterly financial results will be published in *Financial Express* and *Navshakti*.

### SEBI EDIFAR

As per the requirements of clause 51 of the listing agreement with the stock exchanges, all the data relating to quarterly financial results, shareholding pattern, etc. are being electronically filed on the electronic data information filing and retrieval (EDIFAR) website of SEBI ([www.sebiedifar.nic.in](http://www.sebiedifar.nic.in)) within the timeframe prescribed in this regard.

## 11. General Shareholder Information

The mandatory as also various additional information of interest to investors is voluntarily furnished in a separate section on Investor Information in this Annual Report.

### Auditor's certificate on corporate governance

The Auditors certificate on compliance of clause 49 of the listing agreement relating to corporate governance is published as an annexure to the Directors' Report.

### Review of governance practices

We have in this report attempted to present the governance practices and principles being followed at Reliance Power and as best suited to the needs of our business and stakeholders and ensure that our standards are at par with the globally recognized practices of governance, so as to meet the expectations of all our stakeholders.

**Investor Information**

**Annual General Meeting (AGM)**

Day and date : Tuesday, September 23, 2008  
 Time : 11.00 a.m.  
 Venue : Birla Matushri Sabhagar, 19 Vithaldas  
 Thackersey Marg, 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.

**Key Financial Reporting Dates for the Year 2008-09**

Unaudited Results for the First : On or before July 31,  
 Quarter ended June 30, 2008 2008  
 Unaudited Results for the Second: On or before October 31,  
 Quarter / half year ended 2008  
 September 30, 2008  
 Unaudited Results for the Third : On or before January 31,  
 Quarter ended December 31, 2009  
 2008  
 Audited Results for the : On or before June 30,  
 Financial Year 2008-09 2009

**Date of Book Closure:** Tuesday, June 3, 2008 to Thursday, June 05, 2008 (Both days inclusive)

**Registrar and Transfer Agents (RTA)**

Karvy Computershare Private Limited  
 Unit: Reliance Power Limited  
 Plot No 17-24, Vittal Rao Nagar  
 Madhapur  
 Hyderabad 500 081  
 Andhra Pradesh, India  
 Tel: +91 40 2342 0815-0825  
 Fax: +91 40 2342 0859  
 e-mail: rpower@karvy.com

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.

**Website**

The web site of the Company [www.reliancepower.co.in](http://www.reliancepower.co.in) contains a sub-menu on *Investor Relations*. It carries comprehensive database of information of interest to our investors including on the results of the Company, any price sensitive information disclosed to the regulatory authorities from time to time, business activities of the Company and the services rendered / facilities extended by the Company to our investors.

**Dedicated e-mail for Investor Grievance**

For the convenience of our investors, the Company has designated an exclusive e-mail id i.e. [reliancepower.investors@relianceada.com](mailto:reliancepower.investors@relianceada.com). All investors are requested to avail this facility.

**Compliance Officer:**

Shri Paresh Rathod, Company Secretary, is the Compliance Officer of the Company.

**Nomination facility**

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

**Stock Exchanges on which the shares of the Company are listed**

- i. National Stock Exchange of India Limited (NSE)  
 Exchange Plaza, Bandra-Kurla Complex  
 Bandra (East)  
 Mumbai 400 051  
 Telephone : +91 22 2659 8235 /8236 / 8100-8114  
 Fax : +91 22 2659 8237 /38  
 e-mail : [cmlist@nse.co.in](mailto:cmlist@nse.co.in)  
 Web site : [www.nseindia.com](http://www.nseindia.com)
- ii. Bombay Stock Exchange Limited (BSE)  
 1st Floor, New Trading Ring  
 Rotunda Building, P J Towers  
 Dalal Street, Fort  
 Mumbai 400 001  
 Telephone : +91 22 2272 1233 / 34  
 Fax : +91 22 2272 2037 / 2041 / 3719  
 E-mail : [corp.relations@bseindia.com](mailto:corp.relations@bseindia.com)  
 Web site : [www.bseindia.com](http://www.bseindia.com)

The listing fees payable to BSE & NSE for 2008-09 have been paid in full by the Company.

**(i) Stock Codes/Symbol**

Bombay Stock Exchange Limited : 532939  
 National Stock Exchange of India limited : RPOWER

**(ii) Demat ISIN number in NSDL and CDSL for equity shares: INE614G01033**

The annual custodian fees for the Financial Year 2008-09 have been paid to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

**(iii) Corporate Identity Number (CIN)**

Our CIN, allotted by the Ministry of Corporate Affairs, Government of India, is U40101MH1995PLC084687, and our Company is registered within the jurisdiction of Registrar of Companies, Maharashtra, Mumbai.

**Market Price Information**

The equity shares of the Company have been listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited with effect from February 11, 2008. The data for the relevant period has been accordingly provided in the following table:

# Reliance Power Limited

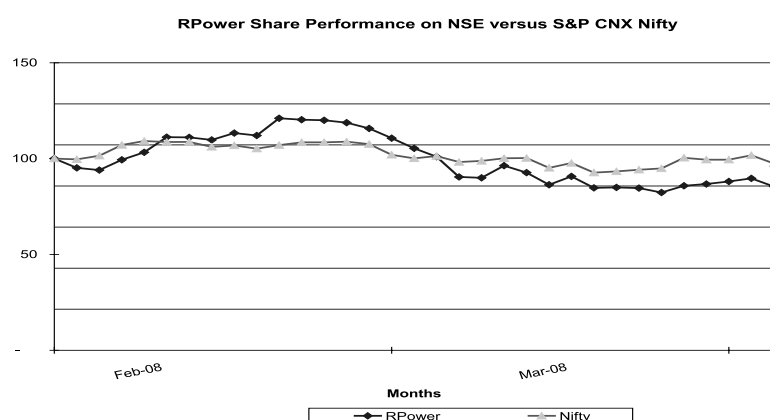
## Investor Information

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)						
	Bombay Stock Exchange			National Stock Exchange		
2007 - 08	High Rs	Low Rs	Volume No. of shares	High Rs	Low Rs	Volume No. of shares
February '08	599.90	332.50	19,45,67,003	530.00	333.00	35,68,30,789
March '08	423.95	303.45	5,08,17,399	424.00	303.00	8,66,27,279

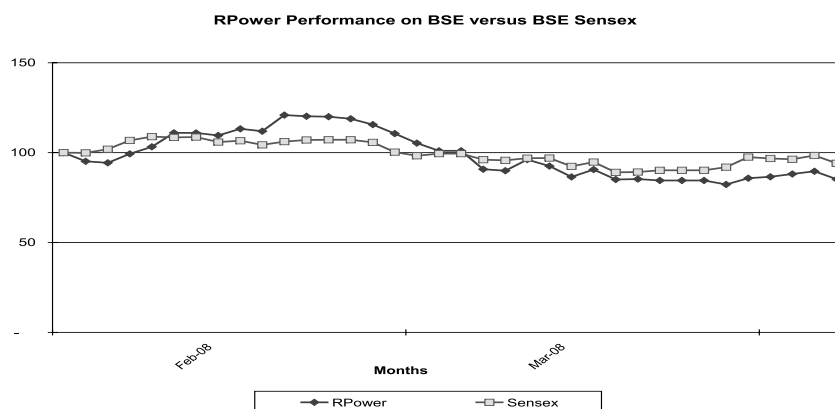
### Comparative price chart

#### RPower and Leading Indices – Comparative Price Chart

##### 1. NSE



##### 2. BSE



### Share Transfer System

Physical Share transfers are registered and returned generally within a period of Seven days from the date of receipt, if the documents are correct and valid in all respects. Shareholders / Investors are requested to send share transfer related documents directly to our Registrar and Transfer Agents whose address is given at the beginning of this section. A Committee of executives of the Company is authorised to approve transfer of shares.

As required under Clause 47(c) of the Listing Agreements entered into by the Company with the Stock Exchanges, a certificate shall be obtained every six months from a practicing Company Secretary with regard to inter alia, effecting transfer, transmission, sub-division, consolidation, renewal and exchange of equity shares within one month of their lodgment. The certificate shall be forwarded to BSE and NSE, where the equity shares are listed and also be placed before the Board.

Investor Information

Shareholding Pattern as on 31.03.2008

Category of Shareholder		As on March 31 2008	
		No of Shares	%
<b>(A)</b>	<b>Holding of the Promoter Group</b>		
	Shri Anil D Ambani jointly with AAA Project Ventures Private Limited	1,000	00.00
	Reliance Energy Limited <sup>2</sup>	1,016,000,000	44.96
	AAA Project Ventures Private Limited	1,015,998,000	44.96
	Reliance Innoventures Private Limited jointly with AAA Project Ventures Private Limited	1,000	00.00
	<b>Sub-Total (A)</b>	<b>2,032,000,000</b>	<b>89.92</b>
<b>(B)</b>	<b>Non-Promoters Holding</b>		
<b>1</b>	<b>Institutional Investors</b>		
	(a) Mutual Funds / Unit Trust of India	4,425,055	00.20
	(b) Banks, Financial Institutions, Insurance Companies , Governments	14,612,522	00.64
	(c) Foreign Institutional Investors	83,325,831	03.68
	<b>Sub-Total (B)</b>	<b>102,363,408</b>	<b>04.52</b>
<b>2</b>	<b>Others</b>		
	(a) Private Corporate Bodies	22,974,106	01.02
	(b) Indian Public /Others	101,695,164	04.50
	(c) Non Resident Indians/Overseas Corporate Bodies	967,322	00.04
	<b>Sub-Total (C)</b>	<b>125,636,592</b>	<b>05.56</b>
	<b>Grand-Total (A+B+C)</b>	<b>2,260,000,000</b>	<b>100.00</b>

1 Since the equity shares of the Company have been listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited with effect from February 11, 2008, the comparative figures for 2007 have not been provided.

2 Includes six equity shares of Rs 10 each jointly held by Reliance Energy Limited along with six individuals.

**Group coming 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 coming within the definition of 'group' as defined in 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	Ikosel Investments Limited
Smt. Tina A. Ambani	K D Ambani Trust
Smt. Kokila D. Ambani	Millsfield Enterprises Limited
Master Jai Anmol Ambani	Radium Unlimited
Master Jai Anshul Ambani	Reliance Anil Dhirubhai Ambani Group (UK) Private Limited
AAA & Sons Private Limited	Reliance Anil Dhirubhai Ambani Investments (UK) Limited
AAA Business Machines Private Limited	Reliance Big Private Limited
AAA Communication Private Limited	Reliance Capital Limited
AAA Enterprises Private Limited	Reliance Communications Infrastructure Limited
AAA Entertainment Private Limited	Reliance Communications Limited
AAA Global Ventures Private Limited	Reliance Enterprises and Ventures Private Limited
AAA Industries Private Limited	Reliance General Insurance Company Limited
AAA International Capital Private Limited	Reliance India Private Limited
AAA Pivotal Enterprises Private Limited	Reliance Energy Limited
AAA Power Systems (Global) Private Limited	Reliance Infratel Limited
AAA Project Ventures Private Limited	Reliance Innoventures Private Limited
ADA Enterprises and Ventures Private Limited	Reliance Land Private Limited
ADAE Global Private Limited	Reliance Limited
Adlabs Films Limited	Reliance Natural Resources Limited
Ambani Industries Private Limited	Reliance Net Limited
Ambani International Private Limited	Reliance Power Transmission Limited
Batiste Unlimited	Reliance Telecom Limited
Hansdhvani Trading Company Private Limited	Serbus Asia Pte. Limited
Hui Investments Unlimited	Sonata Investments Limited
	Tareson Company 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.

# Reliance Power Limited

## Investor Information

### Top 10 Shareholders as on March 31, 2008<sup>1</sup>

Sr. No.	Name of the Holder(s)	No. of Shares	% to total shareholding
1	Reliance Energy Limited <sup>2</sup>	1,016,000,000	44.96
2	AAA Project Ventures Private Limited	1,015,998,000	44.96
3	IXIS Corporate and investment bank	16,314,864	00.72
4	Julius Baer Multiflex-Emerald Securities Fund	14,747,085	00.64
5	Lotus Global Investments Limited	9,299,675	00.41
6	Mavi Investment Fund Limited	9,163,695	00.41
7	Morgan Stanley Mauritius Company Limited	5,602,228	00.24
8	Swiss Finance Corporation (Mauritius) Limited	4,807,493	00.21
9	Reliance Capital Asset Management Limited-A/c PMS	4,523,865	00.20
10	Reliance Capital Trustee Company Limited	2,682,271	00.12
	<b>Total</b>	<b>2,099,139,176</b>	<b>92.87</b>

1 Since the equity shares of the Company have been listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited with effect from February 11, 2008, the comparative figures for 2007 have not been provided.

2 Includes six equity shares of Rs 10 each jointly held by Reliance Energy Limited along with the six individuals.

### Distribution of Shareholding as on March 31, 2008

Sl.No	Category (Shares)	Number of Shareholders		Total Shares	
		Holders	%	Shares	%
1	1 - 500	4,031,599	99.77	86,856,896	03.85
2	501 - 5000	8,215	00.20	9,869,826	00.45
3	5001 - 20000	695	00.02	6,759,715	00.30
4	20001 and Above	377	00.01	2,156,513,563	95.40
	<b>TOTAL</b>	<b>4,040,886</b>	<b>100.00</b>	<b>2,260,000,000</b>	<b>100.00</b>

### Investors' grievances attended

Received from	Received during 2007-08*	Redressed during 2007-08*	Pending as on 31.3.2008
Securities and Exchange Board of India	5,859	5,859	0
Stock Exchanges	614	614	0
NSDL/CDSL	0	0	0
Direct from investors	31,728	31,043	685
<b>Total</b>	<b>38,201</b>	<b>37,516</b>	<b>685</b>

\* For the period from February 11, 2008 to March 31, 2008.

### Analysis of Grievances received up to March 31, 2008.

Sl no.	Particulars	Number of complaints	% of total complaints	Resolved	Pending
1	Non receipt of Refund order/Credit of shares	26,493	69.35	26,015	478
2	Non receipt of Refund order	7,817	20.46	7,618	199
3	Non credit of shares in demat account/Others	3,891	10.19	3,883	8
	<b>Total</b>	<b>38,201</b>	<b>100.00</b>	<b>37,516</b>	<b>685</b>

**Note:** Investors queries / grievances are normally attended within a period of 3 days from the date of receipt thereof, except in cases involving external agencies or compliance with longer procedural requirements specified by the authorities concerned.

### Dematerialisation of Shares and Liquidity

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).

### Status of dematerialization of shares as of March 31, 2008 is as under:

Electronic holdings			Physical holdings			Total		
No. of Beneficial Owners	No. of Shares	%	No. of folios	No. of Shares	%	No. of shareholders	No. of shares	%
4,040,878	2,259,997,994	100.00	8	2,006	00.00	4,040,886	2,260,000,000	100.00

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

**Investor Information**

**Equity History**

Details of issue of Equity Shares

Dates	Particulars of Issue	No. of Shares	Total No. of Shares	Nominal Value of Shares (Rs in crore)
Upto 31.01.2008	Allotment (s) made prior to Initial Public Offering	200,00,00,000	200,00,00,000	2,000
01.02.2008	Allotment of Shares pursuant to Initial Public Offering	26,00,00,000	226,00,00,000	2,260

**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 24972964-70, Fax : +91 22 24972993 / 24976351, e-mail : info@nsdl.co.in, website : www.nsdl.com or Central Depository Services (India) Limited, Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Mumbai 400 023. Telephone: +91 22 2272 3333 Fax: +91 22 2272 3199/2072, web site: www.cdsindia.com e-mail: investors@cdslindia.com.

**Communication to members**

The quarterly financial results of the Company are normally announced within a month of the end of the respective quarter. The Company's media releases and details of significant developments are also made available on the website. These are published in leading newspapers, in addition to hosting them on the Company's website: www.reliancepower.com.

**Legal Proceedings**

There are certain pending cases relating to non-receipt of refund order and non-credit of shares in demat account, in which the Company is made a party. These cases are however, not material in nature.

**Eliminate Duplicate Mailing**

If you hold the Equity Shares of the Company in more than one Folio in your name or with the same address as other shareholders of the Company, you may authorise the Company to discontinue mailing of multiple Annual Reports.

**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, as amended on February 20, 2002. The Board has appointed Shri Paresh Rathod, Company Secretary as 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 trade, monitoring of trades and implementation of the Code of Conduct under the overall supervision of the Board. The Code, inter alia, prohibits purchase and/or sale of shares of the Company by an insider or by any other Company, while in possession of unpublished price sensitive information in relation to the Company during certain prohibited periods. The Code is available on the Company's web site.

**Secretarial audit for reconciliation of Capital**

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 a Chartered Accountant 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.

**Power Plants**

The Company is in the process of setting up power generation plants at various locations.

**Address for Correspondence**

**Any queries relating to the financial statements of the Company may be addressed to :**

Shri Deepak Maheshwari  
Chief Financial Officer  
Reliance Power Limited  
I Block, 2nd Floor  
Dhirubhai Ambani Knowledge City  
Navi Mumbai 400 710  
Telephone : +91 22 3038 6290  
Fax : +91 22 3037 6622

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

Shri Paresh Rathod  
Company Secretary  
Reliance Power Limited  
H Block, 1st Floor  
Dhirubhai Ambani Knowledge City  
Navi Mumbai 400 710  
Telephone : +91 22 3038 6172  
Fax : +91 22 3037 6622

## Reliance Power Limited

### Investor Service Centres of Karvy Computershare Private Limited

Sr. No.	City/Centre	STD Code	Phone - Office	Fax	E-mail Id
1	Agra	0562	2526660 to 63		ksblagra@karvy.com
2	Ahmedabad	079	26420422, 26400527, 28	26565551	ahmedabad@karvy.com
3	Aligarh	0571	2509106 to 08		aligarh@karvy.com
4	Allahabad	0532	2260291, 2260292	2561073	ksblallahabad@karvy.com
5	Anantapur	08554	249601, 249607, 249608	249608	ksblanantpur@karvy.com
6	Ankaleshwar	02646	227348, 227349		ksblankleshwar@karvy.com
7	Aurangabad	02432	2363517, 23, 24, 30		ksblabad@karvy.com
8	Bangalore	080	26621192, 26621193	41312645	ircbangalore@karvy.com
9	Bareilly	0581	24676809, 3207699	2476797	ksblbareilly@karvy.com
10	Belgaum	0831	2402544, 2402722	2402933	ksblbelgaum@karvy.com
11	Bellary	08392	254531, 254532	254533	ksblbellary@karvy.com
12	Bharuch	02642	225207, 225208		ksblbharuch@karvy.com
13	Bhavnagar	0278	2567005, 2567006		bhavnagar@karvy.com
14	Bhimavaram	08816	231766, 67, 68, 69	231769	ksblbvaram@karvy.com
15	Bhopal	0755	3013113, 3010728, 3010731	2760890	ksblbhopal@karvy.com
16	Bhubneshwar	0674	2547531 to 3, 531532	2546915	ksblbbsr@karvy.com
17	Calicut	0495	2760882, 2760884	2369522	ksblcalicut@karvy.com
18	Chandigarh	0172	5071726 to 728,	5071725	chandigarh@karvy.com
19	Chennai	044	28151793, 94, 4781	28153181	ksblmadras@karvy.com
20	Narasaraopet	08647	257501 to 503	257502	ksblchpet@karvy.com
21	Coimbatore	0422	2237501 to 506, 4377211	2237507	ksblcoimbatore@karvy.com
22	Cuttack	0671	2335175, 3110827	2335175	ksblcuttack@karvy.com
23	Dehradun	0135	2713351, 2714046	2714047	ksbldehradun@karvy.com
24	Dindigul	0451	2436077, 2436177	2436077	dindigul@karvy.com
25	Durgapur	0343	2586375 to 77		ksblurgapur@karvy.com
26	Eluru	08812	227851, 52, 54	227854	ksbleluru@karvy.com
27	Erode	0424	2225603, 225615	2216160	erode@karvy.com
28	Ghaziabad	0120	2701886, 2701891		ksblghaziabad@karvy.com
29	Gobichettipalayam	04285	226275, 226276		gobi@karvy.com
30	Gorakhpur	0551	2346519, 2333825	2349525	ksblgorakhpur@karvy.com
31	Guntur	0863	2326681, 2326686	6641102	ksblguntur@karvy.com
32	Haldia	03224	276755 to 57		ksblhaldia@karvy.com
33	Hubli	0836	2232773, 2237774	2353961	hubli@karvy.com
34	Hyderabad	040	23312454, 23320251	23312946	anitha@karvy.com
35	Indore	0731	5069891, 5069892	5069894	indore@karvy.com
36	Jaipur	0141	2375039, 99, 2363321	2378703	jaipur@karvy.com
37	Jamnagar	0288	2557862 to 65, 3299330		jamnagar@karvy.com
38	Jamshedpur	0657	2487020, 2487045		jamshedpur@karvy.com
39	Junagadh	0285	2624154, 2624140		junagadhdp@karvy.com
40	Kakinada	0884	2387382, 2387383		ksblkakinada@karvy.com
41	Kanpur	0512	2330127, 2331445, 3246390	2331445	ircanpur@karvy.com
42	Karaikudi	04565	237192, 237193	2341891	karaikudi@karvy.com
43	Karur	04324	241892, 241893	241891	karur@karvy.com



**Investor Service Centres of Karvy Computershare Private Limited**

Sr. No.	City/Centre	STD Code	Phone - Office	Fax	E-mail Id
44	Kochi	0484	2310884, 2316406, 2322152	2323104	ksblcochin@karvy.com
45	Kolkata	033	24655006, 5392, 0982, 8369	24644866	ksblcalcutta@karvy.com
46	Lucknow	0522	2236820 to 26	2236826	adminlucknow@karvy.com
47	Madurai	0452	2350855, 2350852 to 854	2350856	madurai@karvy.com
48	Mangalore	0824	2492302, 2496332	2496283	mangalore@karvy.com
49	Mattancherry	0484	22,232,432,211,229		ksblmattancherry@karvy.
50	Mumbai(Andheri)	022	26730799, 843, 311, 867	26730152	pbamlani@karvy.com, mumbaiandheri@karvy.com
51	Mumbai (Fort)	022	22838424,22862425, 2427	22040171	shailesh@karvy.com, mumbaiafort@karvy.com
52	Mysore	0821	2524292, 2524294		mysore@karvy.com
53	Nadiad	0268	2563210, 2563245		nadiad@karvy.com
54	Nasik	0253	2577811, 5602542		ksblnasik@karvy.com
55	Nelloe	0861	2349935, 2349936, 23499367	2349939	ksblnelloe@karvy.com
56	New Delhi	011	23324401, 23353835, 981	23324621	ircdelhi@karvy.com
57	Palghat	0491	2547143, 2547373		palghat@karvy.com
58	Panjim	0832	2426870,71, 72,74	2426873	rksblpanajim@karvy.com
59	Patna	0612	2321354,55, 56, 57		ksblpatna@karvy.com
60	Pondichery	0413	2220636, 2220640,	2220659	ksblproddatur@karvy.com
61	Proddatur	08564	250822, 250823, 250824		ksblprddatur@karvy.com
62	Pune	020	25539547-25532078, 25533795		25533742 rispune@karvy.com
63	Rajahmundry	0883	2434468, 2434469	2434471	ksblrjm@karvy.com
64	Rajkot	0281	2239403, 2239404, 2239338	2233179	rajkotris@karvy.com
65	Ranchi	0651	2330386, 2330394		ranchi@karvy.com
66	Dudhi	05446	254201		renukoot@karvy.com
67	Rourkela	0661	2510770, 2510771, 2510772		rourkela@karvy.com
68	Salem	0427	2335700 to 705	2335705	salem@karvy.com
69	Shimoga	08182	228795, 228796, 227485	2226747	shimoga@karvy.com
70	Surat	0261	3017155/60,58,59	3017155	ksblsurat@karvy.com
71	Thanjavur	04362	279407, 279408		tanjore@karvy.com
72	Theni	04546	261285, 261108		jaya@karvy.com, theni@karvy.com
73	Tirupathi	0877	2252756		ksbltirupati@karvy.com
74	Tirupur	0421	2205865, 5330158		tirupur@karvy.com
75	Trichur	0487	2,322,483,484,493,490		josephka@karvy.com
76	Trichy	0431	2798200, 2791000, 2791322	2794132	trichy@karvy.com
77	Thiruvananthapuram	0471	2725989, 2725990, 2725991	4011924	ksbltvm@karvy.com
78	Tumkur	0816	2261891, 2261892, 2261893		tumkur@karvy.com
79	Udupi	0820	2530962, 2530963		udupi@karvy.com
80	Vadodara	0265	2225325, 5168, 89	2363207	ksblbaroda@karvy.com
81	Vallabh-Vidyanagar	02692	248980, 248873		vnagar@karvy.com
82	Varanasi	0542	2225365, 222814	2223814	ksblvaranasi@karvy.com
83	Vijayawada	0866	2495200, 400, 500, 600,	2495300 700,800	vijayawada@karvy.com
84	Vishakhapatnam	0891	2752915 to 18		ksblvizag@karvy.com
85	Vishakapatnam - Gajuwaka	0891	2511685, 2511686		ksblgajuwaka@karvy.com

# Reliance Power Limited

## Auditors' Report

### To the Members of Reliance Power Limited (formerly known as Reliance Energy Generation Limited)

1. We have audited the attached Balance Sheet of Reliance Power Limited (formerly known as Reliance Energy Generation Limited) ('the Company') as at March 31, 2008 and the related Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date, 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. The financial statements of the Company for the year ended March 31, 2007 were audited by other independent accountants whose report dated April 12, 2007 expressed an unqualified opinion on those statements. Balances as on March 31, 2007 have been considered as opening balances for the purpose of these financial statements.
3. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
4. 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 Section 227(4A) of the Companies Act, 1956 ('the Act') and on the basis of such checks 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 said Order to the extent applicable to the Company.
5. Further to our comments in the Annexure referred to in paragraph 4 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 Section 211(3C) of the Act;
- e. On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the director of the Company is disqualified as on March 31, 2008 from being appointed as a director in terms of Section 274(1)(g) 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 also 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, 2008;
  - (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 Price Waterhouse**  
Chartered Accountants

**Partha Ghosh**  
Partner  
Membership No.55913  
Date : April 28, 2008  
Place : Mumbai

**For Chaturvedi & Shah**  
Chartered Accountants

**C D Lala**  
Partner  
Membership No.35671  
Date : April 28, 2008  
Place : Mumbai

**Annexure referred to in Paragraph 4 of Auditors' Report of even date to the Members of Reliance Power Limited on the Financial Statements for the year ended March 31, 2008**

- |   |   |
|---|---|
| <p>1. (a) The Company has maintained proper records to show full particulars, including quantitative details and situation, of its fixed assets. 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.</p> <p>(b) During the year, a substantial part of fixed assets have not been disposed off by the Company.</p> <p>2. (a) The Company has not granted loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.</p> <p>(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.</p> <p>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 with regard to the purchase of fixed assets. 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 we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.</p> <p>4. According to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Act that need to be entered in the register required to be maintained under that section.</p> <p>5. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and the rules framed there under.</p> <p>6. In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.</p> <p>7. The Central Government of India pursuant to the Cost Accounting Records (Electricity Industry) Rules, 2001 ('Rules') has prescribed maintenance of cost records prescribed 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.</p> <p>8. (a) According to the information and explanations given to us and books and records as produced and examined by us in accordance with generally accepted auditing practices in India and also based on Management representations, undisputed statutory dues in respect of Provident Fund, Employees' State Insurance dues, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess and other material statutory dues have generally been regularly deposited, by the Company during the year with the appropriate authorities in India.</p> <p>(b) According to the information and explanations given to us and the records of the Company examined by us, as at March 31, 2008, there are no dues of</p> | <p>income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.</p> <p>9. The Company has neither accumulated losses as at March 31, 2008, nor it has incurred any cash losses either during the financial year ended on that date or in the immediately preceding financial year.</p> <p>10. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders during the year.</p> <p>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.</p> <p>12. In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to it.</p> <p>13. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.</p> <p>14. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.</p> <p>15. The Company has not obtained any term loans.</p> <p>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.</p> <p>17. The Company has not made any preferential allotment of shares to parties and companies listed in the register maintained under Section 301 of the Act during the year.</p> <p>18. The Company has not issued any debentures during the year.</p> <p>19. The management has disclosed the end use of money raised by public issues (refer note 8 of Schedule 10) and the same has been verified by us.</p> <p>20. During the course of examination of the books of account 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 not come across any fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.</p> <p>21. Clause (ii) of the Order is not applicable in the case of the Company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.</p> |
|---|---|

**For Price Waterhouse**  
Chartered Accountants

**Partha Ghosh**  
Partner  
Membership No.55913

Place : Mumbai  
Date : April 28, 2008

**For Chaturvedi & Shah**  
Chartered Accountants

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

Place : Mumbai  
Date : April 28, 2008

# Reliance Power Limited

## Balance Sheet as at March 31, 2008

	Schedule	As at 31.03.2008		As at 31.03.2007	
		Rs.	Rs.	Rs.	Rs.
<b>Sources of Funds</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	22,599,532,472		2,000,400,000	
Reserves and Surplus	2	<u>112,827,221,238</u>		<u>159,046</u>	
			<b>135,426,753,710</b>		2,000,559,046
			<u><b>135,426,753,710</b></u>		<u>2,000,559,046</u>
<b>Application of Funds</b>					
<b>Fixed Assets</b>					
Gross Block	3	674,056,773		672,741,373	
Less: Depreciation		<u>10,580,757</u>		<u>10,044,303</u>	
Net Block		663,476,016		662,697,070	
Capital Work In Progress	4	<u>611,414,206</u>		<u>508,238,827</u>	
			<b>1,274,890,222</b>		1,170,935,897
<b>Investments</b>	5		<b>84,897,468,311</b>		412,830,940
<b>Current Assets, Loans and Advances</b>					
Cash and Bank Balances	6	3,611,618,139		7,749,841	
Sundry Debtors		-		22,500,000	
Other Current Assets		536,608		11,617	
Loans and Advances		<u>49,888,765,425</u>		<u>427,649,581</u>	
		<u>53,500,920,172</u>		<u>457,911,039</u>	
<b>Less: Current Liabilities and Provisions</b>					
Current Liabilities	7	4,238,643,421		35,282,380	
Provisions		<u>7,881,574</u>		<u>5,836,450</u>	
		<u>4,246,524,995</u>		<u>41,118,830</u>	
<b>Net Current Assets</b>			<b>49,254,395,177</b>		416,792,209
			<u><b>135,426,753,710</b></u>		<u>2,000,559,046</u>
<b>Notes Forming Part of the Financial Statements</b>					
	10				

As per our attached report of even date

**For Price Waterhouse**  
Chartered Accountants

**For Chaturvedi & Shah**  
Chartered Accountants

**Partha Ghosh**  
Partner  
Membership No. 55913

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

For and on behalf of the Board of Directors

**Anil D Ambani** Chairman  
**K H Mankad** Whole-time Director  
**J P Chalasani** Chief Executive Officer  
**S L Rao**  
**J L Bajaj**  
**Dr Yogendra Narain** Directors  
**Dr V K Chaturvedi**  
**Paresh Rathod** Company Secretary

Place: Mumbai  
Date: April 28, 2008

Place: Mumbai  
Date: April 28, 2008

**Profit and Loss Account for the year ended March 31, 2008**

	Schedule	Year ended 31.3.2008 Rs.	Year ended 31.3.2007 Rs.
<b>Income</b>			
Income from Contractual Services		-	22,500,000
Dividend Income		1,127,921,781	-
Profit on redemption of Mutual Fund		200,377,249	-
Miscellaneous Income		375,136	26,028
		<u>1,328,674,166</u>	<u>22,526,028</u>
<b>Expenditure</b>			
Employee Cost	8	31,328,245	2,536,914
Administration and Other Expenses	9	282,956,839	14,569,282
		<u>314,285,084</u>	<u>17,106,196</u>
<b>Profit before Taxation</b>		<b>1,014,389,082</b>	5,419,832
<b>Provision for Taxation</b>			
Current Tax		58,000,000	3,800,000
Fringe Benefit Tax		4,000,000	-
Taxes of Earlier Years		5,700,000	-
<b>Profit after Taxation</b>		<b>946,689,082</b>	1,619,832
Profit and Loss Account Balance Brought Forward		159,046	(1,460,786)
<b>Profit and Loss Account Balance carried forward to Balance Sheet</b>		<b>946,848,128</b>	159,046
<b>Earnings Per Share</b> (Refer Note 13 of Schedule 10)		<b>0.17</b>	0.01
<b>Notes Forming Part of the Financial Statements</b>	10		

**As per our attached report of even date**

**For Price Waterhouse** Chartered Accountants  
**For Chaturvedi & Shah** Chartered Accountants

**Partha Ghosh** Partner  
Membership No. 55913  
**C D Lala** Partner  
Membership No. 35671

Place: Mumbai  
Date: April 28, 2008

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

**Anil D Ambani** Chairman  
**K H Mankad** Whole-time Director  
**J P Chalasani** Chief Executive Officer  
**S L Rao**  
**J L Bajaj**  
**Dr Yogendra Narain** Directors  
**Dr V K Chaturvedi**  
**Paresh Rathod** Company Secretary

Place: Mumbai  
Date: April 28, 2008

# Reliance Power Limited

## Schedules annexed to and forming part of the financial statements

	As at 31.3.2008 Rs.	As at 31.3.2007 Rs.
<b>Schedule 1 – Share Capital</b>		
<b>Authorised:</b>		
5,000,000,000 (Previous year: Nil)		
Preference Shares of Rs. 10 each	50,000,000,000	-
11,000,000,000 Equity Shares of Rs. 10 each (Refer Note 7 of Schedule 10) (Previous year: 1,000,000,000 Equity Shares of Rs.10 each)	110,000,000,000	10,000,000,000
	<u>160,000,000,000</u>	<u>10,000,000,000</u>
<b>Issued and Subscribed:</b>		
2,000,000,000 (Previous Year: 50,000)		
Equity Shares of Rs. 10 each fully paid up (Refer Note 6 of Schedule 10)	20,000,000,000	500,000
999,950,000 Equity Shares of Rs.10 each, Rs. 2 paid up*	-	1,999,900,000
260,000,000 Equity Shares of Rs.10 each (Refer Note 8 of Schedule 10)	2,600,000,000	-
Less: Calls in Arrears on 62,337 Equity Shares	467,528	-
*Converted into fully paid during the year on sub-division and included in 2,000,000,000 equity shares of Rs.10 each fully paid up		
	<u>22,599,532,472</u>	<u>2,000,400,000</u>
<b>Schedule 2 – Reserves and Surplus</b>		
<b>Securities Premium Account:</b>		
Balance as per Last Balance sheet	-	-
Add: Received towards public issue of Equity Shares	113,032,000,000	-
Less: Calls Unpaid	9,372,820	-
Less: Utilised towards Share Issue Expenses (Refer Note 8 of Schedule 10)	1,188,310,699	-
	<u>111,834,316,481</u>	-
<b>General Reserve:</b>		
Balance as per Last Balance sheet	-	-
Add: Transfer on Amalgamation (Refer Note 6 of Schedule 10)	46,056,629	-
	<u>46,056,629</u>	-
<b>Profit and Loss Account</b>		
Balance as per Last Balance sheet	159,046	-
Add: During the year	946,689,082	159,046
	<u>946,848,128</u>	159,046
	<u>112,827,221,238</u>	<u>159,046</u>

## Schedules annexed to and forming part of the financial statements

## Schedule 3 – Fixed Assets

Particulars	Gross Block				Depreciation			Net Block	
	As at 01.04.2007	Additions during the year	Deductions or (Adjustments) during the year	As at 31.03.2008	Upto 31.03.2007	For the year	Deductions or (Adjustments) during the year	As at 31.03.2008	As at 31.03.2007
Freehold Land	659,095,913	-	-	<b>659,095,913</b>	-	-	-	<b>659,095,913</b>	659,095,913
Plant and Machinery	2,672,299	-	-	<b>2,672,299</b>	31,156	141,097	-	<b>2,500,046</b>	2,641,143
Buildings	9,777,949	1,29,875	-	<b>9,907,824</b>	9,637,253	132,250	-	<b>138,321</b>	140,696
Furniture, Fixtures and Office Equipments	534,990	280,160	-	<b>815,150</b>	136,742	154,668	-	<b>523,740</b>	398,248
Computers	660,222	9,145	-	<b>669,367</b>	239,152	107,508	-	<b>322,707</b>	421,070
Motor Car	-	896,220	-	<b>896,220</b>	-	931	-	<b>895,289</b>	-
<b>Total</b>	672,741,373	1,315,400	-	<b>674,056,773</b>	10,044,303	536,454	-	<b>663,476,016</b>	662,697,070
<b>Previous Year</b>	667,668,215	5,073,158	-	<b>672,741,373</b>	7,604,844	2,439,459	-	<b>662,697,070</b>	-

# Reliance Power Limited

## Schedules annexed to and forming part of the financial statements

### Schedule 4- Capital Work in Progress

Rs.

	As at 01.04.2007	During the year	As at 31.03.2008
<b>A. Assets under Construction</b>	353,920,294	16,389,443	<b>370,309,737</b>
<b>B. Expenditure pending allocation</b>			
Advertisement Expenses	400,796	-	<b>400,796</b>
Bank / Corporate Guarantee Charges	172,151	-	<b>172,151</b>
Depreciation	10,044,304	536,454	<b>10,580,758</b>
Electricity Expenses	629,742	81,207	<b>710,949</b>
Printing and Stationery	1,666,936	46,972	<b>1,713,908</b>
Legal and Professional Charges (Net)	79,473,474	2,540,188	<b>82,013,662</b>
Rates and Taxes	322,425	-	<b>322,425</b>
Repairs and Maintenance	1,865,098	-	<b>1,865,098</b>
Employees' Cost:			
- Salaries and Other Costs	28,892,987	29,524,559	<b>58,417,546</b>
- Contribution to Provident and Other Funds	1,044,301	1,281,180	<b>2,325,481</b>
Site Expenses	15,636,328	38,247,769	<b>53,884,097</b>
Telephone Expenses	1,003,125	149,580	<b>1,152,705</b>
Travelling and Conveyance	4,447,714	632,339	<b>5,080,053</b>
Vehicle Hire Charges	1,945,348	2,119,741	<b>4,065,089</b>
Fringe Benefit Tax	958,138	-	<b>958,138</b>
Miscellaneous Expenses	15,815,841	586,228	<b>16,402,069</b>
	164,318,708	75,746,217	<b>240,064,925</b>
Less:			
Tender fees received (Net of provision for tax of Rs.1,500,000)	4,660,734	(1,500,000)	<b>3,160,734</b>
Profit on Sale of Investments	11,117,941	(11,117,941)	-
	148,540,033	88,364,158	<b>236,904,191</b>
<b>C. Advance against capital contracts</b>	5,778,500	(1,578,222)	<b>4,200,278</b>
<b>TOTAL (A+B+C)</b>	<b>508,238,827</b>	<b>103,175,379</b>	<b>611,414,206</b>



Schedules annexed to and forming part of the financial statements

**Schedule 5 - Investments  
(Non-trade)**

**As at  
31.03.2008  
Rs.**

**As at  
31.03.2007  
Rs.**

**A. Long Term Investments :**

**Unquoted Investments (Equity Shares, fully paid-up)**

<b>In Subsidiary Companies</b>	<b>No. of Shares</b>	<b>Face Value Rs.</b>		
Rosa Power Supply Company Limited (Previous Year: 51,300 Equity shares) (During the year further 109,948,700 equity shares allotted)*	110,000,000	10	<b>1,100,000,000</b>	513,000
MP Power Generation Private Limited *	10,000	10	<b>100,000</b>	-
Sasan Power Limited *	50,000	10	<b>500,000</b>	-
Siyom Hydro Power Private Limited*	10,000	10	<b>100,000</b>	-
Tato Hydro Power Private Limited *	10,000	10	<b>100,000</b>	-
Kalai Power Private Limited *	10,000	10	<b>100,000</b>	-
Urthing Sobla Hydro Power Private Limited	8,000	10	<b>80,000</b>	-
Maharashtra Energy Generation Limited *	50,000	10	<b>500,000</b>	-
Vidarbha Industries Power Limited *	50,000	10	<b>500,000</b>	-
Coastal Andhra Power Limited *	50,000	10	<b>500,000</b>	-
Reliance Coal Resources Private Limited *	10,000	10	<b>100,000</b>	-
			<b><u>1,102,580,000</u></b>	<b><u>513,000</u></b>

\*Investments in wholly owned subsidiaries

**Others**

(Sold during the year)

Reliance Assam Petrochemicals Private Limited (Previous Year:4,950)	-	-	-	49,500
Reliance Bhavnagar Power Private Limited (Previous Year: 1,700)	-	-	-	17,000
Reliance Petroleum Retail Private Limited (Previous Year: 9,500)	-	-	-	9,500
Reliance Jamnagar Power Private Limited (Previous Year: 1,700)	-	-	-	17,000
Reliance Technologies Private Limited (Previous Year: 950)	-	-	-	9,500
Wind River Farms Private Limited (Previous Year: 950)	-	-	-	9,500
			-	<b>112,000</b>
Less: Diminution in Value of Investments	-	-	-	<b>112,000</b>
			-	<b>-</b>

# Reliance Power Limited

## Schedules annexed to and forming part of the financial statements

	No. of Units	Face Value Rs.	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
<b>(Trade)</b>				
<b>B. Current Investments (Fully paid up, unless otherwise stated) :</b>				
<b>Quoted Investments</b>				
<b>In Mutual Fund Units*</b>				
Reliance Liquidity Fund -				
Daily Dividend Reinvestment Option	1,743,475,472	10	<b>17,440,159,499</b>	-
Reliance Liquid Plus Fund -				
Institutional Option - Daily Dividend Plan	24,713,102	1000	<b>24,741,186,255</b>	-
Reliance Floating Rate Fund - Daily Dividend Reinvestment Plan	451,067,952	10	<b>4,542,118,960</b>	-
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option	198,068,456	15	<b>3,027,912,094</b>	-
Reliance Fixed Horizon Fund VI - Series 2 - Institutional Dividend Plan	250,000,000	10	<b>2,500,000,000</b>	-
Reliance Fixed Horizon Fund VI - Series 3 - Institutional Growth Plan	150,000,000	10	<b>1,500,000,000</b>	-
Reliance Quarterly Interval Fund - Series III - Institutional Dividend Plan	150,644,195	10	<b>1,506,520,136</b>	-
Reliance Fixed Horizon Fund IV - Series 4 - Institutional Growth Plan	600,000,000	10	<b>6,000,000,000</b>	-
Reliance Fixed Horizon Fund IV - Series 6 - Institutional Growth Plan	150,000,000	10	<b>1,500,000,000</b>	-
Reliance Fixed Horizon Fund VII - Series 2 - Institutional Growth Plan	450,000,000	10	<b>4,500,000,000</b>	-
Reliance Fixed Horizon Fund VII - Series 3 - Institutional Growth Plan	100,000,000	10	<b>1,000,000,000</b>	-
Reliance Fixed Horizon Fund VII - Series 5 - Institutional Growth Plan	50,000,000	10	<b>500,000,000</b>	-
Reliance Fixed Horizon Fund IX - Series 1 - Institutional Growth Plan	325,000,000	10	<b>3,250,000,000</b>	-
Reliance Fixed Horizon Fund IX - Series 5 - Institutional Growth Plan	150,000,000	10	<b>1,500,000,000</b>	-
Reliance Fixed Horizon Fund IX - Series 9 - Institutional Growth Plan	525,000,000	10	<b>5,250,000,000</b>	-
Reliance Monthly Interval Fund - Series II - Institutional Dividend Plan	303,128,386	10	<b>3,032,649,180</b>	-
Reliance Monthly Interval Fund - Series I - Institutional Dividend Plan	200,266,195	10	<b>2,004,342,187</b>	-
Reliance Liquid Fund - Treasury Plan - Institutional Option - Growth plan (Previous Year : 23,933,707 Units)			-	412,317,940
			<b>83,794,888,311</b>	412,317,940
* Includes proceeds from Initial Public Offer (Refer Note 8 of Schedule 10)				
			<b>84,897,468,311</b>	412,830,940
Aggregate book value of Quoted investments			<b>83,794,888,311</b>	412,317,940
Aggregate book value of Unquoted investments			<b>1,102,580,000</b>	513,000
Aggregate market value of Quoted Investments			<b>84,120,338,984</b>	435,595,861

Schedules annexed to and forming part of the financial statements

	As at 31.3.2008 Rs.	As at 31.3.2007 Rs.
<b>Schedule 6 - Current Assets, Loans and Advances</b>		
<b>Bank Balances</b>		
Balances with Scheduled Banks:		
in Current Accounts*	3,611,089,883	7,249,841
in Fixed Deposit Account (under lien with banks towards guarantee)	528,256	500,000
*Includes Unclaimed Share Application money Refund account balance of Rs. 3,593,047,447	<u>3,611,618,139</u>	<u>7,749,841</u>
<b>Sundry Debtors</b>		
(Unsecured and Considered Good)		
- Outstanding for more than six months	-	-
- Others	-	22,500,000
	<u>-</u>	<u>22,500,000</u>
<b>Other Current Assets</b>		
Income tax refund receivable	524,991	-
Accrued Interest	11,617	11,617
	<u>536,608</u>	<u>11,617</u>
<b>Loans and Advances (Unsecured and Considered Good)</b>		
Advances recoverable in cash or in kind or for value to be received (Refer Note 11 of Schedule 10)	4,363,895	30,333,393
Advance towards investments in Subsidiaries	45,256,000,000	397,201,188
Loans and advances to Subsidiaries (Including Inter Corporate Deposits of Rs. 2,027,693,000)	4,593,483,410	-
Deposits	34,918,120	115,000
	<u>49,888,765,425</u>	<u>427,649,581</u>
	<u>53,500,920,172</u>	<u>457,911,039</u>
<b>Schedule 7 - Current Liabilities and Provisions</b>		
<b>Current Liabilities</b>		
Sundry Creditors (Refer Note 20 of Schedule 10)	582,369,539	30,218,969
Unclaimed Share Application Money Refunds	3,593,047,447	-
Other Liabilities	63,226,435	5,063,411
	<u>4,238,643,421</u>	<u>35,282,380</u>
<b>Provisions:</b>		
Provision for Taxation* [(Net of Advance Tax of Rs. 70,148,614) (Previous Year Rs. 6,615,000)]	4,010,747	4,008,138
Provision for Leave Encashment	3,870,827	1,828,312
*Includes Fringe Benefit Tax	7,881,574	5,836,450
	<u>4,246,524,995</u>	<u>41,118,830</u>

## Reliance Power Limited

### Schedules annexed to and forming part of the financial statements

	2007-08	2006-07
	Rs.	Rs.
<b>Schedule 8 - Employee Cost</b>		
Salaries	23,030,701	2,402,964
Contribution to Provident and Other Funds	692,360	133,950
Gratuity and Leave Encashment	7,605,184	-
	<u>31,328,245</u>	<u>2,536,914</u>
<b>Schedule 9 - Administration and Other Expenses</b>		
Stamp Duty and Filing Fees	96,995,517	5,997,225
Tender Expenses	14,840,881	130,000
Diminution in value of Long Term Investment	-	112,000
Bank and Finance Charges	57,222,945	8,215,348
Directors Sitting Fees	341,000	-
Postage and Courier Charges	53,529,913	-
Legal and Professional Charges	34,720,564	-
Feasibility Study Expenses	14,814,304	-
Rates and Taxes	280,825	-
Travelling and Conveyance	1,720,643	-
Custodian Charges	2,714,784	-
Miscellaneous Expenses	5,775,463	114,709
	<u>282,956,839</u>	<u>14,569,282</u>

## Schedules annexed to and forming part of the financial statements

## Schedule 10 – Notes to the Financial Statements

## 1) Significant Accounting Policies:

## (a) Basis of Accounting:

The financial statements are prepared on accrual basis of accounting, and in accordance with the relevant provisions of the Companies Act, 1956 and comply in all material aspects with the Accounting Standards issued by the Institute of Chartered Accountants of India as notified under section 211(3C) of the Companies Act, 1956.

## (b) Revenue Recognition:

Income from Contractual Services is recognised as per the terms of the respective service agreement and on the basis of service rendered.

Profit on sale/redemption of Investments is accounted on sale/redemption of such investments. Dividend on investments is accounted when the right to receive payment is established in the entity's favour.

## (c) Foreign Currency Transactions:

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

## (d) 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 expenditures viz., civil works, machinery under erection, construction and erection materials, pre-operative expenditure, expenditure indirectly related to the project and incidental to setting up project facilities, 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 project specific surplus funds.

## (e) Depreciation / Amortisation:

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.

## (f) 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.

## (g) Retirement Benefits:

Contributions to defined contribution schemes such as Provident Fund, Superannuation etc. are charged to the Profit and Loss account/ Capital Work-in-Progress, as applicable, as incurred. The Company also provides for retirement benefits in the form of gratuity and leave encashment. Such defined benefits are charged to the Profit and Loss account / Capital Work-in-Progress, as applicable, based on actuarial valuations, as at the balance sheet date, made by independent actuaries.

## (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) 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.

# Reliance Power Limited

## Schedules annexed to and forming part of the financial statements

**(j) Provisions:**

Provisions are recognised when the Company has a present legal or constructive 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.

**(k) Impairment of Assets:**

If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.

**2) (a) Contingent Liabilities:**

(i) Counter guarantees issued to Banks against guarantees issued by them on behalf of the Company aggregating to Rs. 3,440,500,000 (Previous Year Rs. Nil).

(ii) Counter Guarantees issued to Banks against guarantees issued by them on behalf of subsidiary companies aggregating to Rs. 6,000,000,000 (Previous Year Rs. Nil)

**(b) Capital Commitments:**

Estimated amount of contracts remaining unexecuted on Capital Account and not provided for Rs. 85,697,478 (Rs. 90,338,000).

**3) Managerial remuneration (excluding contribution to gratuity fund and provision for leave encashment on retirement) paid/payable to directors:**

	<u>2007-08</u> Rs.	<u>2006-07</u> Rs.
<b>Whole time director</b>		
(i) Salary	1,600,429	Nil
(ii) Contribution to Provident Fund	57,872	Nil
<b>Directors other than Whole time director</b>		
(i) Sitting fees	341,000	Nil
Total	<u>1,999,301</u>	<u>Nil</u>

**4) Details of Remuneration to Auditors:**

	<u>2007-08</u> Rs.	<u>2006-07</u> Rs.
(a) As Statutory Audit Fees	2,000,000	60,000
(b) For Other Services*	12,100,000	Nil
(c) For Reimbursement of out-of-pocket expenses	71,719	794
	<u>14,171,719</u>	<u>60,794</u>

\* Includes fees of Rs. 10,000,000 relating to Initial Public Offering adjusted against Securities Premium Account (Schedule 2)

**5) Expenditure in Foreign Currency:**

	<u>2007-08</u> Rs.	<u>2006-07</u> Rs.
(a) Professional and Consultation Fees	2,099,593	Nil
(b) Travelling Expenses	923,222	Nil
(c) Others	518,412	Nil
	<u>3,541,227</u>	<u>Nil</u>

**6) Scheme of Amalgamation of Reliance Public Utility Private Limited with the Company:**

(a) Pursuant to the approval of the Board of Directors in their meeting held on August 2, 2007 and the sanction of the Hon'ble High Court of Bombay to the Scheme of Amalgamation, the assets and liabilities of the erstwhile Reliance Public Utility Private Limited (RPUPL), were transferred to and vested in the Company with effect from the appointed

**Schedules annexed to and forming part of the financial statements**

date viz. September 29, 2007 in accordance with the Scheme so sanctioned. The Scheme has accordingly, been given effect to in the Accounts. RPUPL was incorporated to engage in the business of executing engineering, procurement and construction contracts ('EPC'). The commercial operations of the Company had not commenced.

- (b) As per the sanction of the Hon'ble High Court of Bombay, the amalgamation has been accounted for under the "Pooling of Interest Method" and accordingly the assets of Rs. 10,046,092,852, liabilities of Rs. 36,223 and other reserves of the erstwhile RPUPL as at September 29, 2007 have been taken over at the book values and reserves of erstwhile RPUPL aggregating to Rs. 46,056,629 have been credited to the General Reserves of the Company.
- (c) In terms of the Scheme, each shareholder of the erstwhile RPUPL was entitled to receive one equity share of Rs. 10 each fully paid up for every one equity share held by him in the erstwhile RPUPL as on the record date determined for the purpose. Accordingly, 1,000,000,000 shares of Rs. 10 each fully paid up of the Company have been allotted to the shareholders of the erstwhile RPUPL. These equity shares rank *pari passu* with the existing equity of the Company.
- (d) The figures for the previous year do not include figures for the erstwhile RPUPL and accordingly the current year figures are not comparable to those of the previous year.

**7) Changes in the Authorised Share Capital of the Company:**

**(a) Increase in Authorised Share Capital:**

Pursuant to the approval of shareholders in an Extra Ordinary General Meeting (EGM) held on September 1, 2007, the authorised share capital of the Company has been increased from Rs. 10,000,000,000 (divided into 1,000,000,000 equity shares of Rs. 10 each) to Rs. 150,000,000,000 (divided into 10,000,000,000 equity shares of Rs. 10 each and 5,000,000,000 preference shares of Rs. 10 each). Further, the authorised share capital was increased from Rs. 150,000,000,000 (divided into 10,000,000,000 equity shares of Rs. 10 each and 5,000,000,000 preference shares of Rs. 10 each) to Rs. 160,000,000,000 (divided into 11,000,000,000 equity shares of Rs. 10 each and 5,000,000,000 preference shares of Rs. 10 each) under the scheme of amalgamation with RPUPL sanctioned by the Hon'ble High Court of Bombay (Refer note 6 above).

**(b) Subdivision and Consolidation of Face Value of Equity Shares:**

Pursuant to approval of shareholders in an EGM held on September 30, 2007, the authorised share capital of Rs. 160,000,000,000 divided into 11,000,000,000 equity shares of Rs. 10 each and 5,000,000,000 preference shares of Rs. 10 each was subdivided to Rs. 160,000,000,000 divided into 55,000,000,000 Equity Shares of Rs. 2 each and 5,000,000,000 preference shares of Rs. 10 each. However, the authorised capital of Rs. 160,000,000,000 was consolidated to 11,000,000,000 equity shares of Rs. 10 each and 5,000,000,000 preference shares of Rs. 10 each, pursuant to resolution passed by the Board of Directors and Shareholders at its meeting held on November 29, 2007, approving the consolidation of five equity shares of Rs. 2 each (fully paid up) into one equity share of Rs. 10 each (fully paid up)

- 8)** Pursuant to the approval of the shareholders of the Company in an EGM held on November 29, 2007, the Company has issued and allotted through Initial Public Offering (IPO) 260,000,000 equity shares of Rs. 10 each at a premium of Rs. 440 per share to all categories of investors except in case of 68,400,000 equity shares allotted to retail investors category, to whom the shares were issued at a premium of Rs. 420 per share. The issue has been made in accordance with the terms of the Company's prospectus dated January 19, 2008.

# Reliance Power Limited

## Schedules annexed to and forming part of the financial statements

The Proceeds raised from the issue and its utilisation upto March 31, 2008 are given below:

Particulars	Rs.	
<b>Funds received upto March 31, 2008</b>		
Equity Share Capital		2,600,000,000
Securities Premium		113,032,000,000
Less: Calls unpaid		9,840,348
Add: Interest on call in arrears received		115,453
<b>Total</b>		<b>115,622,275,105</b>
	<b>Projected</b>	<b>Actual</b>
<b>Utilisation upto March 31, 2008</b>		
<b>Funding to subsidiaries to part finance the construction and development costs of following identified 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.	20,446,600,000	207,500,000
<b>Funding to subsidiaries to part finance the construction and development costs of following projects falling under general corporate purpose category:</b>		
4,000 MW Krishnapatanam Project, 700 MW Tato Hydro Power Private Limited, 1,000 MW Siyom Hydro Power Private Limited		50,800,000
<b>Deposit with Bombay Stock Exchange</b>		30,000,000
<b>Share issue expenses</b>	1,190,500,000	1,188,310,699
<b>Total (A)</b>		<b>1,476,610,699</b>
<b>Unutilised amount out of IPO, details of which are given below :</b>		
Investments in Mutual Fund Units (including held by subsidiaries)		114,128,098,315
In Current Account with Bank		17,566,091
<b>Total (B)</b>		<b>114,145,664,406</b>
<b>Grand Total (A+B)</b>		<b>115,622,275,105</b>

- 9) Pursuant to the approval of the Board of Directors at its meeting held on February 24, 2008 and subsequent approval of the Shareholders through postal ballot, the Company would issue 13,68,00,000 bonus shares to all the shareholders of the Company except the promoters (pursuant to the waiver received from Shri Anil Dhirubhai Ambani, Reliance Innoventures Private Limited, AAA Project Ventures Private Limited and Reliance Energy Limited) in the ratio of 3:5 equity shares of Rs. 10 each by way of capitalisation of sum standing to the credit of Securities Premium Account of the Company. For this purpose the Company has notified the stock exchanges that its Register of Members will remain closed from June 3, 2008 to June 5, 2008. The Earnings per Share (basic and diluted) has been adjusted for the proposed issue of bonus shares.
- 10) 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 Dadri project will consist of five modules of 1400 MW plus an additional 480 MW module and employ CCGT technology. The Gas for the project is to be sourced from Krishna Godavri basin finds of Reliance Industries Limited. Almost all the land of the project is already under possession. The project has already received all major statutory clearances from the central and state governments and is awaiting bankable gas supply agreement to proceed further with the financial closure and award of Engineering Procurement Construction Contracts (EPC). Expenditure incurred during the construction and incidental to setting up the project are carried forward as "Capital Work in Progress". These expenses would be capitalized as fixed assets on completion of the project and commencement of commercial operations and the Company does not envisage provision for impairment as at the balance sheet date.
- 11) The Company has during the year adopted Accounting Standard 15 (revised 2005) "Employee Benefits". The Company has classified various employee benefits as under:
- Defined contribution plans**
- Provident fund
  - Superannuation fund
  - State defined contribution plans
    - Employees' Pension Scheme 1995



**Schedules annexed to and forming part of the financial statements**

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. These funds are recognised by the Income tax authorities.

The Company has recognised the following amounts in the Profit and Loss Account/ Capital Work-in-Progress for the year:

	<b>2007-08</b>
	<b>Rs.</b>
(a) Contribution to Provident Fund	1,577,892
(b) Contribution to Employees' Superannuation Fund	199,216
(c) Contribution to Employees' Pension Scheme 1995	196,432

**Defined Benefit Plans**

- (a) Gratuity
- (b) Leave Encashment

Leave encashment is payable to eligible employees who have earned leaves, 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 independent actuary, as at the Balance Sheet date, based on the following assumptions:

	<b>Gratuity</b>	<b>Leave Encashment</b>
Discount Rate (Per annum)	8.00%	8.00%
Rate of increase in Compensation levels	6.00%	6.00%
Rate of Return on Plan Assets	8.00%	8.00%
Expected Avg. remaining working lives of employees in no. of Years	17	-

	<b>Rs.</b>	
	<b>Gratuity</b>	<b>Leave Encashment</b>
<b>(i) Changes in present value of obligation</b>		
Present value of Obligation as at April 1, 2007	1,084,154	1,020,623
Interest Cost	86,732	76,547
Current Service Cost	1,181,621	278,340
Actuarial (Gain) / Loss	4,381,048	2,495,317
Present value of Obligation as at March 31, 2008	6,733,555	3,870,827
<b>(ii) Changes in Fair value of plan assets</b>		
Present value of Obligation as at April 1, 2007	1,084,154	Nil
Expected Return on Plan Assets	86,732	Nil
Actuarial (Gain) / Loss	Nil	Nil
Employers' Contributions	6,733,555	Nil
Fair Value of Assets as at March 31, 2008	7,904,441	Nil
<b>(iii) Percentage of each category of plan assets to total fair value of plan assets as at March 31, 2008</b>		
Administered by Life Insurance Corporation of India	100%	Nil
<b>(iv) Reconciliation of the Present Value of Defined Present Obligations and the Fair value of Assets</b>		
Present value of Funded Obligation	6,733,555	Nil
Fair value of Plan Assets	7,904,441	Nil
Funded (Asset) / Liability recognised in the Balance Sheet	(1,170,886)	Nil
Unfunded Net Liability recognised in the Balance Sheet	Nil	3,870,827
<b>(v) Amounts recognised in the Balance Sheet</b>		
Present value of Funded Obligation	6,733,555	Nil
Fair value of Plan Assets	7,904,441	Nil
Funded (Asset) / Liability recognised in the Balance Sheet	(1,170,886)	Nil
Unfunded Net Liability recognised in the Balance Sheet	Nil	3,870,827



Schedules annexed to and forming part of the financial statements

	2007-2008	Rs. 2006-2007
Incurring on behalf of		
- CAPL	4,213,500	-
- MPPGPL	422,750	-
- SPL	27,743,958	-
- SHPPL	1,400	-
- THPPL	1,400	-
<u>Investment in Subsidiaries</u>		
- RPSCCL	1,099,487,000	531,000
- SPL	500,000	-
- MEGL	500,000	-
- VIPL	500,000	-
- THPPL	100,000	-
- SHPPL	100,000	-
- MPPGPL	100,000	-
- USHPPL	80,000	-
- KPPL	100,000	-
- CAPL	500,000	-
- RCRPL	100,000	-
<u>Advance against investment in subsidiary companies</u>		
- CAPL	10,250,500,000	-
- MEGL	7,505,000,000	-
- SPL	27,500,500,000	-
<u>Loans and Advances</u>		
- CAPL	2,534,600,000	-
<u>Inter-Corporate Deposits</u>		
- RPSCCL	543,000,000	-
- SPL	609,000,000	-
- MEGL	578,700,000	-
- VIPL	106,750,000	-
- THPPL	40,964,000	-
- SHPPL	23,130,000	-
- USHPPL	94,649,000	-
- CAPL	31,500,000	-
<u>Payments made to Key Management Personnel</u>		
- Shri Anil D Ambani (Sitting Fees)	80,000	-
- Shri K H Mankad	1,658,301	-
- Shri J P Chalsani	764,817	-
<u>Equity Share Contribution</u>		
- REL	9,159,800,000	1,000,200,000
- APVPL	9,159,800,000	1,000,200,000
<u>Contingent Liabilities</u>		
Bank Guarantee issued		
- SPL	3,000,000,000	-
- CAPL	3,000,000,000	-
<b>(ii) Closing Balances</b>		
<u>Equity contribution</u>		
- REL	10,160,000,000	1,000,200,000
- APVPL	10,160,000,000	1,000,200,000

# Reliance Power Limited

## Schedules annexed to and forming part of the financial statements

	2007-2008	Rs. 2006-2007
<u>Investment in Subsidiaries</u>		
- RPSCL	1,100,000,000	513,000
- SPL	500,000	-
- MEGL	500,000	-
- VIPL	500,000	-
- THPPL	100,000	-
- SHPPL	100,000	-
- MPPGPL	100,000	-
- USHPPL	80,000	-
- KPPL	100,000	-
- CAPL	500,000	-
- RCRPL	100,000	-
<u>Current Liabilities and Provisions</u>		
- REL	12,285,847	16,457,460
<u>Loans and Advances – Subsidiaries</u>		
- MEGL	578,700,000	-
- VIPL	106,750,000	-
- SPL	635,551,361	-
- RPSCL	543,000,000	397,201,188
- MPPGPL	422,750	-
- CAPL	2,570,313,500	-
- SHPPL	23,131,400	-
- USHPPL	94,649,000	-
- THPPL	40,965,400	-
<u>Advance against investment in subsidiaries</u>		
- CAPL	10,250,500,000	-
- MEGL	7,505,000,000	-
- SPL	27,500,500,000	-
<u>Contingent Liabilities (closing balances)</u>		
Bank guarantees issued		
- SPL	3,000,000,000	-
- CAPL	3,000,000,000	-

### 13. Earnings Per Share:

	2007-2008	2006-2007
<b>Profit available to Equity Shareholders</b>		
- Profit/ (Loss) after Tax (A) (Rs.)	946,689,082	1,619,832
<b>Number of Equity Shares</b>		
- Weighted Average Number of Equity Shares Outstanding (B)	5,734,533,319	160,018,658
Basic and diluted Earnings Per Share (A/B) (Rs.)(Refer Note 9)	0.17	0.01
Nominal value of an equity share (Rs.)	10.00	10.00

14. The Profit on redemption of Mutual Fund units include Rs. 16,817,941 relating to prior year.
15. 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.
16. The Company operates in only one segment, namely power generation, hence there are no reportable segments under Accounting Standard 17 'Segment Reporting' issued by the Institute of Chartered Accountants of India.

Schedules annexed to and forming part of the financial statements

17. Disclosure of Loans and Advances to Subsidiaries, Associates, Joint Ventures and Others (Pursuant to Clause 32 of the Listing Agreement) : Rs.

Name	Amount Outstanding* As at		Maximum amount Outstanding during the year	
	31.03.2008	31.03.2007	2007-08	2006-07
<b>Subsidiaries:</b>				
Sasan Power Limited	28,136,051,360	-	28,136,051,360	-
Rosa Power Supply Company Limited	543,000,000	397,201,188	1,062,001,188	397,201,188
Maharashtra Energy Generation Limited	8,083,700,000	-	8,083,700,000	-
Vidarbha Industries Power Limited	106,750,000	-	106,750,000	-
Tato Hydro Power Private Limited	40,965,400	-	40,965,400	-
Siyom Hydro Power Private Limited	23,131,400	-	23,131,400	-
Urthing Sobla Hydro Power Private Limited	94,649,000	-	94,649,000	-
Coastal Andhra Power Limited	12,820,813,500	-	12,820,813,500	-
MP Power Generation Private Limited	422,750	-	422,750	-

\* Including Advance against Investment in Subsidiaries  
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.

18. **Details of Purchase and Sale of Investments during the year:**  
**Mutual Fund**

	No of Units	Purchase Cost Rs.
Birla Cash Plus – Institutional Premium – Daily Dividend – Reinvestment	1,100,415,395	11,025,612,047
JM High Liquidity Fund–Super Institutional Plan–Daily Dividend	300,410,772	3,009,064,502
HSBC Cash Fund–Institutional Plus–Daily Dividend	100,306,526	1,003,626,972
TATA Liquid Super High Investment Fund–Daily Dividend	9,890,678	11,023,358,723
UTI Liquid Cash Plan Institutional–Daily Income Option – Re-investments	2,949,716	3,007,074,844
G50 Grindlays Floating Rate Fund – LT – Institutional Plan B – Daily Dividend	400,726,898	4,009,472,981
HDFC Liquid Fund Premium Plan – Dividend Daily Dividend Reinvestment	299,862,398	3,008,069,650
SBI Premier Liquid Fund – Super Institutional – Daily Dividend	100,049,889	1,003,750,512
Principal Floating Rate Fund FMP Institutional Option – Daily Dividend Reinvestment	100,249,291	1,003,725,983
Templeton India TMA Super Institutional Plan – Daily Dividend Reinvestment	3,008,879	3,009,631,359
LICMF Liquid Fund – Dividend Plan	100,394,735	1,003,947,360
JP Morgan India Liquid Fund – Dividend Plan – Reinvestment	200,317,475	2,004,957,572
Canara Robeco Liquid Plus Institutional – Daily Dividend Fund	80,894,171	1,003,662,066
Kotak Liquid (Institutional Premium) – Daily Dividend	163,786,310	2,002,795,378
Reliance Liquid Fund – Growth Option*	621,892,899	7,241,715,086
Reliance Liquid Plus Fund – Institutional Option – Growth Plan*	6,086,521	6,361,477,000
Reliance Liquid Fund–Treasury Plan–Institutional Option–Growth Plan	29,638,135	10,174,597
Reliance Liquid Fund–Treasury Plan–Institutional Option –Growth Option*	80,013,908	1,511,150,673
Reliance Floating rate Fund–Growth Plan–Growth option*	124,584,189	1,511,418,014
Reliance Liquidity Fund–Daily Dividend Reinvestment Option	9,679,137,798	96,821,383,303

\* Acquired pursuant to the scheme of Amalgamation (Refer Note 6 above)

# Reliance Power Limited

## Schedules annexed to and forming part of the financial statements

19. During the year the Company has entered into Operating Lease for term of six years. As per the terms of the agreement the initial lock in period is for four years. Disclosure as required under AS- 19 "Accounting for Leases" is given below:

Rs.

Particulars	Total	Not later than one year	Later than one year but not later than five	Later than five years
Minimum Lease Payments	39,224,960	9,806,240	29,418,720	NIL

### 20. 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, 2008. 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.

21. Information to the extent not disclosed, with regard to matters specified in paragraph 4A, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 is either Nil or not applicable to the Company for the year ended March 31, 2008.
22. Figures for the previous year have been regrouped/rearranged wherever necessary to make them comparable for the current year.

As per our attached report of even date

**For Price Waterhouse**  
Chartered Accountants

**For Chaturvedi & Shah**  
Chartered Accountants

**Partha Ghosh**  
Partner  
Membership No. 55913

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

Place: Mumbai  
Date: April 28, 2008

For and on behalf of the Board of Directors

**Anil D Ambani** Chairman  
**K H Mankad** Whole-time Director  
**J P Chalasani** Chief Executive Officer  
**S L Rao**  
**J L Bajaj**  
**Dr Yogendra Narain** Directors  
**Dr V K Chaturvedi**  
**Paresh Rathod** Company Secretary

Place: Mumbai  
Date: April 28, 2008

Schedules annexed to and forming part of the financial statements

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

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="7"/>	State	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="1"/>
Balance Sheet Date	<input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="8"/>		

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

Public Issue	<input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="9"/>	Rights Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement	<input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="0"/>

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

Total Liabilities	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="5"/>	Total Assets	<input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="9"/>
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Sources of Funds

Paid-up Capital	<input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="2"/>
Equity Warrants	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Reserves & Surplus	<input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="1"/>
Secured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Unsecured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

Application of Funds

Net Fixed Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="6"/>
Investments	<input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="8"/>
Net Current Assets	<input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="5"/>
Capital Work in Progress	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="4"/>
Accumulated Losses	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

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

Turnover	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="4"/>	Total Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="5"/>
Profit Before Tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="9"/>	Profit After Tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="9"/>
Earnings Per Share in Rs.	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="1"/> <input type="text" value="7"/>	Dividend Rate %	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

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

Product Description	<input type="text" value="Generation of Power on Commencement of Project"/>
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# Reliance Power Limited

## Cash Flow Statement for the year ended March 31, 2008

	Year ended 31.3.2008 Rs.	Year ended 31.3.2007 Rs.
<b>(A) Cash Flow from / (used in) Operating Activities</b>		
Net Profit / (loss) before taxation	1,014,389,082	5,419,832
Adjusted for :		
Dividend Income	(1,127,921,781)	-
Profit on redemption of mutual funds	(200,377,249)	-
Interest on Call Money Received	(115,453)	-
Interest on Fixed Deposit	(36,122)	(11,617)
Provision for Diminution in value of investment	-	112,000
Provision for Leave Encashment	2,042,515	1,828,312
<b>Operating Profit/(Loss) before working capital changes</b>	<b>(312,019,008)</b>	<b>7,348,527</b>
Adjustments for :		
Trade and other Receivables	47,916,251	(419,612,682)
Trade and other Payables	143,416,164	30,970,215
	<b>191,332,415</b>	<b>(388,642,467)</b>
Net Cash used in Operating Activities	<b>(120,686,593)</b>	<b>(381,293,940)</b>
<b>(B) Cash flow from / (used in) Investing Activities</b>		
Purchase of Fixed Assets (Including Capital Work In Progress)	(91,872,838)	(193,306,379)
Depreciation	536,454	2,439,459
Dividend Income	1,127,921,781	-
Fixed Deposit Interest	36,122	-
Deposits (Non Trade)	(34,803,120)	(100,000)
Advance against Investments in Subsidiaries	(44,858,798,812)	-
Investment in Subsidiaries	(1,102,067,000)	(513,000)
Purchase of Investments	(248,518,735,767)	(950,000,000)
Sale of Investments	175,365,485,477	554,499,999
Taxes Paid	(63,533,614)	(6,615,000)
Net Cash used in Investing Activities	<b>(118,175,831,317)</b>	<b>(593,594,921)</b>
<b>(C) Cash flow from Financing Activities</b>		
Proceeds from Issue of Equity Shares	7,999,600,000	976,290,000
Proceeds from Initial Public Offer including Securities Premium	115,622,159,652	-
Loans and Advances to subsidiaries	(4,593,483,410)	-
Share Issue Expenses	(721,413,270)	-
Unclaimed Share Application Money Refundable (represents unclaimed net application money refundable to the investors)	3,593,047,447	-
Interest on Call Money Received	115,453	-
Net cash generated from financing activities	<b>121,900,025,872</b>	<b>976,290,000</b>
<b>Net Increase in Cash and Cash equivalents (A+B+C)</b>	<b>3,603,507,962</b>	<b>1,401,139</b>
<b>Opening Balance of Cash and Cash equivalents</b>	<b>7,249,841</b>	<b>5,848,702</b>
Add : Cash received on Amalgamation (Refer Note 6)	332,080	-
<b>Closing Balance of Cash and Cash equivalents</b>	<b>3,611,089,883</b>	<b>7,249,841</b>

As per our attached Report of even date

**For Price Waterhouse**  
Chartered Accountants

**For Chaturvedi & Shah**  
Chartered Accountants

**Partha Ghosh**  
Partner  
Membership No. 55913

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

Place: Mumbai  
Date: April 28, 2008

For and on behalf of the Board of Directors

**Anil D Ambani** Chairman  
**K H Mankad** Whole-time Director  
**J P Chalasani** Chief Executive Officer  
**S L Rao**  
**J L Bajaj**  
**Dr Yogendra Narain** Directors  
**Dr V K Chaturvedi**  
**Paresh Rathod** Company Secretary

Place: Mumbai  
Date: April 28, 2008



## Auditors' Report to the Board of Directors of Reliance Power Limited on the Consolidated Financial Statements of Reliance Power Limited

1. We have audited the attached consolidated Balance Sheet of Reliance Power Limited (Formerly known as Reliance Energy Generation Limited) (the Company) and its subsidiaries (together referred to as the Group) as at March 31, 2008, 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 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 consolidated financial statements based on our audit.
 

2,566,888,475 as at March 31, 2008 and the Group's share of total revenue of Rs. Nil and net cash outflows amounting to Rs. 1,604,540 for the period ended on that date as considered in the consolidated financial statements. These unaudited financial statements as approved by the Board of Directors the Company have been furnished to us by the Management and our report in so far as it relates to the amounts included in respect of the subsidiary is based solely on such approved unaudited financial statements.
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 the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The financial statements of subsidiaries - Reliance Coal Resources Private Limited (Formerly known as Reliance Health City Private Limited), Sasan Power Infrastructure Limited (Formerly known as Reliance One innovation Limited), Sasan Power Infraventures Private Limited, Maharashtra Energy Generation Infrastructure Limited (Formerly known as Reliance Next Limited), Coastal Andhra Power Infrastructure Limited (Formerly known as Reliance Health Science Limited) for the year ended March 31, 2008 have been audited by one of the joint auditors, Chaturvedi & Shah, Chartered Accountants whose financial statements reflect the Group's share of total assets of Rs. 45,256,377,318 as at March 31, 2008 and the Group's share of total revenue of Rs. 250,959 and net cash inflows amounting to Rs. 119,606 for the year ended on that date as considered in the consolidated financial statements.
4. We have relied on the unaudited financial statements of subsidiary Coastal Andhra Power Limited whose financial statements reflect the Group's share of total assets of Rs.
  5. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard 21 - Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
  6. Based on our audit as aforesaid, and on consideration of reports of one of the joint auditors on the separate financial statements and on the other financial information of the components and the financial statements approved by the Board of Directors, as explained in paragraph 4 above, in our opinion and to the best of our information and according to the explanation given to us, the attached consolidated financial statements give, a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2008;
    - b) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
    - c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**For Price Waterhouse**  
Chartered Accountants

**Partha Ghosh**  
Partner  
Membership No. 55913  
Date: April 28, 2008  
Place: Mumbai

**For Chaturvedi & Shah**  
Chartered Accountants

**C D Lala**  
Partner  
Membership No. 35671  
Date: April 28, 2008  
Place: Mumbai

# Reliance Power Limited

## Consolidated Balance Sheet as at March 31, 2008

	Schedule		As at 31.3.2008
		Rs.	Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1		22,599,532,472
Reserves and Surplus	2		112,734,564,449
<b>Minority Interest</b>			14,000
<b>Loan Funds</b>			
Secured Loans	3		4,482,696,207
			<u>139,816,807,128</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	4	2,148,287,007	
Less: Depreciation		<u>16,877,768</u>	
Net Block		2,131,409,239	
Capital Work-in-Progress	5	<u>8,178,173,854</u>	
			10,309,583,093
<b>Investments</b>	6		131,233,862,075
<b>Current Assets, Loans and Advances</b>			
Cash and Bank Balances	7	4,269,602,666	
Other Current Assets		536,608	
Loans and Advances		606,347,695	
		<u>4,876,486,969</u>	
<b>Less: Current Liabilities and Provisions</b>	8		
Current Liabilities		6,598,635,664	
Provisions		4,489,345	
		<u>6,603,125,009</u>	
<b>Net Current Liabilities</b>			<u>(1,726,638,040)</u>
			<u>139,816,807,128</u>
<b>Notes forming part of Consolidated Financial Statements</b>	11		

As per our attached Report of even date

**For Price Waterhouse**  
Chartered Accountants

**For Chaturvedi & Shah**  
Chartered Accountants

**Partha Ghosh**  
Partner  
Membership No. 55913

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

For and on behalf of the Board of Directors

**Anil D Ambani** Chairman  
**K H Mankad** Whole-time Director  
**J P Chalasani** Chief Executive Officer  
**S L Rao**  
**J L Bajaj**  
**Dr Yogendra Narain** Directors  
**Dr V K Chaturvedi**  
**Paresh Rathod** Company Secretary

Place: Mumbai  
Date: April 28, 2008

Place: Mumbai  
Date: April 28, 2008

Consolidated Profit and Loss Account for the Year Ended March 31, 2008

	Schedule	Year ended 31.3.2008 Rs.
<b>Income</b>		
Dividend Income		1,127,932,740
Profit on redemption of Mutual Fund		200,377,249
Miscellaneous Income		615,136
		<u>1,328,925,125</u>
<b>Expenditure</b>		
Employee Cost	9	31,328,245
Administration and Other Expenses	10	376,108,008
		<u>407,436,253</u>
<b>Total</b>		<u>921,488,872</u>
<b>Profit before Tax and Minority Interest</b>		
<b>Provision for Taxation</b>		
Current Tax		58,000,800
Fringe Benefit Tax		4,000,000
Taxes of Earlier Years		<u>5,700,000</u>
<b>Profit after Tax and before Minority Interest</b>		853,788,072
Minority Interest		<u>(6,000)</u>
<b>Profit after Tax and Minority Interest</b>		853,794,072
Profit and Loss Account balance brought forward		<u>159,046</u>
Profit and Loss Balance carried forward to Balance Sheet		<u>853,953,118</u>
<b>Earnings Per Share</b> (Refer Note 15 of Schedule 11)		0.15
<b>Notes Forming Part of the Consolidated Financial Statements</b>	11	

As per our attached Report of even date

**For Price Waterhouse**  
Chartered Accountants

**For Chaturvedi & Shah**  
Chartered Accountants

**Partha Ghosh**  
Partner  
Membership No. 55913

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

Place: Mumbai  
Date: April 28, 2008

For and on behalf of the Board of Directors

**Anil D Ambani** Chairman  
**K H Mankad** Whole-time Director  
**J P Chalasani** Chief Executive Officer  
**S L Rao**  
**J L Bajaj**  
**Dr Yogendra Narain** Directors  
**Dr V K Chaturvedi**  
**Paresh Rathod** Company Secretary

Place: Mumbai  
Date: April 28, 2008

# Reliance Power Limited

## Schedules Annexed to and Forming Part of the Consolidated Financial Statements

	As at 31.3.2008 Rs.
<b>Schedule 1 - Share Capital</b>	
<b>Authorised:</b>	
5,000,000,000 Preference Shares of Rs. 10 each	50,000,000,000
11,000,000,000 Equity Shares of Rs.10 each (Refer Note 6 of Schedule 11)	110,000,000,000
	<u>160,000,000,000</u>
<b>Issued and Subscribed:</b>	
2,000,000,000 Equity Shares of Rs. 10 each fully paid up (Refer Note 5 of Schedule 11)	20,000,000,000
260,000,000 Equity Shares of Rs.10 each (Refer Note 7 of Schedule 11)	2,600,000,000
Less: Calls in Arrears on 62,337 Equity Shares	467,528
	<u><u>22,599,532,472</u></u>
<b>Schedule 2 - Reserves and Surplus</b>	
<b>Capital Reserve</b>	
Capital Reserve on Consolidation	238,221
<b>Securities Premium Account</b>	
Balance as on April 1, 2007	-
Add: Towards public issue of Equity Shares	113,032,000,000
Less: Calls Unpaid	9,372,820
Less: Utilised towards Share Issue Expenses (Refer Note 7 of Schedule 11)	1,188,310,699
	<u>111,834,316,481</u>
<b>General Reserve</b>	
Balance as on April 1, 2007	-
Add: Transfer on Amalgamation (Refer Note 5 of Schedule 11)	46,056,629
	<u>46,056,629</u>
<b>Profit and Loss Account</b>	853,953,118
	<u><u>112,734,564,449</u></u>
<b>Schedule 3 - Secured Loans</b>	
<b>Term Loan</b> (Refer Note 12 of Schedule 11)	4,482,696,207
	<u><u>4,482,696,207</u></u>

## Schedules Annexed to and Forming Part of the Consolidated Financial Statements

## Schedule 4 – Fixed Assets

Particulars	Gross Block			Depreciation			Net Block		
	As at 01.04.2007	Additions on Acquisition of Subsidiaries	Additions during the year	As at 31.03.2008	Upto 31.03.2007	Additions on Acquisition of Subsidiaries	For the year	Upto 31.03.2008	As at 31.03.2008
Goodwill on Consolidation	41,803	-	4,133,319	4,175,122	-	-	-	-	4,175,122
Freehold land	659,095,913	-	1,113,793,938	1,772,889,851	-	-	-	-	1,772,889,851
Leasehold Land	226,805,658	70,031,060	2,989,141	299,825,859	890,653	317,084	2,802,084	4,009,821	295,816,038
Buildings	9,777,949	-	44,614,262	54,392,211	9,637,253	-	1,451,876	11,089,129	43,303,082
Plant and Machinery	2,672,299	16,775	2,713,732	5,402,806	31,156	3,068	180,876	215,100	5,187,706
Computers Furniture, Fixture and Office Equipments	830,015	116,240	930,260	1,876,515	241,536	44,667	185,717	471,920	1,404,595
Motor Car	534,990	170,400	4,158,547	4,863,937	136,742	20,853	560,004	717,599	4,146,338
	346,448	-	4,514,258	4,860,706	197,476	-	176,723	374,199	4,486,507
	<b>900,105,075</b>	<b>70,334,475</b>	<b>1,177,847,457</b>	<b>2,148,287,007</b>	<b>11,134,816</b>	<b>385,672</b>	<b>5,357,280</b>	<b>16,877,768</b>	<b>2,131,409,239</b>

# Reliance Power Limited

## Schedules Annexed to and Forming Part of the Consolidated Financial Statements

### Schedule - 5 Capital Work-in-Progress

Rs.

	As at 01.04.2007	Additions on Acquisitions of Subsidiaries	During the year	As at 31.03.2008
<b>A. Assets under Construction</b>	353,920,294	63,820,077	1,528,520,463	1,946,260,834
<b>B. Expenditure pending allocation</b>				
Advertisement Expenses	2,347,696	18,605,945	7,792,568	28,746,209
Bank and Corporate Guarantee Charges	749,151	36,124	35,622,935	36,408,210
Depreciation	11,134,816	385,672	5,357,280	16,877,768
Electricity Expenses	629,742	-	175,607	805,349
Printing and Stationery	2,915,418	175,639	850,516	3,941,573
Legal and Professional Charges (Net)	95,493,363	271,919,408	186,499,282	553,912,053
Rates and Taxes	5,151,832	1,198,520	4,031,300	10,381,652
Rent	-	-	32,133,528	32,133,528
Repairs and Maintenance Expenses	1,865,098	-	1,047,226	2,912,324
Employee Cost:				
- Salaries and Other Cost	102,351,716	-	46,247,756	148,599,472
- Contribution to Provident and Other Funds	1,044,301	-	2,236,242	3,280,543
- Gratuity and Leave Encashment	-	-	833,754	833,754
Staff Welfare	-	-	2,351,201	2,351,201
Site Expenses	15,636,328	31,264,195	208,583,141	255,483,664
Interest and Finance Charges:				
- Term Loan	41,219,315	-	146,012,370	187,231,685
- Others (Net of Interest Income)	-	96,231,329	7,852	96,239,181
Social Welfare Expenses	-	-	16,384,058	16,384,058
Telephone Expenses	1,480,303	-	4,617,935	6,098,238
Travelling and Conveyance	22,512,627	694,215	24,156,249	47,363,091
Administration Expenses (Refer Note 11 of Schedule 11)	-	85,278,104	33,665,337	118,943,441
Premium Paid to Government of Uttaranchal	-	-	55,600,000	55,600,000
Fringe Benefit Tax	958,138	-	1,521,000	2,479,138
Miscellaneous Expenses	29,745,225	13,045,271	23,578,920	66,369,416
	<u>335,235,069</u>	<u>518,834,422</u>	<u>839,306,057</u>	<u>1,693,375,548</u>
Less:				
Tender fees received (Net of Provision for Tax Rs.1,500,000)	4,660,734	4,129,008	(1,500,000)	7,289,742
Profit on Sale of Investments	11,117,941	-	(11,117,941)	-
Dividend Income on Mutual Funds	61,356	-	7,127,266	7,188,622
Other Income	-	-	293,586	293,586
	<u>15,840,031</u>	<u>4,129,008</u>	<u>(5,197,089)</u>	<u>14,771,950</u>
<b>Total</b>	<b>319,395,038</b>	<b>514,705,414</b>	<b>844,503,146</b>	<b>1,678,603,598</b>
<b>C. Construction Stores (including material in transit)</b>	-	-	836,243,890	836,243,890
<b>D. Advance against Capital Contracts</b>	5,778,500	2,227,644,629	1,483,642,403	3,717,065,532
<b>Total (A+B+C+D)</b>	<b>679,093,832</b>	<b>2,806,170,120</b>	<b>4,692,909,902</b>	<b>8,178,173,854</b>

Schedules Annexed to and Forming Part of the Consolidated Financial Statements

**Schedule 6 - Investments**

**Current Investments (Fully paid up, unless otherwise stated) :**

**As at  
31.03.2008  
Rs.**

**Quoted Investments**

In Mutual Fund Units*:	No.of Units	Face Value	
Reliance Liquidity Funds-Daily Dividend Reinvestment Option	1,743,475,472	10	17,440,159,499
Reliance Liquid Plus Fund-Institutional Option-Daily Dividend Plan	24,713,102	1000	24,741,186,255
Reliance Floating Rate Fund-Daily Dividend Reinvestment Plan	451,067,952	10	4,542,118,960
Reliance Liquid Fund-Treasury Plan-Institutional Option-Daily Dividend Option	340,934,203	15	5,211,929,346
Reliance Fixed Horizon Fund VI-Series 2-Institutional Dividend Plan	250,000,000	10	2,500,000,000
Reliance Fixed Horizon Fund VI-Series 3-Institutional Growth Plan	150,000,000	10	1,500,000,000
Reliance Quarterly Interval Fund-Series III-Institutional Dividend Plan	150,644,195	10	1,506,520,136
Reliance Fixed Horizon Fund IV-Series 4-Institutional Growth Plan	600,000,000	10	6,000,000,000
Reliance Fixed Horizon Fund IV-Series 6-Institutional Growth Plan	150,000,000	10	1,500,000,000
Reliance Fixed Horizon Fund VII-Series 2-Institutional Growth Plan	1,800,000,000	10	18,000,000,000
Reliance Fixed Horizon Fund VII-Series 3-Institutional Growth Plan	300,000,000	10	3,000,000,000
Reliance Fixed Horizon Fund VII-Series 5-Institutional Growth Plan	50,000,000	10	500,000,000
Reliance Fixed Horizon Fund IX-Series 1-Institutional Growth Plan	1,300,000,000	10	13,000,000,000
Reliance Fixed Horizon Fund IX-Series 5-Institutional Growth Plan	600,000,000	10	6,000,000,000
Reliance Fixed Horizon Fund IX-Series 9-Institutional Growth Plan	1,875,000,000	10	18,750,000,000
Reliance Monthly Interval Fund-Series II-Institutional Dividend Plan	303,128,386	10	3,032,649,180
Reliance Monthly Interval Fund-Series I-Institutional Dividend Plan	400,266,195	10	4,004,342,187
Reliance Floating Rate Fund-Institutional Option-Growth Plan	393,112	10	4,956,512
* Includes proceeds from Initial Public Offer of the Parent Company (Refer Note 7 of Schedule 11)			<u>131,233,862,075</u>
Aggregate book value of Quoted Investments			131,233,862,075
Aggregate market value of Quoted Investments			131,773,361,027

**Schedule 7 - Current Assets, Loans and Advances**

**(a) Cash and Bank Balances**

Cash on Hand	3,407
Bank Balances with Scheduled Banks:	
in Current Accounts*	4,269,071,003
in Fixed Deposit Account (under lien with banks towards guarantee)	<u>528,256</u>
* Includes Unclaimed Share Application Money Refund	<u>4,269,602,666</u>
Account Balance of Rs. 3,593,047,447	

**(b) Other Current Assets**

Income tax refund receivable	524,991
Accrued Interest	<u>11,617</u>
	<u>536,608</u>

**(c) Loans and Advances (Unsecured and Considered Good)**

Advances recoverable in cash or in kind or for value to be received (Refer Note 13 of Schedule 11)	93,656,114
Advance Tax* (Net of Provision for Tax of Rs.74,160,161)	4,536,761
Deposits	<u>508,154,820</u>
* Includes Fringe Benefit Tax	<u>606,347,695</u>

**4,876,486,969**

# Reliance Power Limited

## Schedules Annexed to and Forming Part of the Consolidated Financial Statements

### Schedule 8 - Current Liabilities and Provisions

#### Current Liabilities

As at  
31.03.2008  
Rs.

Sundry Creditors (Refer Note 20 of Schedule 11)	2,889,546,665
Unclaimed Share Application Money Refund Due	3,593,047,447
Other Liabilities	116,041,552
	<u>6,598,635,664</u>

#### Provision:

Provision for Gratuity and Leave Encashment	4,489,345
	<u><u>6,603,125,009</u></u>

2007-08  
Rs.

### Schedule 9 - Employee Cost

Salaries	23,030,701
Contribution to Provident Fund and other Funds	692,360
Gratuity and Leave Encashment	7,605,184
	<u><u>31,328,245</u></u>

### Schedule 10 - Administrative and Other Expenses

Stamp duty and Filing Fees	189,284,540
Tender Expenses	14,840,881
Bank and Finance Charges	57,644,693
Directors Sitting Fees	341,000
Postage and Courier Charges	53,529,913
Legal and Professional Charges	34,959,064
Feasibility Study Expenses	14,814,304
Rates and Taxes	289,477
Travelling and Conveyance	1,720,643
Custodian Charges	2,714,784
Preliminary Expenses Written Off	121,661
Miscellaneous Expenses	5,847,048
	<u><u>376,108,008</u></u>



Schedules Annexed to and Forming Part of the Consolidated Financial Statements

Schedule 11 - Notes forming part of Consolidated Financial Statements

1. Significant Accounting Policies:

a) Basis of Accounting:

The financial statements are prepared on accrual basis of accounting, and in accordance with the relevant provisions of the Companies Act, 1956 and comply in all material aspects with the Accounting Standards issued by the Institute of Chartered Accountants of India as notified under Section 211(3C) of the Companies Act, 1956.

b) Basis of Consolidation:

(I) The consolidated financial statements relate to Reliance Power Limited (the Parent Company) and its subsidiary companies and have been prepared in accordance with Accounting Standard 21 (AS-21) - "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. 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 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 adjustment have been made in the financial statements of the subsidiaries with respect of different accounting policies for like transactions and events in similar circumstances for the purpose of preparation of consolidated financial statements.
- (iii) 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 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.
- (iv) 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, 2008.

(II) The subsidiaries (including step down subsidiaries) considered in the consolidated financial statements are:

Names of the Subsidiaries	Date of acquisition / incorporation	Country of incorporation	Proportion (%) of shareholding directly or indirectly through subsidiaries as on March 31, 2008
a) Sasan Power Limited (SPL)	07-Aug-2007	India	100
b) Rosa Power Supply Company Limited (RPSCL)	01-Nov-2006	India	100
c) Maharashtra Energy Generation Limited (MEGL)	28-Aug-2007	India	100
d) Vidarbha Industries Power Limited (VIPL)	30-Aug-2007	India	100
e) Tato Hydro Power Private Limited (THPPL)	07-Sep-2007	India	100
f) Siyom Hydro Power Private Limited (SHPPL)	07-Sep-2007	India	100
g) MP Power Generation Private Limited (MPPGPL)	07-Sep-2007	India	100
h) Urthing Sobla Hydro Power Private Limited (USHPPL)	13-Sep-2007	India	80
i) Kalai Power Private Limited (KPPL)	26-Sep-2007	India	100
j) Coastal Andhra Power Limited (CAPL)	29-Jan-2008	India	100
k) Reliance Coal Resources Private Limited (Formerly known as Reliance Health City Private Limited) (RCRPL)	14-Mar-2008	India	100
l) Sasan Power Infrastructure Limited (Formerly known as Reliance One innovation Limited) (SPIL)	23-Feb-2008	India	100
m) Sasan Power Infrastructures Private Limited (SPIPL)	04-Mar-2008	India	100
n) Maharashtra Energy Generation Infrastructure Limited (Formerly known as Reliance Next Limited) (MEGIL)	23-Feb-2008	India	100
o) Coastal Andhra Power Infrastructure Limited (Formerly known as Reliance Health Science Limited) (CAPIL)	23-Feb-2008	India	100

c) Revenue Recognition:

Income from Contractual Services is recognised as per the terms of the respective service agreement and on the basis of service rendered.

Profit on sale / redemption of Investments is accounted on sale / redemption of such investments. Dividend on investments is accounted when the right to receive payment is established in the entity's favour.

d) Foreign Currency Transactions:

(i) 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.

(ii) Non-monetary items denominated in foreign currency are stated at the rate prevailing on the date of the 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 to bringing the assets to their working condition for their intended use.

# Reliance Power Limited

## Schedules Annexed to and Forming Part of the Consolidated Financial Statements

- (ii) All Project related expenditure viz, civil works, machinery under erection, construction and erection materials, pre-operative expenditure, expenditure indirectly related to the project and incidental to setting up project facilities, 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 project specific surplus funds.
- f) Depreciation / Amortisation:**  
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. Leasehold land is amortised over the lease period.
- g) Investments:**  
Long- term investments are stated at cost. In case of long term investments, provision / write down is made for diminution in value. Current investments are valued at lower of cost or fair value.
- h) Retirement Benefits:**  
Contribution to defined contribution scheme such as provident fund, superannuation fund, etc. are charged to the Profit and Loss Account / Capital Work in Progress, as applicable, as incurred. The Group also provides for retirement benefits in the form of Gratuity and Leave Encashment. Such defined benefits are charged to the Profit and Loss Account / Capital Work in Progress, as applicable based on the actuarial valuation, as at the balance sheet date, made by independent actuaries.
- i) 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.
- j) 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 recognized 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 realised in future.
- k) Provisions:**  
The Group recognises Provisions when there is a present legal or constructive 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.
- l) Impairment of Assets:**  
If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.
- 2. a) Contingent Liabilities:**  
Counter Guarantees given to banks against guarantees issued by the banks on behalf of the group aggregate to Rs. 11,658,675,000.
- b) Capital Commitments :**  
Estimated amount of contracts remaining unexecuted on Capital Account and not provided for Rs. 16,696,656,588.
- 3. Managerial remuneration (excluding contribution to gratuity fund and provision for leave encashment on retirement) paid / payable to directors:**
- |  | <b>2007- 08</b><br><b>Rs.</b> |
|--|-------------------------------|
| <b>Whole time directors</b>                      |                               |
| (i) Salary                                       | 1,600,429                     |
| (ii) Contribution to Provident Fund              | 57,872                        |
|  | <b>1,658,301</b>              |
| <b>Directors other than Whole time directors</b> |                               |
| (i) Sitting fees                                 | 341,000                       |
| <b>Total</b>                                     | <b>1,999,301</b>              |
- 4. Details of Remuneration to Auditors:**
- |   | <b>2007 - 08</b><br><b>Rs.</b> |
|---|--------------------------------|
| (i) As Statutory Audit Fees                       | 3,792,857                      |
| (ii) For Other Services*                          | 12,100,000                     |
| (iii) For Reimbursement of out-of-pocket expenses | 71,719                         |
|   | <b>15,964,576</b>              |
- \* Includes fees of Rs.10,000,000 relating to Initial Public Offering, adjusted against Securities Premium Account (Schedule 2).

**Schedules Annexed to and Forming Part of the Consolidated Financial Statements**

**5. Scheme of Amalgamation of Reliance Public Utility Private Limited with the Parent Company:**

- a) Pursuant to the approval of the Board of Directors in their meeting held on August 2, 2007 and the sanction of the Hon'ble High Court of Bombay to the Scheme of Amalgamation, the assets and liabilities of the erstwhile Reliance Public Utility Private Limited (RPUPL), were transferred to and vested in the Parent Company with effect from the appointed date viz. September 29, 2007 in accordance with the Scheme so sanctioned. The Scheme has accordingly, been given effect to in the Accounts of the parent company. RPUPL was incorporated to engage in the business of executing engineering, procurement and construction contracts ('EPC'). The commercial operations of RPUPL had not commenced.
- b) As per the sanction of the Hon'ble High Court of Bombay, the amalgamation has been accounted for under the "Pooling of Interest Method" and accordingly the assets of Rs. 10,046,092,852, liabilities of Rs. 36,223 and other reserves of the erstwhile RPUPL as at September 29, 2007 have been taken over at the book values and reserves of erstwhile RPUPL aggregating to Rs. 46,056,629 have been credited to the General Reserves of the Parent Company.
- c) In terms of the Scheme, each shareholder of the erstwhile RPUPL was entitled to receive one equity share of Rs. 10 each fully paid up for every one equity share held by him in the erstwhile RPUPL as on the record date determined for the purpose. Accordingly, 1,000,000,000 shares of Rs. 10 each fully paid up of the Parent Company have been allotted to the shareholders of the erstwhile RPUPL. These equity shares rank *pari passu* with the existing equity of the Parent Company.
- d) The figures for the previous year do not include figures for the erstwhile RPUPL and accordingly the current years' figures are not comparable to those of the previous year.

**6. Changes in the Authorised Share Capital of the Parent Company:**

**a) Increase in Authorised Share Capital:**

Pursuant to the approval of shareholders in an Extra Ordinary General Meeting (EGM) held on September 1, 2007, the authorised share capital of the Parent Company has been increased from Rs. 10,000,000,000 (divided into 1,000,000,000 equity shares of Rs. 10 each) to Rs. 150,000,000,000 (divided into 10,000,000,000 equity shares of Rs. 10 each and 5,000,000,000 preference shares of Rs. 10 each). Further, the authorised share capital was increased from Rs.150,000,000,000 (divided into 10,000,000,000 equity shares of Rs. 10 each and 5,000,000,000 preference shares of Rs.10 each) to Rs.160,000,000,000 (divided into 11,000,000,000 equity shares of Rs. 10 each and 5,000,000,000 preference shares of Rs. 10 each) under the scheme of amalgamation with RPUPL sanctioned by the Hon'ble High Court of Bombay (Refer note 5 above).

**b) Subdivision and Consolidation of Face Value of Equity Shares:**

Pursuant to approval of shareholders in an EGM held on September 30, 2007, the authorised share capital of Rs. 160,000,000,000 divided into 11,000,000,000 equity shares of Rs. 10 each and 5,000,000,000 preference shares of Rs. 10 each was subdivided to Rs. 160,000,000,000 divided into 55,000,000,000 equity shares of Rs. 2 each and 5,000,000,000 preference shares of Rs. 10 each. However, the authorised share capital of Rs. 160,000,000,000 was consolidated to 11,000,000,000 equity shares of Rs. 10 each and 5,000,000,000 preference shares of Rs. 10 each, pursuant to resolution passed by the Board of Directors and Shareholders at its meeting held on November 29, 2007, approving the consolidation of five equity shares of Rs. 2 each (fully paid up) into one equity share of Rs. 10 each (fully paid up).

7. Pursuant to the approval of the shareholders of the Parent Company in an EGM held on November 29, 2007, the Parent Company has issued and allotted through Initial Public Offering (IPO) 260,000,000 equity shares of Rs. 10 each at a premium of Rs. 440 per share to all categories of investors except in case of 68,400,000 equity shares allotted to retail investors category, to whom the shares were issued at a premium of Rs. 420 per share. The issue has been made in accordance with the terms of the Parent Company's prospectus dated January 19, 2008.

# Reliance Power Limited

## Schedules Annexed to and Forming Part of the Consolidated Financial Statements

The Proceeds raised from the issue and its utilisation upto March 31, 2008 are given below:

Particulars	Rs.	
<b>Funds received upto March 31, 2008</b>		
Equity Share Capital		2,600,000,000
Securities Premium		113,032,000,000
Less: Calls unpaid		9,840,348
Add: Interest on call in arrears money received		115,453
<b>Total</b>		<b>115,622,275,105</b>
	<b>Projected</b>	<b>Actual</b>
<b>Utilisation upto March 31, 2008</b>		
<b>Funding to part finance the construction and development costs of following identified 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.	20,446,600,000	207,500,000
<b>Funding to part finance the construction and development costs of following projects falling under general corporate purpose category:</b> 4,000 MW Krishnapatanam Project, 700 MW Tato Hydro Power Project, 1,000 MW Siyom Hydro Power Project		50,800,000
<b>Deposit with Bombay Stock Exchange</b>		30,000,000
<b>Share issue expenses</b>	1,190,500,000	1,188,310,699
<b>Total (A)</b>		<b>1,476,610,699</b>
<b>Unutilised amount out of IPO, details of which are given below :</b>		
Investments in Mutual Fund Units		114,128,098,315
In Current Account with Bank		17,566,091
<b>Total (B)</b>		<b>114,145,664,406</b>
<b>Grand Total (A) + (B)</b>		<b>115,622,275,105</b>

8. Pursuant to the approval of the Board of Directors at its meeting held on February 24, 2008 and subsequent approval of the Shareholders through postal ballot, the Parent Company would issue 136,800,000 bonus shares to all the shareholders of the Parent Company except the promoters [pursuant to the waiver received from Shri Anil Dhirubhai Ambani, Reliance Innoventures Private Limited, AAA Project Ventures Private Limited (APVPL) and Reliance Energy Limited (REL)] in the ratio of 3:5 equity shares of Rs. 10 each by way of capitalisation of sum standing to the credit of Securities Premium Account of the Company. For this purpose the Parent Company has notified the stock exchanges that its Register of Members will remain closed from June 3, 2008 to June 5, 2008. The Earnings per Share (basic and diluted) has been adjusted for the proposed issue of bonus shares.
9. 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 Dadri project will consist of five modules of 1400 MW plus an additional 480 MW module and employ CCGT technology. The Gas for the project is to be sourced from Krishna Godavri basin finds of Reliance Industries Limited. Almost all the land of the project is already under possession. The project has already received all major statutory clearances from the central and state governments and is awaiting bankable gas supply agreement to proceed further with the financial closure and award of Engineering Procurement Construction Contracts (EPC). Expenditure incurred during the construction and incidental to setting up the project are carried forward as "Capital Work in Progress". These expenses would be capitalized as fixed assets on completion of the project and commencement of commercial operations and the Parent Company does not envisage provision for impairment as at the balance sheet date.
10. SHPLL has paid Rs.1,114,100,000 as an advance to National Hydroelectric Power Corporation Limited (NHPC) towards expenditure tentatively incurred by NHPC on Siyom Hydro Power Project, including cost of fund, overhead and supervision charges as compensation upto September 2007 based on correspondence bearing reference number NH/PD/PC/NE/2379 dated October 10, 2007 received from NHPC till the final amount is decided by Ministry of Finance.
11. SPL and CAPL were incorporated as wholly owned subsidiaries of Power Finance Corporation Limited (PFCL) as Special Purpose Vehicle for the purpose of setting up the Ultra Mega Power Project (UMPP) at Sasan and Krishnapatanam respectively. PFCL has been given the responsibility by Ministry of Power, Government of India to act as a Nodel Agency to facilitate the development of UMPP. Pursuant to a competitive bidding process done by PFCL, Sasan and Krishnapatanam UMPP were awarded to the Parent Company and the entire investment of PFCL in SPL and CAPL were transferred to the Parent Company on August 7, 2007 and January 29, 2008 respectively. Administrative Expenses represents expenses allocated to SPL and CAPL by PFCL towards expenses incurred by PFCL on these companies.

**Schedules Annexed to and Forming Part of the Consolidated Financial Statements**

12. RPSCL has secured term loans from banks and financial institutions secured by:-
- 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.

13. The Group has during the year adopted 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. These funds are recognised by the Income tax authorities.

The Group has recognised the following amounts in the Profit and Loss Account / Capital Work-in-Progress for the year:

	<b>2007-08</b>
	<b>Rs.</b>
(a) Contribution to Provident Fund	2,198,536
(b) Contribution to Employees' Superannuation Fund	452,388
(c) Contribution to Employees' Pension Scheme 1995	277,678

**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 Company's 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:

	<b>Gratuity</b>	<b>Leave Encashment</b>
Discount Rate (Per annum)	8.00%	8.00%
Rate of increase in Compensation levels	6.00%	6.00%
Rate of Return on Plan Assets	8.00%	8.00%
Expected Average remaining working lives of employees in no. of Years	17 to 19	-

	<b>Gratuity</b>	<b>Leave Encashment</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>(i) Changes in present value of obligation</b>		
Present value of Obligation as at April 1, 2007	1,084,154	1,020,623
Interest Cost	86,732	76,547
Current Service Cost	1,396,857	896,858
Actuarial (Gain) / Loss	4,381,048	3,113,835
Present value of Obligation as at March 31, 2008	6,948,791	4,489,345

# Reliance Power Limited

## Schedules Annexed to and Forming Part of the Consolidated Financial Statements

	Gratuity Rs.	Leave Encashment Rs.
<b>(ii) Changes in Fair value of plan assets</b>		
Present value of Obligation as at April 1, 2007	1,084,154	Nil
Expected Return on Plan Assets	86,732	Nil
Actuarial (Gain) / Loss	Nil	Nil
Employers' Contributions	6,948,161	Nil
Fair Value of Assets as at March 31, 2008	8,119,677	Nil
<b>(iii) Percentage of each category of plan assets to total fair value of plan assets as at March 31, 2008</b>		
Administered by Life Insurance Corporation of India	100%	Nil
<b>(iv) Reconciliation of the Present Value of Defined Present Obligations and the Fair value of Assets</b>		
Present value of Funded Obligation	6,948,791	Nil
Fair value of Plan Assets	8,119,677	Nil
Funded (Asset) / Liability recognised in the Balance Sheet	(1,170,886)	Nil
Unfunded Net Liability recognised in the Balance Sheet	Nil	4,489,345
<b>(v) Amounts recognised in the Balance Sheet</b>		
Present value of Funded Obligation	6,948,791	Nil
Fair value of Plan Assets	8,119,677	Nil
Funded (Asset) / Liability recognised in the Balance Sheet	(1,170,886)	Nil
Unfunded Net Liability recognised in the Balance Sheet	Nil	4,489,345
<b>(vi) Expenses recognised in the Profit and Loss Account / Capital Work in Progress as applicable</b>		
Current Service Cost	1,396,857	896,858
Interest Cost	86,732	76,547
Expected Return on Plan Asset	(86,732)	Nil
Net Actuarial (Gain) / Loss	4,381,048	3,113,835
Excess Provision Written Back	807,689	Nil
Total Expenses recognised in the Profit and Loss Account / Capital Work in Progress	4,970,216	3,468,722
<b>(vii) Expected employers' contribution for the next year</b>	1,299,100	Nil

### 14. Related Party Disclosure:

As per Accounting Standard – 18 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India, the Group's related party transactions are described below :

**A. Parties where control exists :** Nil

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

- |   |   |
|---|---|
| (i) Investing Parties :   | Reliance Energy Limited (REL)<br>AAA Project Ventures Private Limited (APVPL)   |
| (ii) Enterprises over which key management personnel have control*<br>*Excludes parties disclosed in other categories | Utility Powertech Limited (UPL)   |
| (iii) Key management Personnel  | Shri Anil D Ambani, Chairman<br>(w.e.f. September 30, 2007)<br>Shri K H Mankad, Whole Time Director<br>(w.e.f. November 7, 2007)<br>Shri J P Chalasani, Chief Executive Officer<br>(w.e.f. March 8, 2008) |

Schedules Annexed to and Forming Part of the Consolidated Financial Statements

Rs.

Particulars	Investing Parties	Enterprises over which Key Management personnel have control	Key Management Personnel	Total
<b>Profit and Loss Account Heads:</b>				
<b>a) Expenses:</b>				
Salaries, Commission and Other benefits				
- Shri K H Mankad	-	-	1,658,301	1,658,301
- Shri J P Chalasani	-	-	764,817	764,817
Sitting Fees				
- Shri Anil D Ambani	-	-	80,000	80,000
<b>Balance Sheet Heads:(Closing Balances)</b>				
Current Liabilities and Provisions				
- REL	1,197,363,353	-	-	1,197,363,353
Equity Share Contribution				
- REL	10,160,000,000	-	-	10,160,000,000
- APVPL	10,160,000,000	-	-	10,160,000,000
<b>Transactions During the Year</b>				
Corporate Guarantee Charges				
- REL	3,669,846	-	-	3,669,846
Reimbursement of Expenses Incurred on our behalf				
- REL	1,465,157,241	132,985	-	1,465,290,226
Equity Share Contribution				
- REL	9,159,800,000	-	-	9,159,800,000
- APVPL	9,159,800,000	-	-	9,159,800,000
Advance against Share Application Money( Received)				
- REL	11,200,000	-	-	11,200,000
Repayment of Advance Share Application Money				
- REL	81,700,000	-	-	81,700,000

15. Earnings Per Share

2007-08

**Profit available to Equity Shareholders**

- Profit / (Loss) after Tax (A) (Rs.) 853,794,072

**Number of Equity Shares**

-Weighted Number of Equity Shares outstanding (B) (Refer Note 8) 5,734,533,319

Basic and diluted earnings per share (A/B) (Rs.) 0.15

Nominal value of an Equity Share (Rs.) 10.00

16. The Profit on redemption of Mutual Fund units of Parent Company includes Rs. 16,817,941 relating to prior year.

17. 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 Company.

18. At present the Group is operating in only one segment, namely, power generation and hence there are no reportable segments under Accounting Standard - 17 'Segment Reporting' issued by the Institute of Chartered Accountant of India.

19. Operating Lease:

During the year the Parent Company has entered into Operating Lease for term of six years. As per the terms of the agreement the initial lock in period is for four years. Disclosure as required under AS- 19 "Accounting for Leases" is given below:

Particulars	Total	Not later than one year	Later than one year but not later than five years	Later than five years
Minimum Lease Payments	39,224,960	9,806,240	29,418,720	NIL

# Reliance Power Limited

## Schedules Annexed to and Forming Part of the Consolidated Financial Statements

### 20. 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, 2008. 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.

21. During the year SPL, MEGL, VIPL, THPPL, SHPLL, MPPGPL, UHPPL, KPPL, CAPL, RCRPL became subsidiaries and SPIL, SPIPL, MEGIL, CAPIL became step down subsidiaries of the parent company. The effect of acquisition of subsidiaries and step down subsidiaries during the year is as follows;

Names of the Subsidiaries and their Subsidiaries	Goodwill / (Capital Reserve ) on Consolidation(Rs.)	Effect on Group Profit / (Loss) after Minority Interest(Rs.)	Net effect on Group Net Assets as at March 31, 2008(Rs.)
a) SPL	803,998	(22,488,000)	-
b) MEGL	-	(24,988,000)	-
c) VIPL	206,048	(4,602)	-
d) THPPL	1,400	(7,050)	-
e) SHPPL	1,400	(6,800)	-
f) MPPGPL	1,400	(451,020)	-
g) USHPPL	1,120	(22,880)	-
h) KPPL	1,400	(29,022)	-
i) CAPL	3,017,886	(24,988,000)	-
j) RCRPL	9,197	(29,460)	-
k) SPIL	44,960	(11,736)	-
l) SPIPL	-	(18,042)	-
m) MEGIL	(238,221)	4,838	-
n) CAPIL	44,510	(11,236)	-
<b>TOTAL</b>	<b>3,895,098</b>	<b>(73,051,010)</b>	-

22. Pursuant to the exemption granted by the Department of Company Affairs, Government of India, the Parent Company is publishing the consolidated and standalone financial statements of Reliance Power Limited and its subsidiaries. The financial statements and auditors' report of the individual subsidiaries are available for inspection by the shareholders at the registered office. However, the information in aggregate on capital, reserves, total assets, total liabilities, details of investments, turnover, profit before taxation, provision for taxation, profit after taxation and proposed dividend for each subsidiary follows: (Please refer page no. 73)

23. Comparative figures for the previous year are not available since Consolidated Financial Statements were not prepared by the Company.

As per our attached Report of even date

**For Price Waterhouse**  
Chartered Accountants

**For Chaturvedi & Shah**  
Chartered Accountants

**Partha Ghosh**  
Partner  
Membership No. 55913

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

For and on behalf of the Board of Directors

**Anil D Ambani** Chairman  
**K H Mankad** Whole-time Director  
**J P Chalasani** Chief Executive Officer  
**S L Rao**  
**J L Bajaj**  
**Dr Yogendra Narain** Directors  
**Dr V K Chaturvedi**  
**Paresh Rathod** Company Secretary

Place: Mumbai  
Date: April 28, 2008

Place: Mumbai  
Date: April 28, 2008



Schedules Annexed to and Forming Part of the Consolidated Financial Statements

Rs.

Name of Subsidiary	Share Capital (including Share Application Money)	Reserves and Surplus	Total Assets (Fixed Assets + CWIP + Current Assets)	Total Liabilities (Debts + Current Liabilities)	Investment		Income	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation
					In Shares at Cost (Unquoted)	In Mutual Funds at Cost (Quoted)				
SPL	27,501,000,000	(23,291,998)	28,156,942,166	679,834,164	600,000	-	-	(23,291,998)	-	(23,291,998)
RPSC	1,643,000,000	(19,885,803)	5,040,214,269	5,601,117,324	-	2,184,017,252	-	(19,885,803)	-	(19,885,803)
MEGL	7,505,500,000	(24,988,000)	8,056,378,183	580,866,183	5,000,000	-	-	(24,988,000)	-	(24,988,000)
VIPL	500,000	(210,650)	108,314,070	108,024,720	-	-	-	(4,602)	-	(4,602)
THPPL	100,000	(8,450)	70,410,400	70,318,850	-	-	-	(8,450)	-	(8,450)
SHPL	100,000	(8,200)	1,154,870,703	1,154,778,903	-	-	-	(8,200)	-	(8,200)
MPPGPL	100,000	(452,415)	98,107	450,522	-	-	-	(452,415)	-	(452,415)
USHPPL	100,000	(30,000)	103,950,279	103,880,279	-	-	-	(30,000)	-	(30,000)
KPPL	100,000	(30,422)	92,050	22,472	-	-	-	(30,422)	-	(30,422)
CAPL	10,251,000,000	(28,005,886)	12,816,888,475	2,594,394,361	500,000	-	-	(28,005,886)	-	(28,005,886)
RCRPL	100,000	(38,657)	72,579	11,236	-	-	-	(38,657)	-	(38,657)
SPIL	500,000	(56,696)	465,776	17,500,022,472	-	17,500,000,000	-	(11,736)	-	(11,736)
SPIPL	100,000	(18,042)	93,194	10,000,011,236	-	10,000,000,000	-	(18,042)	-	(18,042)
MEGIL	5,000,000	243,059	333,767	7,500,047,220	-	7,504,956,512	434,493	184,922	800	184,122
CAPIL	500,000	(55,746)	455,490	10,250,011,236	-	10,250,000,000	-	(12,386)	-	(12,386)

# Reliance Power Limited

## Consolidated Cash Flow Statement for the year ended March 31, 2008

	Year ended 31.03.2008 Rs.
<b>(A) Cash Flow from / (used in) Operating Activities</b>	
Net Profit /(loss) before taxation	921,488,872
Adjusted for :	
Dividend Income	(1,127,932,740)
Profit on redemption of mutual funds	(200,377,249)
Interest on Call Money Received	(115,453)
Interest on Fixed Deposit	(36,122)
Provision for Gratuity and Leave Encashment	2,661,033
Operating Loss before working capital changes	(404,311,659)
Adjustments for :	
Trade and other Receivables	35,334,295
Trade and other Payables	(202,489,486)
	(167,155,191)
<b>Net Cash used in Operating Activities</b>	<b>(571,466,850)</b>
<b>(B) Cash Flow from / (used in) Investing Activities</b>	
Purchase of Fixed Assets (Including Capital Work In Progress)	(3,615,092,974)
Depreciation	5,357,280
Dividend Income	1,127,932,740
Fixed Deposit Interest	36,122
Deposits (Non Trade)	(37,236,700)
Purchase of Investments	(295,960,793,707)
Advance recoverable in Cash or in Kind	(34,671,455)
Sale of Investments	175,365,485,477
Taxes Paid	(65,150,134)
<b>Net Cash used in Investing Activities</b>	<b>(123,214,133,351)</b>
<b>(C) Cash Flow from / (used in) Financing Activities</b>	
Proceeds from Issue of Equity Shares	7,999,600,000
Proceeds from Initial Public Offer including Securities Premium	115,622,159,652
Proceeds from Borrowing (Secured)	4,482,696,207
Repayment of Borrowings	(2,856,080,656)
Share Issue Expenses	(721,413,270)
Refund of Share Application Money by subsidiaries	(81,700,000)
Unclaimed Share Application Money Refundable (represents unclaimed net application money refundable to the investors)	3,593,047,447
Interest on Call Money Received	115,453
<b>Net cash generated from Financing Activities</b>	<b>128,038,424,833</b>
<b>Net Increase in Cash and Cash equivalents (A+B+C)</b>	<b>4,252,824,632</b>
<b>Opening Balance of Cash and Cash equivalents</b>	<b>8,293,363</b>
Add : Cash taken over on acquisition of subsidiaries	7,624,335
Add : Cash received on Amalgamation (Refer Note No. 5 of Schedule 11)	332,080
<b>Closing Balance of Cash and Cash equivalents</b>	<b>4,269,074,410</b>

As per our attached Report of even date

**For Price Waterhouse**  
Chartered Accountants

**For Chaturvedi & Shah**  
Chartered Accountants

**Partha Ghosh**  
Partner  
Membership No. 55913

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

Place: Mumbai  
Date: April 28, 2008

For and on behalf of the Board of Directors

**Anil D Ambani** Chairman  
**K H Mankad** Whole-time Director  
**J P Chalasani** Chief Executive Officer

**S L Rao**  
**J L Bajaj**  
**Dr Yogendra Narain**  
**Dr V K Chaturvedi** Directors  
**Paresh Rathod** Company Secretary

Place: Mumbai  
Date: April 28, 2008



## Reliance Power Limited

### Shareholder Satisfaction Survey 2008

We have been constantly endeavouring to extend the best possible services to our shareowners and we seek your feedback on the same. Kindly, therefore, return this response form duly filled in to our R&T agents, Karvy Computershare Private Limited.

It is indeed our privilege to have you as our shareowner and to continue to receive your trust and confidence.

To,  
Karvy Computershare Private Limited  
Unit : Reliance Power Limited  
Plot No.17-24, Vittal Rao Nagar  
Madhapur  
Hyderabad 500 081

Reg: **Shareholder Satisfaction Survey – 2008 – Response Form**

Name of Sole/First holder : \_\_\_\_\_

Folio No.

STD Code

DP ID

Telephone No.

Client ID

e-mail \_\_\_\_\_

Center fold

Center fold

Kindly rate our services in following areas

	Excellent	Good	Needs Improvement
1. Responses to queries/complaints	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Your overall rating of our investor service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Presentation of information on Company's Website www.reliancepower.co.in	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Quality and contents of Annual Report 2007-08	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. Do you have any grievance which has not been addressed so far:  Yes  No.

If yes, please furnish details in brief

\_\_\_\_\_  
\_\_\_\_\_

6. Your suggestions and comments for improvement in our services

\_\_\_\_\_  
\_\_\_\_\_

Cut here

Date

Signature of member



## Business Reply Inland Letter Card

Postage will  
be paid by  
the Addressee

BRP No.HDC/B-521  
Cyberabad Post Office  
Hyderabad 500 081



To,

Karvy Computershare Private Limited  
Unit: Reliance Power Limited  
Plot No.17-24, Vittal Rao Nagar  
Madhapur  
Hyderabad 500 081

Fold

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 *	
---------	--

Regd. Folio No.	
-----------------	--

Client Id *	
-------------	--

NAME AND ADDRESS OF SHAREHOLDER

NO. OF SHARE(S) HELD

I / We hereby record my / our presence at the **14th Annual General Meeting** of Reliance Power Limited held on Tuesday, September 23, 2008, at 11.00 a.m. at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020.

SIGNATURE OF THE SHAREHOLDER OR PROXY

\*Applicable for investors holding shares in electronic form

----- TEAR HERE -----

PROXY FORM

**Reliance Power Limited**

Registered Office : H Block, 1<sup>st</sup> floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710

DP Id *	
---------	--

Regd. Folio No.	
-----------------	--

Client Id *	
-------------	--

No. of Share(s) held	
----------------------	--

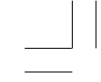
I / We ..... of ..... being a member / members of Reliance Power Limited hereby appoint ..... of ..... or failing him, ..... of ..... as my / our proxy to vote for me / us and on my / our behalf at the **14th Annual General Meeting** of Reliance Power Limited held on Tuesday, September 23, 2008, at 11.00 a.m. at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020 or at any adjournment thereof.

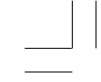
Signed this ..... day of ....., 2008

\*Applicable for investors holding shares in electronic form

Affix a Re 1 Revenue Stamp
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**NOTE : 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 of the Meeting. The Proxy need not be a member of the Company.**





Book-Post

To,

If undelivered please return to:  
Karvy Computershare Private Limited  
(Unit Reliance Power Limited)  
Plot No. 17-24, Vittal Rao Nagar  
Madhapur  
Hyderabad 500 081  
India