



Reliance Power Limited
Dhirubhai Ambani Knowledge City
H Block, 1st Floor, Koparkhairane
Thane Belapur Road
Navi Mumbai 400 710, India

Tel: +91 22 3037 3333
Fax: +91 22 3038 5169
www.reliancepower.co.in

August 18, 2012

The General Manager
Dept. of Corporate Services
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001
Telephone: 22722375/8013/8184/8307
Fax : 2272 2037/39/41/3121/3719
BSE Scrip Code: 532939
Email ID: corp.relations@bseindia.com

The Asst Vice President
Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, C-1, Block G
Bandra-Kurla Complex, Bandra (East)
Mumbai 400 051
Telephone : 2659 8235 / 36
Fax: 2659 8237/38 / 66418124/25
NSE Symbol: RPOWER
Email ID : cmlist@nse.co.in

Dear Sir,

Sub: Media Release clarifying the stand of the Company on the CAG report on Performance Audit of Special Purpose Vehicle (SPVs) of Power Finance Corporation (PFC)

We enclose for your information a copy of the Media Release on the above subject which you may kindly bring to the notice of the Members.

Yours faithfully
For **Reliance Power Limited**

Ramaswami Kalidas
Company Secretary and Manager

Encl.: as above

Reliance Power Limited
Dhirubhai Ambani Knowledge
City (DAKC),
Thane Belapur Road, Koperkhairane
Navi Mumbai – 400 710, India
Phone: +91 22 303 86600
Fax : +91 22 303 86999
www.reliancepower.co.in

MEDIA RELEASE

The Decision to permit use of Surplus Coal from Sasan UMPP Coal Blocks for power generation has been ratified by EGOM on two occasions (once in 2008 and again in 2012)

CAG's recommendation of reviewing allocation of coal blocks of Sasan UMPP has already been implemented by Government of India.

Government's review of CAG's recommendation in 2012 included obtaining an opinion from Ld Attorney General of India.

The coal mines allotted to UMPPs are the only coal blocks allotted through tariff based competitive bidding process so far in India.

Reliance Power had no role in allotment of coal reserves to Sasan UMPP – Coal Blocks allotted months before bid submission in December 2006.

Comparison between Sasan and Chitrangi tariffs to quantify benefits is misleading – No two projects can have the same tariff even if coal source is the same.

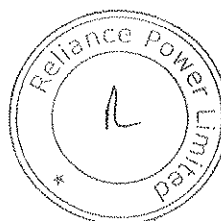
Surplus coal has been made possible through use of advanced coal mining technology and large capital expenditure, Conventional mining methods would result in this coal remaining underground – a national wastage

Mumbai, India, August 17, 2012: Commenting on the CAG report on Performance Audit of Special Purpose Vehicles (SPVs) of Power Finance Corporation (PFC), Reliance Power Spokesperson said -

1. The decision of permitting use of Surplus Coal for power generation has been ratified by EGOM on two separate occasions (once in 2008 and again in 2012).



2. **CAG's recommendations of reviewing the decision on surplus coal permission to Sasan UMPP and allocation of coal Blocks to Sasan UMPP has already been implemented by Government of India.**
3. As reported, CAG's observations have been thoroughly examined by the Ministry of Coal in consultation with the Ministry of Power, the Ministry of Law and Justice and the Ld Attorney General of India (AGI) and put up for review to EGoM.
4. Based on the Ld. AGI's opinion, **the EGoM on UMPPs has affirmed in April 2012 that the decision to permit usage of surplus coal from Sasan UMPP is a well considered decision.** Thus, CAG's recommendation of reviewing this decision has already been implemented.
5. Comparison between Sasan and Chitrangi tariff to quantify benefits is misleading – No two projects can have the same tariff even if the coal source is the same. Tariffs vary based on risk profile and various other project specific parameters. Chitrangi has a completely different risk profile than Sasan & includes extra costs that are not present in Sasan UMPP.
6. **The coal mines allotted to Sasan and Tilaiya UMPPs are the only coal blocks allotted through tariff based competitive bidding process so far in India.**
7. Coal blocks were allotted to Power Finance Corporation in September / October 2006 before the Sasan UMPP bid submission and were part of the bid documents.
 - a. **Reliance Power had no role in allotment of excess coal reserves to Sasan UMPP.**
 - b. **There is no vitiation of bid conditions as the bid documents gave the right to the Government to permit use of Surplus Coal.**
8. The issue raised by CAG is only about surplus coal rather than allocation of entire coal blocks.
 - a. Surplus coal has been made possible through use of advanced coal mining technology and large capital expenditure.
 - b. CAG's recommendations would imply that India's coal remains bottled underground, while India continues to import coal from international markets at high prices and burdens the end power-consumer.
 - c. Stringent conditions have been imposed by EGOM for use of Surplus Coal.
9. Reliance Power was awarded the Sasan UMPP by a transparent process of tariff based International Competitive Bidding at landmark tariff of Rs 1.19 per kWh for 25 years.



RELIANCE

- a. Thirty five crore Indians in seven states will benefit from this historically competitive tariff from Sasan and its coal mines.
10. Audit observations do not completely take into account,
- a. the extant policy and precedents,
 - b. India's looming coal shortage, and
 - c. national interest to augment domestic coal production,
- Which were the basis of the decision taken by the EGoM.
11. Reliance Power is on target to expeditiously complete all its power projects and coal mines as per schedule. Reliance Power is committed towards energy security of the nation and conversion of coal to power based on clean, super-critical technology.

For further information, contact: Nagraj Rao +91 9323342576, Daljeet Singh +91 9312014099

